

Putnam Valley Central School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2013

Putnam Valley Central School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet - Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the District-Wide	
Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes	
in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual - General and Special Aid Funds	19
Statement of Assets and Liabilities - Fiduciary Fund	21
Notes to Financial Statements	22
Required Supplementary Information	
Other Post Employment Benefits	
Schedule of Funding Progress - Last Three Fiscal Years	45
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	46
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	47
Schedule of Revenues Compared to Budget	49
Schedule of Expenditures and Other Financing Uses Compared to Budget	51
Special Aid Fund	
Comparative Balance Sheet	55
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	56
Debt Service Fund	
Comparative Balance Sheet	58
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	59
Capital Projects Fund	
Comparative Balance Sheet	60
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	61
Project-Length Schedule	62
Non-Major Governmental Funds	
Combining Balance Sheet	64
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances	65

Putnam Valley Central School District, New York

Table of Contents (Concluded)

	<u>Page No.</u>
School Lunch Fund	
Comparative Balance Sheet	66
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	67
Special Purpose Fund	
Comparative Balance Sheet	68
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	69
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	70
Section 1318 of Real Property Tax Law Limit Calculation	70
Schedule of Net Investment in Capital Assets	71
Federal Programs	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	72
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	
Schedule of Expenditures of Federal Awards	74
Notes to Schedule of Expenditures of Federal Awards	75
Summary Schedule of Prior Audit Findings	76
Schedule of Findings and Questioned Costs	77

Independent Auditors' Report

**The Board of Education of the
Putnam Valley Central School District, New York**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

O'CONNOR DAVIES, LLP

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Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133 Audits of State, Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 23, 2013

Putnam Valley Central School District, New York

Management's Discussion and Analysis (MD&A)

June 30, 2013

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, 2013. 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.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4.00% of the ensuing year's budget, exclusive of the amount assigned for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,945,028. This amount represents 4.0%.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$13,797,028, an increase of \$1,231,525 from the prior year. Exclusive of the Capital Projects Fund amount of \$535,558, the combined ending fund balances are \$13,261,470. Of this amount, the unassigned fund balance is \$1,945,028. This amount is available for spending at the discretion of the School District.
- On the district-wide financial statements, the total net position of the School District exceeded liabilities at the close of its most recent fiscal year by \$19,650,773. The School District's total net position increased by \$425,442 for the year ended June 30, 2013.

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 position* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

- The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The *governmental* activities of the School District include instruction, pupil transportation, community services, cost of food sales, other, interest and general 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 position 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 \$19,650,773 at the close of the current fiscal year.

Net Position

	June 30,	
	2013	2012
Current Assets	\$ 18,640,976	\$ 16,850,308
Capital Assets, net	<u>30,634,423</u>	<u>31,509,356</u>
Total Assets	<u>49,275,399</u>	<u>48,359,664</u>
Current Liabilities	4,762,506	4,200,364
Non-Current Liabilities	<u>24,862,120</u>	<u>24,933,969</u>
Total Liabilities	<u>29,624,626</u>	<u>29,134,333</u>
Net Position		
Net investment in capital assets	12,576,043	11,536,994
Restricted for		
School Lunch	339,363	278,419
Repairs	30,370	30,325
Special Purpose	91,869	72,680
Property loss and liability	25,564	25,526
Tax certiorari	560,253	397,077
Debt service	6,280,829	5,819,542
Retirement contributions	1,807,117	1,807,117
Capital projects	796,354	799,194
Unrestricted	<u>(2,856,989)</u>	<u>(1,541,543)</u>
Total Net Position	<u>\$ 19,650,773</u>	<u>\$ 19,225,331</u>

A large component of the School District's net position (64.0%) 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.

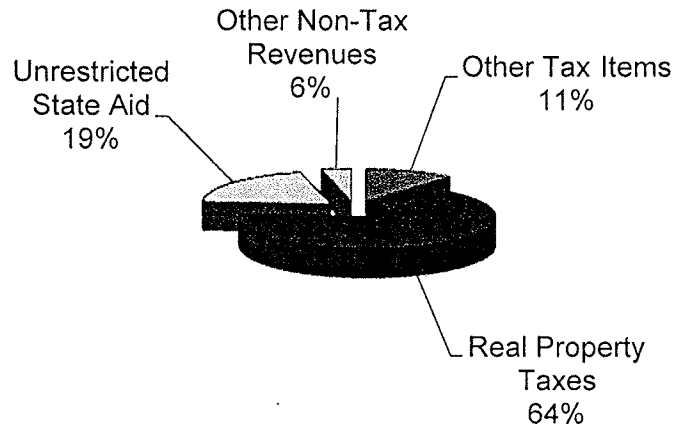
The remaining unrestricted assets and assets subject to external restrictions constitute \$7,074,730 or 36.0% of net position.

Net position increased by \$425,442 for the year ended June 30, 2013.

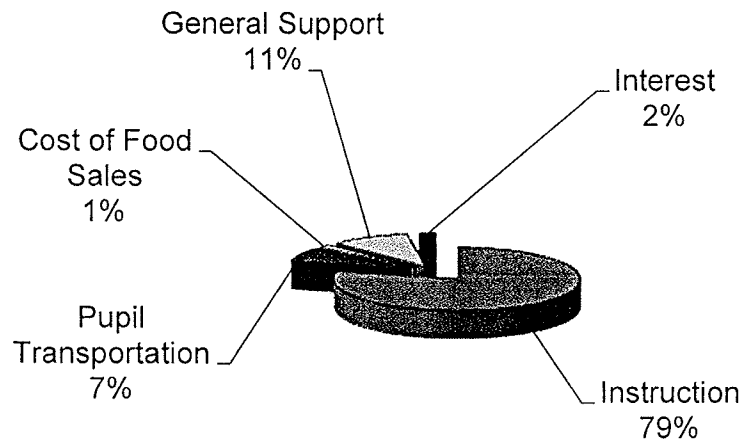
Changes in Net Position

	Years Ended June 30,	
	2013	2012
Revenues		
Program Revenues		
Charges for Services	\$ 1,138,708	\$ 1,372,562
Operating Grants and Contributions	1,470,878	1,243,105
Capital Grants and Contributions	52,676	37,656
Total Program Revenues	<u>2,662,262</u>	<u>2,653,323</u>
General Revenues		
Real Property Taxes	29,699,885	29,248,601
Other Tax Items	5,206,438	5,101,828
Non-Property Taxes	49,896	48,913
Unrestricted Earnings on Investments	43,854	80,133
Sale of materials / Compensation for loss	34,127	4,195
Unrestricted State Aid	8,638,517	8,921,974
Other	306,325	487,316
Total General Revenues	<u>43,979,042</u>	<u>43,892,960</u>
Total Revenues	<u>46,641,304</u>	<u>46,546,283</u>
Program Expenses		
General Support	5,013,027	4,748,826
Instruction	36,356,783	35,970,803
Pupil Transportation	3,240,071	3,259,094
Community Services	44,554	48,955
Cost of Food Sales	583,952	593,967
Other	43,033	67,000
Interest	934,442	1,010,089
Total Program Expenses	<u>46,215,862</u>	<u>45,698,734</u>
Change in Net Position	425,442	847,549
Net Position - Beginning	<u>19,225,331</u>	<u>18,377,782</u>
Net Position - Ending	<u>\$ 19,650,773</u>	<u>\$ 19,225,331</u>

Revenues by Sources for Fiscal Year 2013



Expenses for Fiscal Year 2013 Governmental Activities



The major changes are as follows:

Revenues

- Day school tuition decreased by \$196,722. These are tuitions from out of district students paid by their school districts of residence. Fewer out-of-district students received educational services from the Putnam Valley School District.
- State aid decreased by \$150,385, primarily due to a decrease in Basic Formula Aid and a decrease in BOCES aid due to BOCES accounting of Administrative Management Fees.
- Miscellaneous revenue decreased by \$317,028 due to the elimination of the MTA tax and a decrease in BOCES prior year refunds.
- An additional \$102,955 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 (64%) as its primary revenue source.

Expenditures

- Finance expenditures increased by \$91,412 due to final entitlement payments for four retiring staff members and the purchase of a new financial software system.
- BOCES administrative cost increased by \$279,218. A reduction in the annual fee in the prior year accounted for the difference in the current year when the administrative fee returned to its normal level.
- Computer Assisted Instruction increased by \$366,288 due to an early payoff of two installment purchase agreements for the computer laptop program.

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 \$13,797,028 an increase of \$1,231,525 from the prior year. Of this amount, the *unassigned* fund balance of \$1,945,028 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 \$313,469 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 \$9,923,222 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 \$560,253 employee benefit accrued liability \$591,662, retirement contributions \$1,807,117, debt service \$6,280,829, and capital projects \$535,558. The assigned fund balance of \$1,615,309 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 \$286,616 and a designation for subsequent year's expenditures of \$995,000.

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 \$6,549,409, of which \$1,945,028, or 4.0% 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 year 2013, out-performed budgetary estimates by \$724,824. The positive variance resulted mostly from tuitions paid by other school districts and additional state aid.

Expenditures were below the final budget. After encumbrances of \$286,616, expenditure savings were \$578,409. The primary category that exhibited savings was General Support and Instruction.

The original General Fund budget anticipated the use of \$1,042,193 of fund balance; \$167,193 from prior year encumbrances and \$875,000 from assigned fund balance.

Capital Assets

At June 30, 2013, the School District had \$30,634,423, 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,	
	2013	2012
Land	\$ 2,891,200	\$ 2,891,200
Buildings, Improvements, Machinery and Equipment	27,743,223	27,167,350
Construction-in-progress	-	1,450,806
Total Capital Assets, net of accumulated depreciation	<u>\$ 30,634,423</u>	<u>\$ 31,509,356</u>

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:

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Bonds Payable	\$ 18,176,764	\$ 19,723,576
Energy Performance Contract Payable	-	230,060
Compensated Absences	591,662	615,640
Other Post Employment Benefit Obligations Payable	<u>6,093,694</u>	<u>4,364,693</u>
Total	<u>\$ 25,862,120</u>	<u>\$ 24,933,969</u>

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: Ronnie Stowell
Assistant Superintendent for Business
146 Peekskill Hollow Road
Putnam Valley, NY 10579

Putnam Valley Central School District, New YorkStatement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 16,539,074
Receivables	
Accounts	216,373
State and Federal aid	994,912
Due from other governments	726,104
Inventories	5,670
Prepaid expenses	43,731
Deferred charges	115,112
Capital assets	
Not being depreciated	2,891,200
Being depreciated	27,743,223
Total Assets	49,275,399
LIABILITIES	
Accounts payable	1,830,626
Accrued liabilities	296,385
Retainages payable	28,335
Unearned revenues	159,180
Due to other governments	249
Due to retirement systems	2,414,061
Accrued interest payable	33,670
Non-current liabilities	
Due within one year	1,704,000
Due in more than one year	23,158,120
Total Liabilities	29,624,626
NET POSITION	
Net investment in capital assets	12,576,043
Restricted	
School lunch	339,363
Repairs	30,370
Special purpose	91,869
Property loss and liability	25,564
Tax certiorari	560,253
Debt service	6,280,829
Retirement contribution	1,807,117
Capital projects	796,354
Unrestricted	(2,856,989)
Total Net Position	\$ 19,650,773

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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 5,013,027	\$ 2,653	\$ 992	\$ -	\$ (5,009,382)
Instruction	36,356,783	708,739	1,205,343	52,429	(34,390,272)
Pupil transportation	3,240,071	-	-	-	(3,240,071)
Community services	44,554	-	-	-	(44,554)
Cost of food sales	583,952	427,316	202,321	-	45,685
Other	43,033	-	62,222	-	19,189
Interest	934,442	-	-	247	(934,195)
Total Governmental Activities	<u>\$ 46,215,862</u>	<u>\$ 1,138,708</u>	<u>\$ 1,470,878</u>	<u>\$ 52,676</u>	<u>(43,553,600)</u>
General revenues					
Real property taxes					29,699,885
Other tax items					
School tax relief reimbursement					5,157,440
Interest and penalties on real property taxes					48,998
Non-property taxes					
Non-property tax distribution from County					49,896
Unrestricted earnings on investments					43,854
Sale of property and compensation for loss					34,127
Unrestricted State aid					8,638,517
Miscellaneous					306,325
Total General Revenues					<u>43,979,042</u>
Change in Net Position					425,442
Net Position - Beginning					<u>19,225,331</u>
Net Position - Ending					<u>\$ 19,650,773</u>

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, 2013

	General	Special Aid	Debt Service
ASSETS			
Cash and equivalents	\$ 15,964,791	\$ 20,924	\$ -
Receivables			
Accounts	216,303	-	-
State and Federal aid	254,143	711,355	-
Due from other governments	726,104	-	-
Due from other funds	533,563	31,015	6,280,829
Advances to other funds	264,068	-	-
Inventories	-	-	-
Prepaid expenditures	43,731	-	-
Total Assets	<u>\$ 18,002,703</u>	<u>\$ 763,294</u>	<u>\$ 6,280,829</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 1,804,501	\$ 1,312	\$ -
Accrued liabilities	296,385	-	-
Retainages payable	-	-	-
Unearned revenues	34,180	-	-
Due to other funds	6,904,167	761,982	-
Due to other governments	-	-	-
Advances from other funds	-	-	-
Due to retirement systems	2,414,061	-	-
Total Liabilities	<u>11,453,294</u>	<u>763,294</u>	<u>-</u>
Fund balances			
Nonspendable	307,799	-	-
Restricted	3,014,966	-	6,280,829
Assigned	1,281,616	-	-
Unassigned	1,945,028	-	-
Total Fund Balances	<u>6,549,409</u>	<u>-</u>	<u>6,280,829</u>
Total Liabilities and Fund Balances	<u>\$ 18,002,703</u>	<u>\$ 763,294</u>	<u>\$ 6,280,829</u>

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

Capital Projects	Other Governmental	Total Governmental Funds
\$ 184,277	\$ 369,082	\$ 16,539,074
-	70	216,373
-	29,414	994,912
-	-	726,104
1,078,841	65,645	7,989,893
-	-	264,068
-	5,670	5,670
-	-	43,731
<u>\$ 1,263,118</u>	<u>\$ 469,881</u>	<u>\$ 26,779,825</u>
\$ -	\$ 24,813	\$ 1,830,626
-	-	296,385
28,335	-	28,335
125,000	-	159,180
310,157	13,587	7,989,893
-	249	249
264,068	-	264,068
-	-	2,414,061
<u>727,560</u>	<u>38,649</u>	<u>12,982,797</u>
-	5,670	313,469
535,558	91,869	9,923,222
-	333,693	1,615,309
-	-	1,945,028
<u>535,558</u>	<u>431,232</u>	<u>13,797,028</u>
<u>\$ 1,263,118</u>	<u>\$ 469,881</u>	<u>\$ 26,779,825</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 Position
June 30, 2013

Fund Balances - Total Governmental Funds	\$ 13,797,028
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	30,634,423
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	115,112
Long-term liabilities that are not due and payable in the current period are not reported in the funds.	
Accrued interest payable	(33,670)
Bonds payable	(18,176,764)
Compensated absences	(591,662)
Other post employment benefit obligations payable	(6,093,694)
	(24,895,790)
Net Position of Governmental Activities	\$ 19,650,773

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, 2013

	General	Special Aid	Debt Service	Capital Projects
REVENUES				
Real property taxes	\$ 29,699,885	\$ -	\$ -	\$ -
Other tax items	5,206,438	-	-	-
Non-property taxes	49,896	-	-	-
Charges for services	708,739	-	-	-
Use of money and property	47,499	-	247	-
Sale of property and compensation for loss	34,127	-	-	-
State aid	9,067,832	263,838	-	52,429
Federal aid	-	512,190	-	-
Food sales	-	-	-	-
Miscellaneous	306,325	-	-	-
Total Revenues	45,120,741	776,028	247	52,429
EXPENDITURES				
Current				
General support	4,007,243	-	-	-
Instruction	25,028,558	841,987	-	-
Pupil transportation	2,581,315	-	-	-
Community services	44,554	-	-	-
Employee benefits	9,522,632	-	-	-
Cost of food sales	-	-	-	-
Other	-	-	-	-
Debt service				
Principal	1,820,061	-	-	-
Interest	896,434	-	-	-
Capital outlay	-	-	-	55,269
Total Expenditures	43,900,797	841,987	-	55,269
Excess (Deficiency) of Revenues Over Expenditures	1,219,944	(65,959)	247	(2,840)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	65,959	461,040	145,289
Transfers out	(672,288)	-	-	-
Total Other Financing Sources (Uses)	(672,288)	65,959	461,040	145,289
Net Change in Fund Balances	547,656	-	461,287	142,449
Fund Balances - Beginning of Year	6,001,753	-	5,819,542	393,109
Fund Balances - End of Year	\$ 6,549,409	\$ -	\$ 6,280,829	\$ 535,558

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

Other Governmental	Total Governmental Funds
\$ -	\$ 29,699,885
-	5,206,438
-	49,896
-	708,739
80	47,826
-	34,127
10,756	9,394,855
191,565	703,755
427,316	427,316
62,142	368,467
691,859	46,641,304
-	4,007,243
-	25,870,545
-	2,581,315
-	44,554
-	9,522,632
568,693	568,693
43,033	43,033
-	1,820,061
-	896,434
-	55,269
611,726	45,409,779
80,133	1,231,525
-	672,288
-	(672,288)
-	-
80,133	1,231,525
351,099	12,565,503
\$ 431,232	\$ 13,797,028

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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, 2013

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,231,525</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Depreciation expense	<u>(874,933)</u>
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 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	1,590,000
Principal paid on energy performance contract	230,061
Amortization of issuance costs, loss on refunding and premium	<u>(51,368)</u>
	<u>1,768,693</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	5,180
Compensated absences	23,978
Other post employment benefit obligations	<u>(1,729,001)</u>
	<u>(1,699,843)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 425,442</u></u>
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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, 2013

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 29,753,818	\$ 29,753,818	\$ 29,699,885	\$ (53,933)
Other tax items	5,190,784	5,190,784	5,206,438	15,654
Non-property taxes	25,000	25,000	49,896	24,896
Charges for services	101,000	101,000	708,739	607,739
Use of money and property	80,000	80,000	47,499	(32,501)
Sale of property and compensation for loss	500	500	34,127	33,627
State aid	8,897,215	8,897,215	9,067,832	170,617
Federal aid	-	-	-	-
Miscellaneous	347,600	347,600	306,325	(41,275)
Total Revenues	44,395,917	44,395,917	45,120,741	724,824
EXPENDITURES				
Current				
General support	4,009,614	4,433,296	4,007,243	426,053
Instruction	25,189,170	25,342,183	25,028,558	313,625
Pupil transportation	2,627,160	2,647,850	2,581,315	66,535
Community services	-	44,554	44,554	-
Employee benefits	10,735,733	9,566,440	9,522,632	43,808
Debt service				
Principal	1,820,061	1,820,061	1,820,061	-
Interest	911,438	911,438	896,434	15,004
Total Expenditures	45,293,176	44,765,822	43,900,797	865,025
Excess (Deficiency) of Revenues Over Expenditures	(897,259)	(369,905)	1,219,944	1,589,849
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(144,934)	(672,288)	(672,288)	-
Total Other Financing Sources (Uses)	(144,934)	(672,288)	(672,288)	-
Net Change in Fund Balances	(1,042,193)	(1,042,193)	547,656	1,589,849
Fund Balances - Beginning of Year	1,042,193	1,042,193	6,001,753	4,959,560
Fund Balances - End of Year	\$ -	\$ -	\$ 6,549,409	\$ 6,549,409

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)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
263,838	263,838	263,838	-
502,805	531,335	512,190	(19,145)
-	-	-	-
766,643	795,173	776,028	(19,145)
-	-	-	-
826,643	861,132	841,987	19,145
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
826,643	861,132	841,987	19,145
(60,000)	(65,959)	(65,959)	-
60,000	65,959	65,959	-
-	-	-	-
60,000	65,959	65,959	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Putnam Valley Central School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2013

	<u>Agency</u>
ASSETS	
Cash and equivalents	<u>\$ 87,282</u>
LIABILITIES	
Student activity funds	<u>\$ 87,282</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 Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Separate financial statements are provided for governmental 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, 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 operating fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

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. The major revenues of this fund are food sales and Federal aid.

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 statements.

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

Note 1 - Summary of Significant Accounting Policies (Continued)

recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences 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, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits and Risk Disclosure

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2013.

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, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

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 nonspendable 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$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 Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In district-wide financial statements, unearned revenues consist of amounts received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$34,180 for miscellaneous revenue received in advance in the General Fund and \$125,000 for State aid received in advance in the Capital Projects Fund.

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

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Net Position - Net position represent the difference between assets and liabilities. Net Position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets, 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 used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.

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

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

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General 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, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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 23, 2013.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) 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 original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- 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. Property Tax Limitation

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

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

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

D. Application of Accounting Standards

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

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2013

Note 2 - Stewardship, Compliance and Accountability (Continued)

E. Capital Projects Fund Deficit

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, 2013 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 533,563	\$ 6,904,167
Special Aid	31,015	761,982
Debt Service	6,280,829	-
Capital Projects	1,078,841	310,157
Non-Major Governmental	65,645	13,587
	<u>\$ 7,989,893</u>	<u>\$ 7,989,893</u>

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

B. Advances To/From Other Funds

The balances reflected as advances to/from other funds at June 30, 2013 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.

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

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

<u>Class</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Capital Assets, not being depreciated				
Land	\$ 2,891,200	\$ -	\$ -	\$ 2,891,200
Construction-in-Progress	1,450,806	-	1,450,806	-
Total Capital Assets, not being depreciated	<u>\$ 4,342,006</u>	<u>\$ -</u>	<u>\$ 1,450,806</u>	<u>\$ 2,891,200</u>
Capital Assets, being depreciated				
Buildings and Improvements	\$ 36,999,577	\$ 1,450,806	\$ -	\$ 38,450,383
Machinery and Equipment	1,545,933	-	-	1,545,933
Total Capital Assets, being depreciated	<u>38,545,510</u>	<u>1,450,806</u>	<u>-</u>	<u>39,996,316</u>
Less Accumulated Depreciation for				
Buildings and Improvements	10,219,062	797,549	-	11,016,611
Machinery and Equipment	1,159,098	77,384	-	1,236,482
Total Accumulated Depreciation	<u>11,378,160</u>	<u>874,933</u>	<u>-</u>	<u>12,253,093</u>
Total Capital Assets, being depreciated, net	<u>\$ 27,167,350</u>	<u>\$ 575,873</u>	<u>\$ -</u>	<u>\$ 27,743,223</u>
Capital Assets, net	<u>\$ 31,509,356</u>	<u>\$ 575,873</u>	<u>\$ 1,450,806</u>	<u>\$ 30,634,423</u>

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

General Support	\$ 24,665
Instruction	739,512
Pupil Transportation	95,497
Cost of Food Sales	<u>15,259</u>
Total Depreciation Expense	<u>\$ 874,933</u>

D. Accrued Liabilities

Accrued liabilities at June 30, 2013 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 296,385</u>

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

E. Short-Term Capital Borrowings - Bond Anticipation Notes

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

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Balance July 1, 2012</u>	<u>Redemptions</u>	<u>Balance June 30, 2013</u>
School Bus Replacements	2008	\$ 27,706	\$ 27,706	\$ -
School Bus Replacements	2009	26,596	26,596	-
School Bus Replacements	2010	56,040	56,040	-
School Bus Replacements	2011	34,947	34,947	-
		<u>\$ 145,289</u>	<u>\$ 145,289</u>	<u>\$ -</u>

Interest expenditures/expense of \$4,805 was 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.

Funding Policy - The Systems are non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary for ERS and 3.5% for TRS without regard to their years of service and employees in tier 6 who contribute between 3% and 6% depending on salary levels and also without regard to years of service. Contributions to ERS are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions to ERS consist of a life insurance portion and regular pension contributions. Pursuant to Article 11 of Education Law, actuarial contributions are established annually for TRS by the New York State Teachers' Retirement Board. Contribution rates for the plans' year ending in 2013 are as follows:

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)
June 30, 2013

Note 3 - Detailed Notes on All Funds (Continued)

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

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

	ERS	TRS
2013	\$ 977,344	\$ 1,985,304
2012	910,070	1,909,194
2011	655,179	1,492,278

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, 2013:

	Balance July 1, 2012	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2013	Due Within One-Year
Bonds Payable	\$ 20,375,000	\$ -	\$ 1,590,000	\$ 18,785,000	\$ 1,645,000
Less - Deferred charges	(651,424)	-	(43,188)	(608,236)	-
	19,723,576	-	1,546,812	18,176,764	1,645,000
Energy Performance Contract Payable	230,060	-	230,060	-	-
Other Non-current Liabilities:					
Compensated Absences	615,640	38,022	62,000	591,662	59,000
Other Post Employment Benefit Obligations Payable	4,364,693	2,758,054	1,029,053	6,093,694	-
Total Long-Term Liabilities	\$ 24,933,969	\$ 2,796,076	\$ 2,867,925	\$ 24,862,120	\$ 1,704,000

The liabilities for bonds, energy performance contract, compensated absences and other post employment benefit obligations are liquidated by the General Fund.

Putnam Valley Central School District, New York**Notes to Financial Statements (Continued)**

June 30, 2013

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

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2013
Refunding bonds	2005	\$ 19,780,000	June, 2028	4.125 - 5.0 %	\$ 12,765,000
Reconstruction and additions to various district facilities	2006	9,850,000	June, 2021	4.0	6,020,000
					<u>\$ 18,785,000</u>

Interest expenditures of \$881,438 were recorded in the fund financial statements in the General Fund. Interest expense of \$919,446 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/expense of \$10,191 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2013 including interest payments of \$5,334,732 are as follows:

Year Ending June 30,	Principal	Interest
2014	\$ 1,645,000	\$ 808,088
2015	1,660,000	737,288
2016	1,680,000	666,288
2017	1,715,000	589,288
2018	1,740,000	510,888
2019-2023	6,585,000	1,533,975
2024-2028	3,760,000	488,917
	<u>\$ 18,785,000</u>	<u>\$ 5,334,732</u>

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.

Putnam Valley Central School District, New York

Notes to Financial Statements (Continued)

June 30, 2013

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 25 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, 2013 was as follows:

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

Amortization Component:

Actuarial Accrued Liability as of July 1, 2012	\$ 33,835,238
Assets at Market Value	<u>-</u>
Unfunded Actuarial Accrued Liability ("UAAL")	<u>\$ 33,835,238</u>
Funded Ratio	<u>0.00%</u>
Covered Payroll (Active plan members)	<u>\$ 22,006,320</u>
UAAL as a Percentage of Covered Payroll	<u>153.75%</u>
Annual Required Contribution	\$ 2,173,761
Interest on Net OPEB Obligation	218,235
Adjustment to Annual Required Contribution	<u>366,058</u>
Annual OPEB Cost	2,758,054
Contributions Made	<u>(1,029,053)</u>
Increase in Net OPEB Obligation	1,729,001
Net OPEB Obligation - Beginning of Year	<u>4,364,693</u>
Net OPEB Obligation - End of Year	<u>\$ 6,093,694</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:

<u>Fiscal Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 2,758,054	37.31 %	\$ 6,093,694
2012	2,611,178	38.65	4,364,693
2011	1,764,356	46.30	2,762,697

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.

<u>Transfers Out</u>	<u>Transfers In</u>			<u>Total</u>
	<u>Special Aid Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	
General Fund	<u>\$ 65,959</u>	<u>\$ 461,040</u>	<u>\$ 145,289</u>	<u>\$ 672,288</u>

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 Position

The components of net position are detailed below:

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

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

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

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

Notes to Financial Statements (Continued)

June 30, 2013

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

	2013					2012				
	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	\$ -	\$ -	\$ -	\$ 5,670	\$ 5,670	\$ -	\$ -	\$ -	\$ 513	\$ 513
Prepaid expenditures	43,731	-	-	-	43,731	41,445	-	-	-	41,445
Advances	264,068	-	-	-	264,068	264,068	-	-	-	264,068
	307,799	-	-	5,670	313,469	305,513	-	-	513	306,026
Restricted										
Repairs	30,370	-	-	-	30,370	30,325	-	-	-	30,325
Property loss and liability	25,564	-	-	-	25,564	25,526	-	-	-	25,526
Tax certiorari	560,253	-	-	-	560,253	397,077	-	-	-	397,077
Employee benefit accrued liability	591,662	-	-	-	591,662	605,713	-	-	-	605,713
Retirement contribution	1,807,117	-	-	-	1,807,117	1,807,117	-	-	-	1,807,117
Debt service	-	6,280,829	-	-	6,280,829	-	5,819,542	-	-	5,819,542
Capital projects	-	-	535,558	-	535,558	-	-	393,109	-	393,109
Trusts	-	-	-	91,869	91,869	-	-	-	72,680	72,680
	3,014,966	6,280,829	535,558	91,869	9,923,222	2,865,758	5,819,542	393,109	72,680	9,151,089
Assigned										
Purchases on order										
General government support	198,614	-	-	-	198,614	53,169	-	-	-	53,169
Instruction	70,501	-	-	-	70,501	110,959	-	-	-	110,959
Pupil Transportation	12,230	-	-	-	12,230	3,065	-	-	-	3,065
Employee benefits	5,271	-	-	-	5,271	3,065	-	-	-	3,065
	286,616	-	-	-	286,616	170,258	-	-	-	170,258
Subsequent year's expenditures	995,000	-	-	-	995,000	875,000	-	-	-	875,000
School Lunch Fund	-	-	-	333,693	333,693	-	-	-	277,906	277,906
	1,281,616	-	-	333,693	1,615,309	1,045,258	-	-	277,906	1,323,164
	1,945,028	-	-	-	1,945,028	1,788,289	-	-	-	1,788,289
Unassigned	\$ 6,549,409	\$ 6,280,829	\$ 535,558	\$ 431,232	\$ 13,797,028	\$ 6,004,818	\$ 5,819,542	\$ 393,109	\$ 351,099	\$ 12,568,568

Note 3 - Detailed Notes on All Funds (Continued)

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

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.

Subsequent year's expenditures represent that at June 30, 2013, the Board has assigned the above amounts to be appropriated for the ensuing year's budget and for future court awarded property tax refunds.

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

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, 2013, the balance in the reserve was \$25,564, 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

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

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.

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	\$ -	\$ 33,835,238	\$ 33,835,238	- %	\$ 22,006,320	153.75 %
July 1, 2011	-	31,937,268	31,937,268	-	18,557,250	172.10
July 1, 2010	-	25,985,531	25,985,531	-	19,844,374	130.95

Putnam Valley Central School District, New YorkGeneral Fund
Comparative Balance Sheet
June 30,

	2013	2012
ASSETS		
Cash and equivalents	\$ 15,964,791	\$ 14,624,700
Investments	-	6
Receivables		
Accounts	216,303	161,634
State and Federal aid	254,143	198,843
Due from other governments	726,104	503,265
Due from other funds	533,563	472,824
Advances to other funds	264,068	264,068
	1,994,181	1,600,634
Prepaid expenditures	43,731	41,445
Total Assets	\$ 18,002,703	\$ 16,266,785
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,804,501	\$ 384,301
Accrued liabilities	296,385	1,065,388
Unearned revenues	34,180	40,045
Due to other funds	6,904,167	6,446,589
Due to retirement systems	2,414,061	2,328,709
Total Liabilities	11,453,294	10,265,032
Fund balance		
Nonspendable	307,799	305,513
Restricted	3,014,966	2,865,758
Assigned	1,281,616	1,042,193
Unassigned	1,945,028	1,788,289
Total Fund Balance	6,549,409	6,001,753
Total Liabilities and Fund Balance	\$ 18,002,703	\$ 16,266,785

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,**

	2013				
	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
REVENUES					
Real property taxes	\$ 29,753,818	\$ 29,753,818	\$ 29,699,885	\$	\$ (53,933)
Other tax items	5,190,784	5,190,784	5,206,438		15,654
Non-property taxes	25,000	25,000	49,896		24,896
Charges for services	101,000	101,000	708,739		607,739
Use of money and property	80,000	80,000	47,499		(32,501)
Sale of property and compensation for loss	500	500	34,127		33,627
State aid	8,897,215	8,897,215	9,067,832		170,617
Federal aid	-	-	-		-
Miscellaneous	347,600	347,600	306,325		(41,275)
Total Revenues	44,395,917	44,395,917	45,120,741		724,824
EXPENDITURES					
Current					
General support					
Board of education	29,574	39,625	35,711	1,339	2,575
Central administration	376,717	379,569	358,397	2,278	18,894
Finance	591,974	766,849	728,639	27,230	10,980
Staff	155,160	170,755	113,969	4,775	52,011
Central services	2,345,397	2,414,181	2,161,116	162,992	90,073
Special items	510,792	662,317	609,411	-	52,906
Total General Support	4,009,614	4,433,296	4,007,243	198,614	227,439
Instruction					
Instruction, administration and improvement	1,791,666	1,712,083	1,669,276	555	42,252
Teaching - Regular school	12,956,095	12,730,766	12,576,391	59,833	94,542
Programs for children with handicapping conditions	6,881,016	6,857,186	6,835,477	3,479	18,230
Instructional media	1,283,452	1,786,805	1,739,741	1,069	45,995
Pupil services	2,276,941	2,255,343	2,207,673	5,565	42,105
Total Instruction	25,189,170	25,342,183	25,028,558	70,501	243,124
Pupil transportation	2,627,160	2,647,850	2,581,315	12,230	54,305
Community services	-	44,554	44,554	-	-
Employee benefits	10,735,733	9,566,440	9,522,632	5,271	38,537
Debt service					
Principal	1,820,061	1,820,061	1,820,061	-	-
Interest	911,438	911,438	896,434	-	15,004
Total Expenditures	45,293,176	44,765,822	43,900,797	286,616	578,409
Excess (Deficiency) of Revenues Over Expenditures	(897,259)	(369,905)	1,219,944	(286,616)	1,303,233
OTHER FINANCING USES					
Transfers out	(144,934)	(672,288)	(672,288)	-	-
Net Change in Fund Balance	(1,042,193)	(1,042,193)	547,656	\$ (286,616)	\$ 1,303,233
Fund Balance - Beginning of Year	1,042,193	1,042,193	6,001,753		
Fund Balance - End of Year	\$ -	\$ -	\$ 6,549,409		

2012

Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 29,178,327	\$ 29,178,327	\$ 29,248,601	\$	\$ 70,274
5,090,857	5,090,857	5,101,828		10,971
25,000	25,000	48,913		23,913
241,000	241,000	923,374		682,374
80,000	80,000	85,565		5,565
500	500	4,195		3,695
9,115,828	9,115,828	9,093,879		(21,949)
10,000	10,000	-		(10,000)
230,000	230,000	623,353		393,353
43,971,512	43,971,512	45,129,708		1,158,196
30,739	45,264	44,441	293	530
358,414	386,084	383,726	-	2,358
601,183	643,868	637,227	219	6,422
159,000	92,030	85,878	-	6,152
2,447,931	2,280,875	2,205,254	52,657	22,964
600,857	446,299	418,315	-	27,984
4,198,124	3,894,420	3,774,841	53,169	66,410
1,774,060	1,704,226	1,682,672	13,527	8,027
13,184,217	12,835,129	12,700,804	65,871	68,454
6,668,179	7,139,517	6,966,872	4,057	168,588
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
25,325,035	25,406,209	24,998,669	110,959	296,581
2,634,134	2,789,084	2,709,373	3,065	76,646
-	49,047	48,955	-	92
10,264,671	9,283,204	9,283,203	-	1
1,720,249	1,720,249	1,720,249	-	-
988,426	982,835	971,744	-	11,091
45,130,639	44,125,048	43,507,034	167,193	450,821
(1,159,127)	(153,536)	1,622,674	(167,193)	1,609,017
(144,934)	(1,150,525)	(1,150,126)	-	399
(1,304,061)	(1,304,061)	472,548	\$ (167,193)	\$ 1,609,416
1,304,061	1,304,061	5,529,205		
\$ -	\$ -	\$ 6,001,753		

Putnam Valley Central School District, New York

General Fund

**Schedule of Revenues Compared to Budget
Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 29,753,818	\$ 29,753,818	\$ 29,699,885	\$ (53,933)
OTHER TAX ITEMS				
School tax relief reimbursement	5,155,784	5,155,784	5,157,440	1,656
Interest and penalties on real property taxes	35,000	35,000	48,998	13,998
	5,190,784	5,190,784	5,206,438	15,654
NON-PROPERTY TAXES				
Non-property tax distribution from County	25,000	25,000	49,896	24,896
CHARGES FOR SERVICES				
Day school tuition	100,000	100,000	476,318	376,318
Other student fees and charges	1,000	1,000	232,421	231,421
	101,000	101,000	708,739	607,739
USE OF MONEY AND PROPERTY				
Earnings on investments	75,000	75,000	44,846	(30,154)
Commissions	5,000	5,000	2,653	(2,347)
	80,000	80,000	47,499	(32,501)

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Insurance recoveries	500	500	34,127	33,627
STATE AID				
Basic formula	6,374,635	6,374,635	6,456,922	82,287
BOCES	1,087,250	1,087,250	914,143	(173,107)
Textbook aid	113,471	113,471	113,471	-
Lottery	1,267,452	1,267,452	1,267,452	-
Computer software aid	43,407	43,407	44,725	1,318
Library materials aid	11,000	11,000	11,368	368
Homeless aid	-	-	124,338	124,338
Other	-	-	135,413	135,413
	8,897,215	8,897,215	9,067,832	170,617
MISCELLANEOUS				
Refund of prior year's expenditures	100,000	100,000	158,412	58,412
Refund of prior year's BOCES expenditures	227,600	227,600	110,384	(117,216)
Unclassified	20,000	20,000	37,529	17,529
	347,600	347,600	306,325	(41,275)
TOTAL REVENUES	<u>\$ 44,395,917</u>	<u>\$ 44,395,917</u>	<u>\$ 45,120,741</u>	<u>\$ 724,824</u>

Putnam Valley Central School District, New York

General Fund

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 5,702	\$ 7,283	\$ 4,087	\$ 1,265	\$ 1,931
District clerk	12,835	12,949	12,945	-	4
District meeting	11,037	19,393	18,679	74	640
Total Board of Education	29,574	39,625	35,711	1,339	2,575
CENTRAL ADMINISTRATION					
Chief school administrator	376,717	379,569	358,397	2,278	18,894
FINANCE					
Business administration	481,449	667,884	660,517	1,230	6,137
Auditing	81,200	66,295	47,155	19,140	-
Treasurer	688	643	368	-	275
Tax collector	27,887	31,277	20,269	6,860	4,148
Fiscal agent fees	750	750	330	-	420
Total Finance	591,974	766,849	728,639	27,230	10,980
STAFF					
Legal	100,000	79,393	45,730	-	33,663
Personnel	40,160	61,407	49,321	-	12,086
Public information and services	15,000	29,955	18,918	4,775	6,262
Total Staff	155,160	170,755	113,969	4,775	52,011

CENTRAL SERVICES						
Operation and maintenance of plant	2,345,397	2,414,181	2,161,116	162,992	90,073	
SPECIAL ITEMS						
Unallocated insurance	216,300	212,575	164,081	-	48,494	
School association dues	12,567	15,954	15,864	-	90	
Judgments and claims	25,000	25,000	20,841	-	4,159	
Administrative charges - BOCES	256,925	408,788	408,625	-	163	
Total Special Items	510,792	662,317	609,411	-	52,906	
Total General Support	4,009,614	4,433,296	4,007,243	198,614	227,439	
INSTRUCTION						
INSTRUCTION, ADMINISTRATION AND IMPROVEMENT						
Curriculum development and supervision	126,839	72,277	38,471	85	33,721	
Supervision - Regular school	1,664,827	1,639,806	1,630,805	470	8,531	
Total Instruction, Administration and Improvement	1,791,666	1,712,083	1,669,276	555	42,252	
TEACHING						
Regular school	12,956,095	12,730,766	12,576,391	59,833	94,542	
PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS						
Programs for students with disabilities	6,881,016	6,857,186	6,835,477	3,479	18,230	
INSTRUCTIONAL MEDIA						
School library and audiovisual	231,129	242,493	221,819	1,069	19,605	
Computer assisted instruction	1,052,323	1,544,312	1,517,922	-	26,390	
Total Instructional Media	1,283,452	1,786,805	1,739,741	1,069	45,995	

(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, 2013

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
PUPIL SERVICES					
Guidance - Regular school	\$ 532,519	\$ 492,211	\$ 490,158	\$ -	\$ 2,053
Health services - Regular school	312,239	354,973	346,402	-	8,571
Psychological services - Regular school	192,059	161,318	150,789	-	10,529
Pupil personnel services - Special schools	287,883	246,184	234,824	3,756	7,604
Co-curricular activities - Regular school	192,377	208,290	205,866	645	1,779
Interscholastic activities - Regular school	759,864	792,367	779,634	1,164	11,569
Total Pupil Services	2,276,941	2,255,343	2,207,673	5,565	42,105
Total Instruction	25,189,170	25,342,183	25,028,558	70,501	243,124
PUPIL TRANSPORTATION					
District transportation services	1,396,199	1,483,380	1,458,524	5,230	19,626
Contract transportation	1,230,961	1,164,470	1,122,791	7,000	34,679
Total Pupil Transportation	2,627,160	2,647,850	2,581,315	12,230	54,305
COMMUNITY SERVICES					
Youth program	-	44,554	44,554	-	-
EMPLOYEE BENEFITS					
State retirement	1,056,844	977,344	977,344	-	-
Teachers' retirement	2,389,050	1,994,863	1,985,304	-	9,559
Social security	1,957,180	1,693,886	1,693,886	-	-
Workers' compensation benefits	157,020	157,020	138,151	-	18,869
Life insurance	18,240	18,240	10,222	-	8,018
Unemployment benefits	42,500	42,500	42,479	-	21
Hospital, medical and dental insurance	4,692,499	4,258,093	4,256,023	-	2,070
Union welfare benefits	422,400	424,494	419,223	5,271	-
Total Employee Benefits	10,735,733	9,566,440	9,522,632	5,271	38,537

DEBT SERVICE					
Principal					
Serial bonds	1,590,000	1,590,000	1,590,000	-	-
Energy performance contract	230,061	230,061	230,061	-	-
	<u>1,820,061</u>	<u>1,820,061</u>	<u>1,820,061</u>	<u>-</u>	<u>-</u>
Interest					
Serial bonds	881,438	881,438	881,438	-	-
Bond anticipation notes	19,809	19,809	4,805	-	15,004
Energy performance contract	10,191	10,191	10,191	-	-
	<u>911,438</u>	<u>911,438</u>	<u>896,434</u>	<u>-</u>	<u>15,004</u>
Total Debt Service	<u>2,731,499</u>	<u>2,731,499</u>	<u>2,716,495</u>	<u>-</u>	<u>15,004</u>
TOTAL EXPENDITURES	<u>45,293,176</u>	<u>44,765,822</u>	<u>43,900,797</u>	<u>286,616</u>	<u>578,409</u>
OTHER FINANCING USES					
Transfers out					
Special Aid Fund	60,000	65,959	65,959	-	-
Debt Service Fund	-	461,040	461,040	-	-
Capital Projects Fund	84,934	145,289	145,289	-	-
Bond anticipation note					
	<u>144,934</u>	<u>672,288</u>	<u>672,288</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING USES					
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 45,438,110</u>	<u>\$ 45,438,110</u>	<u>\$ 44,573,085</u>	<u>\$ 286,616</u>	<u>\$ 578,409</u>

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Putnam Valley Central School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 20,924	\$ 36,327
State and Federal aid receivable	711,355	687,872
Due from other funds	<u>31,015</u>	<u>-</u>
Total Assets	<u>\$ 763,294</u>	<u>\$ 724,199</u>
LIABILITIES		
Accounts payable	\$ 1,312	\$ 14,902
Due to other funds	<u>761,982</u>	<u>709,297</u>
Total Liabilities	<u>\$ 763,294</u>	<u>\$ 724,199</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,

	2013			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
State aid	\$ 263,838	\$ 263,838	\$ 263,838	\$ -
Federal aid	502,805	531,335	512,190	(19,145)
Total Revenues	766,643	795,173	776,028	(19,145)
EXPENDITURES				
Current				
Instruction	826,643	861,132	841,987	19,145
Deficiency of Revenues Over Expenditures	(60,000)	(65,959)	(65,959)	-
OTHER FINANCING SOURCES				
Transfers in	60,000	65,959	65,959	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -

2012			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 238,007	\$ 238,405	\$ 238,405	\$ -
469,032	476,533	450,378	(26,155)
707,039	714,938	688,783	(26,155)
767,039	774,938	748,385	26,553
(60,000)	(60,000)	(59,602)	398
60,000	60,000	59,602	(398)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

Putnam Valley Central School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Due from other funds	<u>\$ 6,280,829</u>	<u>\$ 5,819,542</u>
FUND BALANCE		
Restricted	<u>\$ 6,280,829</u>	<u>\$ 5,819,542</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,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 247	\$ 85
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	247	85
OTHER FINANCING SOURCES		
Transfers in	<u>461,040</u>	<u>1,000,000</u>
Net Change in Fund Balance	461,287	1,000,085
Fund Balance - Beginning of Year	<u>5,819,542</u>	<u>4,819,457</u>
Fund Balance - End of Year	<u>\$ 6,280,829</u>	<u>\$ 5,819,542</u>

Putnam Valley Central School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	2013	2012
ASSETS		
Cash and equivalents	\$ 184,277	\$ 146,498
State and Federal aid receivable	-	37,571
Due from other funds	1,078,841	1,081,642
Total Assets	<u>\$ 1,263,118</u>	<u>\$ 1,265,711</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Retainages payable	\$ 28,335	\$ 28,335
Unearned revenues	125,000	125,000
Due to other funds	310,157	309,910
Advances from other funds	264,068	264,068
Bond anticipation notes payable	-	145,289
Total Liabilities	727,560	872,602
Fund balance		
Restricted	535,558	393,109
Total Liabilities and Fund Balance	<u>\$ 1,263,118</u>	<u>\$ 1,265,711</u>

Putnam Valley Central School District, New York

Capital Projects Fund

Comparative Statement of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30,

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	\$ 52,429	\$ 37,571
EXPENDITURES		
Capital outlay	<u>55,269</u>	<u>530,552</u>
Deficiency of Revenues Over Expenditures	(2,840)	(492,981)
OTHER FINANCING SOURCES		
Transfers in	<u>145,289</u>	<u>90,524</u>
Net Change in Fund Balance	142,449	(402,457)
Fund Balance - Beginning of Year	<u>393,109</u>	<u>795,566</u>
Fund Balance - End of Year	<u>\$ 535,558</u>	<u>\$ 393,109</u>

Putnam Valley Central School District, New York

Capital Projects Fund
Project-Length Schedule

Inception of Project Through June 30, 2013

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	1,450,806	2,840	1,453,646
Security Cameras	90,000	37,571	52,429	90,000
Totals	<u>\$ 14,632,886</u>	<u>\$ 13,565,098</u>	<u>\$ 55,269</u>	<u>\$ 13,620,367</u>

Unexpended Balance	Methods of Financing				Fund Balance (Deficit) at June 30, 2013
	Interfund Transfers	Proceeds of Obligations	State and Federal Aid	Totals	
\$ 400	\$ -	\$ 1,352,886	\$ -	\$ 1,352,886	\$ 400
2,872	-	7,450,000	-	7,450,000	2,872
212,893	-	2,400,000	613,039	3,013,039	(264,068)
796,354	2,250,000	-	-	2,250,000	796,354
-	-	-	90,000	90,000	-
<u>\$ 1,012,519</u>	<u>\$ 2,250,000</u>	<u>\$ 11,202,886</u>	<u>\$ 703,039</u>	<u>\$ 14,155,925</u>	<u>\$ 535,558</u>

Putnam Valley Central School District, New York

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

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2013	2012
ASSETS				
Cash and equivalents	\$ 330,268	\$ 38,814	\$ 369,082	\$ 283,833
Receivables				
Accounts	70	-	70	-
State and Federal aid	29,414	-	29,414	4,510
Due from other funds	-	65,645	65,645	91,872
	<u>29,484</u>	<u>65,645</u>	<u>95,129</u>	<u>96,382</u>
Inventories	<u>5,670</u>	<u>-</u>	<u>5,670</u>	<u>513</u>
Total Assets	<u>\$ 365,422</u>	<u>\$ 104,459</u>	<u>\$ 469,881</u>	<u>\$ 380,728</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 24,813	\$ -	\$ 24,813	\$ 29,545
Due to other funds	997	12,590	13,587	-
Due to other governments	<u>249</u>	<u>-</u>	<u>249</u>	<u>84</u>
Total Liabilities	<u>26,059</u>	<u>12,590</u>	<u>38,649</u>	<u>29,629</u>
Fund balances				
Nonspendable	5,670	-	5,670	513
Restricted	-	91,869	91,869	72,680
Assigned	<u>333,693</u>	<u>-</u>	<u>333,693</u>	<u>277,906</u>
Total Fund Balances	<u>339,363</u>	<u>91,869</u>	<u>431,232</u>	<u>351,099</u>
Total Liabilities and Fund Balances	<u>\$ 365,422</u>	<u>\$ 104,459</u>	<u>\$ 469,881</u>	<u>\$ 380,728</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, 2013
(With Comparative Totals for 2012)

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2013	2012
REVENUES				
Use of money and property	\$ -	\$ 80	\$ 80	\$ 214
State aid	10,756	-	10,756	11,075
Federal aid	191,565	-	191,565	177,833
Food sales	427,316	-	427,316	446,392
Miscellaneous	-	62,142	62,142	54,622
Total Revenues	<u>629,637</u>	<u>62,222</u>	<u>691,859</u>	<u>690,136</u>
EXPENDITURES				
Current				
Cost of food sales	568,693	-	568,693	578,708
Other	-	43,033	43,033	67,000
Total Expenditures	<u>568,693</u>	<u>43,033</u>	<u>611,726</u>	<u>645,708</u>
Excess of Revenues Over Expenditures	60,944	19,189	80,133	44,428
Fund Balances - Beginning of Year	<u>278,419</u>	<u>72,680</u>	<u>351,099</u>	<u>306,671</u>
Fund Balances - End of Year	<u>\$ 339,363</u>	<u>\$ 91,869</u>	<u>\$ 431,232</u>	<u>\$ 351,099</u>

Putnam Valley Central School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	<u>\$ 330,268</u>	<u>\$ 274,556</u>
Receivables		
Accounts	70	-
State and Federal aid	29,414	4,510
Due from other funds	<u>-</u>	<u>28,385</u>
	<u>29,484</u>	<u>32,895</u>
Inventories	<u>5,670</u>	<u>513</u>
Total Assets	<u><u>\$ 365,422</u></u>	<u><u>\$ 307,964</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 24,813	\$ -
Due to other funds	997	-
Due to other governments	<u>249</u>	<u>29,545</u>
Total Liabilities	<u>26,059</u>	<u>29,545</u>
Fund balance		
Nonspendable	5,670	513
Assigned	<u>333,693</u>	<u>277,906</u>
Total Fund Balance	<u>339,363</u>	<u>278,419</u>
Total Liabilities and Fund Balance	<u><u>\$ 365,422</u></u>	<u><u>\$ 307,964</u></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,

	<u>2013</u>	<u>2012</u>
REVENUES		
State aid	\$ 10,756	\$ 11,075
Federal aid	191,565	177,833
Food sales	<u>427,316</u>	<u>446,392</u>
Total Revenues	629,637	635,300
EXPENDITURES		
Current		
Cost of food sales	<u>568,693</u>	<u>578,708</u>
Excess of Revenues Over Expenditures	60,944	56,592
Fund Balance - Beginning of Year	<u>278,419</u>	<u>221,827</u>
Fund Balance - End of Year	<u><u>\$ 339,363</u></u>	<u><u>\$ 278,419</u></u>

Putnam Valley Central School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and equivalents	\$ 38,814	\$ 9,277
Due from other funds	<u>65,645</u>	<u>63,487</u>
Total Assets	<u>\$ 104,459</u>	<u>\$ 72,764</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	\$ 12,590	\$ 84
Fund balance		
Restricted	<u>91,869</u>	<u>72,680</u>
Total Liabilities and Fund Balance	<u>\$ 104,459</u>	<u>\$ 72,764</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,

	<u>2013</u>	<u>2012</u>
REVENUES		
Use of money and property	\$ 80	\$ 214
Miscellaneous	<u>62,142</u>	<u>54,622</u>
Total Revenues	62,222	54,836
EXPENDITURES		
Current		
Other	<u>43,033</u>	<u>67,000</u>
Excess (Deficiency) of Revenues Over Expenditures	19,189	(12,164)
Fund Balance - Beginning of Year	<u>72,680</u>	<u>84,844</u>
Fund Balance - End of Year	<u>\$ 91,869</u>	<u>\$ 72,680</u>

Putnam Valley Central School District, New York

General Fund

Analysis of Change from Original Budget to Final Budget

Year Ended June 30, 2013

Adopted Budget	\$ 45,270,917
Encumbrances	<u>167,193</u>
Original/Final Budget	<u><u>\$ 45,438,110</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

2013-14 Expenditure Budget	<u>\$ 48,625,726</u>
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General Fund Fund Balance Subject to Section 1318
of Real Property Tax Law

Unrestricted fund balance	
Assigned fund balance	1,281,616
Unassigned fund balance	<u>1,945,028</u>
Total Unrestricted Fund Balance	<u>3,226,644</u>

Less

Appropriated for subsequent year's budget	995,000
Encumbrances	<u>286,616</u>
Total Adjustments	<u>1,281,616</u>

General Fund Fund Balance Subject to Section 1318
of Real Property Tax Law

\$ 1,945,028

Actual Percentage	<u><u>4.00%</u></u>
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Putnam Valley Central School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2013

Capital Assets, net		\$ 30,634,423
Less		
Bonds Payable	(18,785,000)	
Unamortized Portion of Premium on Bonds	<u>(354,278)</u>	(19,139,278)
Plus		
Unexpended Bond Proceeds	3,272	
Unamortized Portion of Issuance Costs	115,112	
Unamortized Portion of Loss on Refunding Bonds	<u>962,514</u>	<u>1,080,898</u>
Net Investment in Capital Assets		<u>\$ 12,576,043</u>

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

Independent Auditors' Report

**The Board of Education of the
Putnam Valley Central School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Putnam Valley Central School District ("School District") as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 23, 2013.

Internal Control Over Financial Reporting

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

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

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

O'CONNOR DAVIES, LLP

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Compliance and Other Matters

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

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

Purpose of this Report

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 23, 2013

**Report on Compliance For Each Major Federal Program and
on Internal Control Over Compliance**

Independent Auditors' Report

**The Board of Education of the
Putnam Valley Central School District, New York**

Report on Compliance for Each Major Federal Program

We have audited Putnam Valley Central School District's ("School District") compliance 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 the School District's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of School District's compliance.

Opinion on Each Major Federal Program

In our opinion, School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

September 23, 2013

Putnam Valley Central School District, New York

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Total 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	\$ 16,860
National School Lunch Program (NSLP) - Commodities	10.555	38,086
National School Lunch Program (NSLP) - Cash	10.555	<u>136,619</u>
Total U.S. Department of Agriculture		<u>191,565</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	344,633
Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>17,378</u>
Subtotal Special Education Cluster		362,011
Title I Grants to Local Educational Agencies	84.010	105,719
Education Jobs Fund (ARRA)	84.410	4,748
Improving Teacher Quality State Grants	84.367	<u>39,712</u>
Total U.S. Department of Education		<u>512,190</u>
Total		<u>\$ 703,755</u>

(1) Catalog of Federal Domestic Assistance number.

The accompanying notes are an integral part of this schedule.

Putnam Valley Central School District, New York

Notes to Schedule of Expenditures of Federal Awards
June 30, 2013

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Putnam Valley Central School District, New York ("School District") under programs of the federal government for the year ended June 30, 2013. Federal awards received directly from the Federal agencies as well as Federal awards passed through other government agencies are included in the Schedule. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, which establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments.

Putnam Valley Central School District, New York

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

None

Putnam Valley Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Noncompliance material to financial statements noted?

____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

____ Yes X No
____ Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

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

____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027
84.173
84.010

Special Education Cluster:
 Special Education - State Grants
 Special Education - Preschool Grants
 Title 1 Grants to Local Educational Agencies

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

\$300,000
 X Yes ____ No

Putnam Valley Central School District, New York

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

