

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**TOWN OF HEMPSTEAD, NEW YORK**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**



**LYNBROOK**  
PUBLIC SCHOOLS

LYNBROOK UNION FREE SCHOOL DISTRICT  
TOWN OF HEMPSTEAD, NEW YORK  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013

*Prepared by*  
Business Office  
Superintendent of Schools

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

	<u>PAGE</u>
 <b><u>INTRODUCTORY SECTION</u></b>	
Principal Officials	i
Organizational Chart	ii
Letter of Transmittal	iii
 <b><u>FINANCIAL SECTION</u></b>	
Independent Auditor's Report On Financial Statements And Supplementary Information	1
Management's Discussion And Analysis	3
Financial Statements:	
District-Wide Financial Statements -	
Statement Of Net Position	14
Statement Of Activities And Changes In Net Position	15
Fund Financial Statements -	
Balance Sheet - Governmental Funds	16
Reconciliation Of Governmental Funds Balance Sheet To The Statement Of Net Position	17
Fund Financial Statements -	
Statement Of Revenues, Expenditures And Changes In Fund Balance - Governmental Funds	18
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balance To The Statement Of Activities	19
Fund Financial Statements -	
Statement Of Fiduciary Net Position - Fiduciary Funds	20
Statement Of Change In Fiduciary Net Position - Fiduciary Funds	21
Notes To Financial Statements	22
Required Supplementary Information Other Than MD&A:	
General Fund -	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual	43
Schedule Of Funding Progress For The Retiree Health Plan	44
Other Supplementary Information:	
General Fund -	
Schedule Of Change From Adopted Budget To Revised Budget And The Real Property Tax Limit	45
Capital Projects Fund -	
Schedule Of Project Expenditures And Financing Sources	46
Net Investment In Capital Assets	47
Extraclassroom Activity Funds	48
Federal Award Program Information:	
Schedule Of Expenditures Of Federal Awards	54
Notes To Schedule Of Expenditures Of Federal Awards	55
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	56

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**(continued)**

	<u>PAGE</u>
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By OMB Circular A-133	58
Schedule Of Findings And Questioned Costs	60
Summary Schedule Of Prior Audit Findings	61
 <b><u>STATISTICAL SECTION</u></b>	
Objectives Of Statistical Information	62
Financial Trends:	
Net Position By Component - Last Ten Fiscal Years	63
Expenses, Program Revenues, And Net (Expenses)/Revenue - Last Ten Fiscal Years	64
General Revenues And Total Change In Net Position - Last Ten Fiscal Years	65
Fund Balances - Governmental Funds - Last Ten Fiscal Years	66
Governmental Funds - Revenues By Source - Last Ten Fiscal Years	67
Governmental Funds - Expenditures By Function, And Net Change In Fund Balances - Last Ten Fiscal Years	68
Revenue Capacity:	
Assessed Valuation Of Taxable Real Property - State Equalization Rate And Full Valuation Of Taxable Real Property - Last Ten Fiscal Years	69
Property Tax Rates Per \$100 Of Assessed Valuation, Direct And Overlapping Governments - Last Ten Fiscal Years	70
Principal Taxpayers - Current Year And For The Ninth Fiscal Year Prior	71
School Property Tax Levies And Collections - Last Ten Fiscal Years	72
Debt Capacity:	
Outstanding Debt By Type - Last Ten Fiscal Years	73
Ratio Of Annual Debt Service Expenditures For Long Term Debt To Non - Capital Governmental Expenditures - Last Ten Fiscal Years	74
Ratio Of General Bonded Debt To Estimated Actual Value Of Taxable Property And General Bonded Debt Per Capita - Last Ten Fiscal Years	75
Direct And Overlapping Debt	76
Legal Debt Margin Information - Last Ten Fiscal Years	77
Demographic And Economic Information:	
Demographic And Economic Statistics - Last Ten Calendar Years	78
Principal Employers, Current Year And For The Ninth Fiscal Year Prior	79
Operating Information:	
Full-Time Equivalent District Employees By Type - Last Ten Fiscal Years	80
Operating Statistics - Last Ten Fiscal Years	81
Capital Asset Information	82
Miscellaneous Information	83

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**LYNBROOK, NEW YORK**

**PRINCIPAL OFFICIALS**

**BOARD OF EDUCATION**

Catherine Papandrew, President  
Ellen Marcus, Vice President  
Dr. William Kayen, Secretary  
Alicemarie Bresnihan  
William Belmont  
Robert Paskoff  
Sean Strife

**INTERIM SUPERINTENDENT OF SCHOOLS**

Dr. Melissa Burak

**ASSISTANT SUPERINTENDENT FOR CURRICULUM,  
INSTRUCTION AND ASSESSMENT**

Mr. Gerard Beleckas

**INTERIM ASSISTANT SUPERINTENDENT FOR BUSINESS**

Mr. Warren Meierdiercks

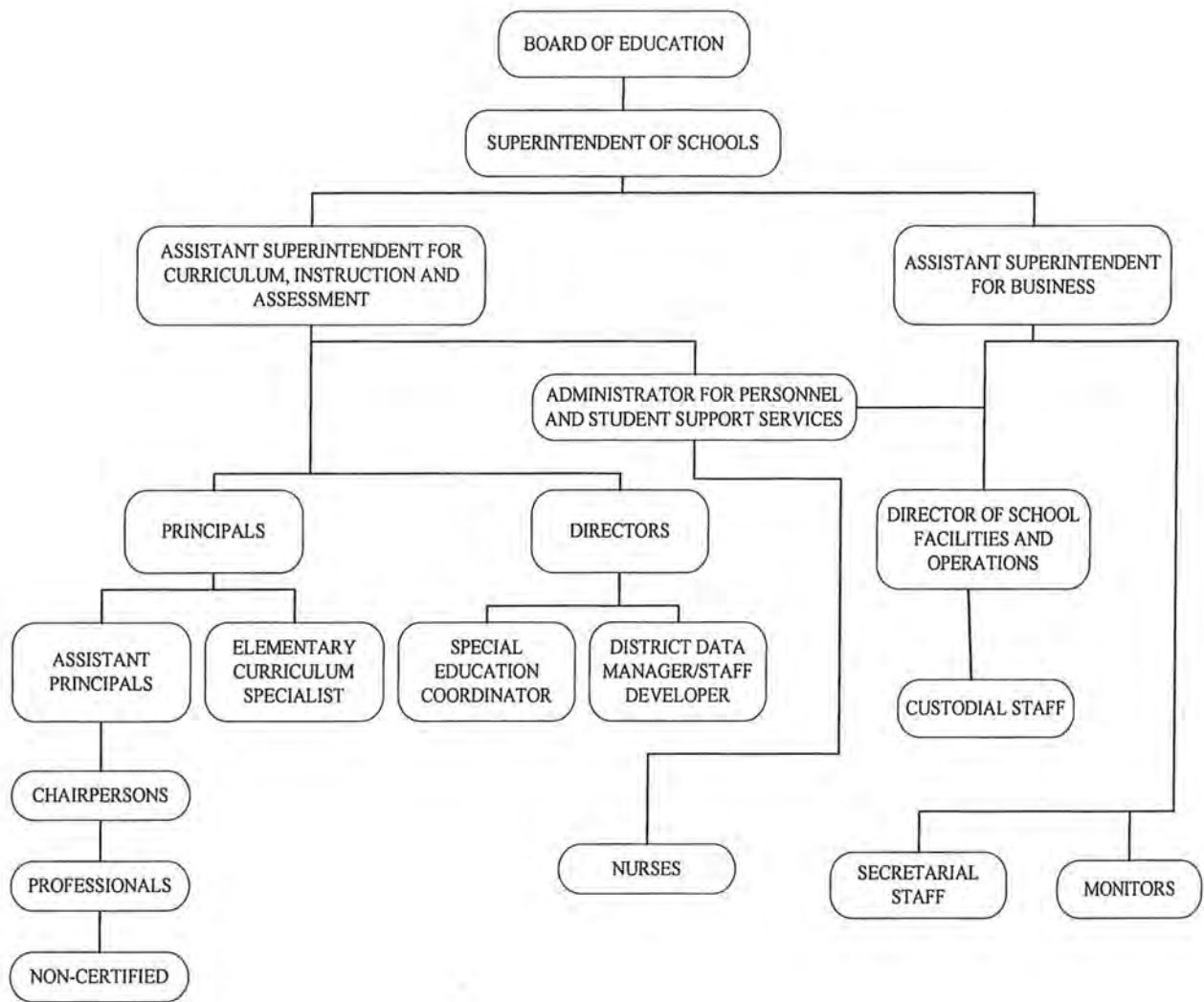
**ADMINISTRATOR FOR PERSONNEL AND STUDENT  
SUPPORT SERVICES**

Mr. Jonathan Klomp

**INDEPENDENT AUDITORS**

Nawrocki Smith LLP

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**ORGANIZATIONAL CHART**







web site:  
www.lynbrook.k12.ny.us

## Lynbrook Public Schools

District Administrative Offices

111 Atlantic Avenue

Lynbrook, NY 11563

(516) 887-0253

FAX (516) 887-3263

Melissa Burak, Ed.D.  
Superintendent of Schools

August 21, 2013

To the Honorable Members of the Board of Education and the Residents of the Lynbrook Union Free School District, Lynbrook, New York:

The Comprehensive Annual Financial Report (CAFR) for the Lynbrook Union Free School District (the "District"), New York for the fiscal year ended June 30, 2013 is herewith submitted. New York State Education Law requires the District to submit an annual report of the financial records and transactions presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR is issued pursuant to this requirement.

The Lynbrook Union Free School District's financial statements have been audited by Nawrocki Smith LLP, a firm of licensed certified public accountants. The goal of the independent audit was to form an opinion on the financial statements that collectively comprise the School District's basic financial statements. The financial statements referred to above present fairly, in all material respects, the financial position of the Lynbrook Union Free School District as of June 30, 2013, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information supplement the financial statements. In addition, the District has prepared a profile and identified initiatives for its organization for the present and future years ahead.

### **PROFILE OF THE SCHOOL DISTRICT:**

Lynbrook Public Schools was established in 1892, and has enjoyed a wonderful reputation for 120 years. Located in the southwest portion of Nassau County of Long Island, New York, Lynbrook continues to be among the more sought after and celebrated school districts in all of New York State. In fact, the three elementary schools, two middle schools and the high school have each been recognized by the United States Department of Education as a School of Excellence, while South Middle School has been selected as a Blue Ribbon School of Excellence.

Our financial state is also one of excellence, as revenue and expenditures are carefully monitored and audited on a regular basis by experts in the field. Safeguards are incorporated into the normal day-to-day operations of our business department that serve to prevent any matters that could become a concern. The challenges inherent in the present economic environment make Lynbrook's financial condition an even more impressive accomplishment, as the Board of Education, staff and community work closely together in pursuit of a stable and productive learning environment for the children they serve.

The fine quality of the education system defines the Lynbrook schools. It is a system that addresses the whole child. From kindergarten through twelfth grade, Lynbrook students are offered opportunities and supported in their overall development intellectually, emotionally, socially and physically.

### **MAJOR CURRICULUM INITIATIVES:**

The New York State Education Department adopted Common Core Learning Standards and developed new assessments in an attempt to prepare students to be college and career ready. The District has purchased diagnostic reading and mathematics programs to aid in the identification of weak areas and support learning in the ELA and math content areas. In addition, the District continues to offer an array of academic options for our students. Our wide and varied educational opportunities may be organized by four important areas: Twenty-First Century Skills, College and Career Readiness, Literacy, and Community Building. These areas are addressed through the programs as described below.

### **Twenty-First Century Skills**

#### **Research program:**

This is an opportunity for students to pursue scholarly research and related activities, studying such areas as environmental improvements, biological adjustments and social phenomena. Students benefit from working side-by-side with some of the world's top scientists here and abroad, and the projects that they produce truly advance the knowledge base in their respective fields.

#### **Virtual Enterprise:**

Students are involved in a virtual company, building it from the very beginning, providing the necessary inputs (virtual capital, side products, etc.) for a successful venture. Through partnerships with real companies, each student is assigned a role in the virtual company and designated certain responsibilities. In this authentic learning environment, students are exposed to principles of business, economics, and accounting.

#### **Laptop/iPad Project:**

Learning occurs via laptop computers with ongoing teacher facilitation, allowing youngsters to work at their own appropriate pace, conduct research, or develop an essay, all from the comfort of their own desks. Between the power of the Internet and loaded software, students' opportunities for independent learning are endless. Lessons can be differentiated and students can progress at their own pace.

#### **Robotics:**

Students are engaged in the creation of a robot that performs tasks by virtue of commands programmed by the students themselves. These complex machines can perform simple tasks independently, and more advanced tasks via remote control. The problem solving skills developed and mechanical knowledge acquired in this class make it truly remarkable.

#### **New York Learns:**

This is an all encompassing program whereby teachers plan lessons consistent with the Common Core, providing virtually unlimited resources in the presentations to their students. Teachers store their resources on the cloud and can provide students and parents access to them via their websites. Additionally, they can search the New York Learns database for classroom resources ranging from virtual physics labs to scanned versions of firsthand historical documents. If teachers desire, they can also submit lessons for peer review and eventual inclusion in the New York Learns database.

### **College and Career Readiness**

#### **Voyager Program:**

Beginning at the third grade, those students who demonstrate the ability and desire to be further academically challenged beyond the standard curriculum are provided with activities and competitions that sharpen their skills. This program has always challenged students to think creatively and ponder solutions for some of the world's



greatest problems. Through collaboration with the high school science research students, the Voyager students have been able to produce more refined projects that adhere more closely to the scientific method.

#### College Partnerships:

Currently students are given countless opportunities to receive college credit for their work in high school. Molloy College, SUNY Albany, SUNY Farmingdale and Marist College have approved many courses in the regular curriculum offerings to this end. In addition, these universities provide guidance and support to enhance our programs and better prepare our students for collegiate study.

#### Advanced Placement Program:

Not only have our students performed very well on the most challenging advanced placement examination, but also our high school has increased the number of offerings by just recently adding Psychology, BC Calculus, and Music. Our students' performances on these exams have also increased and are a testament to our high level of instruction in both our AP and pre-AP courses.

#### Music Opportunities:

The Lynbrook school system takes intense pride in the music program, providing performance opportunities starting in the third grade. Lynbrook has now become one of the most highly regarded music programs on Long Island with many students attaining All State honors.

### **Literacy**

#### Literacy Block:

Beginning in September 2012, all sixth graders will receive a double period of English Language Arts. During this newly created expanded time, students will have an opportunity to develop their skills in reading, writing and communicating. Rich Common Core lessons will teach students the skills necessary to work independently, read closely, and make convincing arguments based on non-fiction texts.

#### Read 180/System 44/Wilson:

Recognizing the unquestionable importance of good reading skills, Lynbrook is committed to assisting all students with support to develop such skills, especially those who are challenged in this area. Benchmark tests and targeted instruction have resulted in tremendous success in developing students' abilities in the five big ideas of reading, namely, the alphabetic principle, phonemic awareness, vocabulary, fluency, and comprehension. The Read 180 and Wilson programs are nationally recognized for their excellence in this critical area.

#### Balanced Literacy:

Our elementary school teachers have been engaged in balanced literacy training and implementation for the past six years. Attending professional development workshops and sharing strategies at grade level meetings have led to highly effective lessons and engaging lessons for our children in the area of literacy. Through combinations of adult lead and independent stations all students have the opportunity to learn in small groups and hone their own skills.

#### Kurzweil:

This is a research based computer program that enables struggling readers to learn from the same content as their peers, as it provides access to any text or curriculum, including print, electronic, and web-based documents. It helps students read challenging material, highlights and organizes important information, and assists them in the writing process. Additionally, written text can be read in the language of the students' choice. This program has been very effective in both the special education and English as a second language programs.

### **Community Building**

#### **FUTURE GOALS:**

##### ***Technology Based Efforts:***



The Lynbrook UFSD continually strives to be innovative and implement the best programs for our students. We remain on the forefront on technology with plans to develop on-line learning opportunities as well as inter-district collaborative courses where students utilized technology as the mechanism to extend the four walls of the classroom.

In addition, the District is developing a multiple network system where students will not only be able to utilize the equipment located in the schools but also bring in their own portable devices to assist in their learning. With the creation of smart phone technology which the student utilize almost every minute of the day, the schools will join the front and allow students the ability to use these devices during class time to provide feedback to teachers for assessment of understanding.

#### ***Appropriate Facilities:***

As part of a strategic planning effort, the District has analyzed its current facilities and projected its needs for the next five years. The District will work toward finding the resources, whether it is through a capital reserve funding source or through a bond initiative to fund much needed projects. These include additional classrooms in the high school so a ten period day can be eliminated. Currently, Lynbrook High School is the only school district in the county with a ten period day. Proper space for the fine and performing arts is also lacking in the High School. These are just two areas considered during the facilities study held by the strategic planning committee. We have committed ourselves to using the 2013-2014 school year to make preparations for a potential bond vote in the fall of 2014.

#### ***Combating Substance Abuse:***

Students are beginning at an earlier age to experiment with prescription drugs which are readily available to them. This leads to underage drinking and acts as a gateway to other substance abuse behaviors. The District is committed to developing programs and expanding the support services we have to better educate our students and prepare them to handle life's challenges in alternative ways, rather than through substance abuse. We will continue to focus on our social work efforts and activities to provide students the ability to become a participating member of the Lynbrook community rather than a passive member perceived to have no purpose.

#### ***Communication:***

The District is preparing a comprehensive communication plan to propose to the Board of Education this school year. The purpose is to develop a communication strategy so information can be disseminated appropriately and accurately to key stakeholders in the community. Garnering support for the schools during these tax cap years is paramount so the District will be making great efforts to ease the burden of misinformation by taking a proactive approach via an extensive communication model.

### **FACTORS AFFECTING FINANCIAL CONDITION**

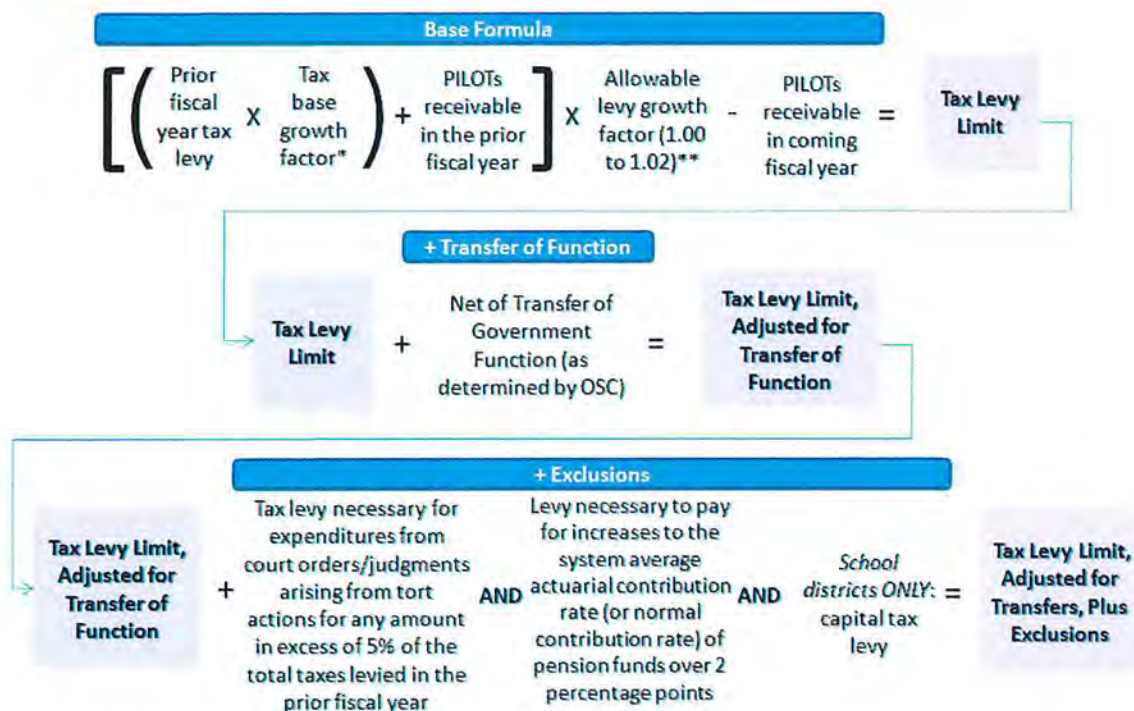
It is best to understand the full financial condition of a school district when the financial statements are reviewed as part of a broader perspective of the environment in which it operates.

During the 2012-2013 fiscal year, all school districts needed to abide by the Property Tax Cap Law (Chapter 97 of New York State Laws of 2011).

The tax cap applies to all independent school districts and all local governments outside of New York City, and is intended to capture the broad range of property taxes levied in New York. Accordingly, the tax cap applies broadly to property taxes that support all local governments, including special districts that are independently governed as well as special districts that are established, governed and administered by another municipality. Where a local government, such as certain special districts, is wholly integrated within another local government – i.e. the special district is established, administered and governed by the board of that other local government, and is supported by a tax levy imposed by and under the authority of that other local government – then any property tax being levied by the overarching local government to support the operations of the subordinate special district is considered part of the tax levy of the overarching local government for purposes of administering the tax cap and override vote, if any.

The formula utilized to generate the tax levy limit pursuant to the tax cap legislation is noted below:





The Lynbrook Union Free School District satisfied the regulation and proposed a budget for voter approval that met the maximum tax levy limit.

Factors affecting the ability to satisfy the tax levy limit, continue to be the instability of state aid and rising pension and benefit costs. Another significant factor is the potential impact of the full implementation of the Affordable Health Care Act.

The Lynbrook Union Free School District also participates in the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. These systems are cost-sharing multiple-employer defined benefit pension plans. District obligations are governed by the New York State Retirement and Social Security Law and Education law. The District's contribution to the Systems equaled the actuarially required contribution for the fiscal year.

The School District also provides health care benefits for retired employees. The cost of retiree health care benefits is recognized as an expenditure, as claims are paid. There were 296 retired employees covered under the plan for the 2012-2013 fiscal year. An actuarial study was performed on the District's OPEB obligation recognizing a net liability of \$4.016 million.

### Long Range Financial Planning

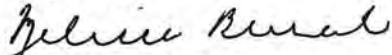
The District has participated in a Strategic Planning Study which incorporated six main goal areas. These areas included: maximizing student achievement, ensuring appropriate facilities, combating substance abuse, ensuring effective communication, ensuring effective guidance and social work programs, and ensuring staff development. Fiscal implications were identified in each category for the next several years and will be reviewed annually.

On the May 2013 budget vote day, the electorate approved the use of capital reserve funds to upgrade the track and tennis court facilities as well as perform an upgrade to the wireless infrastructure district-wide.

The Board of Education continues to address the financial challenges that face the District which include health care premium increases, escalating pension costs and contract obligations. The implications of the Affordable Health Care Act also create a challenge as the District does not currently provide health insurance to teacher assistants and aides. A study is being conducted to analyze the District's potential liability. By outlining these concerns, the District will be better equipped to satisfy the tax cap requirements in the upcoming years.

Overall, the Lynbrook School District maintains its strong fiscal health and conservative management of taxpayer funds. We strive to maintain the confidence of the community as we act as stewards of their tax money in a manner which still supports the diverse educational needs of our students.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Melissa Burak".

Melissa Burak, Ed.D.  
Superintendent of Schools





**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Education of the  
Lynbrook Union Free School District  
Town of Hempstead, New York:

***Report on Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and fiduciary funds of the Lynbrook Union Free School District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the 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.

***Auditor's 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 auditor's 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 fiduciary funds of the Lynbrook Union Free School District, as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



# NawrockiSmith

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for the retiree health plan, on pages 3-13, 43 and 44 respectively, 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying introductory section, other supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2013, on our consideration of the 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 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 District's internal control over financial reporting and compliance.

Melville, New York  
August 21, 2013





**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The following is a discussion and analysis of the Lynbrook Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2013. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's net position at June 30, 2013 increased by \$1,981,114 or 5.8% to \$36,396,927. This increase represents an increase in unrestricted cash of \$6,877,271 and net investment in capital assets of \$500,843.
- The District's expenses for the year ended June 30, 2013 totaled \$72,289,472, which is an increase of \$3,104,267 or 4.5% from the year ended June 30, 2012. General support expenses for the year ended June 30, 2013 decreased \$1,286,829 and instruction expenses for the year ended June 30, 2013 increased \$4,356,568 due to increased health and pension costs. Interest expense for the year ended June 30, 2013 declined \$65,570 as a result of lower interest rates on borrowed funds as well as expiring debt.
- The District's total fund balance for the year ended June 30, 2013, as reflected in the fund financial statements, increased by \$3,850,086. This was due primarily to actual costs coming in lower than projected in the expense budget.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of an introductory section, management's discussion and analysis (this section), the basic financial statements, required supplementary information, other supplementary information and a statistical section. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.
- The *governmental funds financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds financial statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.



Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Table A-1: Major Features of the District-Wide and Fund Financial Statements</b>			
	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities and Change in Net Position</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid



## **District-Wide Statements**

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how it has changed. Net position - the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and general support expenses. Property taxes and State formula aid finance most of these activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, reconciliations of the District-wide and governmental funds statements are provided which explain the relationship (or differences) between them.

- Fiduciary funds: The District is the trustee or fiduciary, for assets that belong to others, such as the scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's net position increased by 5.8% from the year before to \$36,396,927 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$20,835,559 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2013, the District has an unrestricted net deficit position of \$6,747,160. This deficit is primarily driven by the District's required recognition of its obligation for post-employment benefits which currently totals \$10,432,311. This obligation will continue to grow into the future (see Note 11 to the accompanying financial statements) resulting in a greater unrestricted net deficit position.

**Table A-2: Condensed Statements of Net Position - Governmental Activities**

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
Current and other assets	\$ 32,473,286	\$ 28,283,459	14.8
Capital assets, net	<u>22,951,256</u>	<u>23,600,411</u>	(2.8)
Total assets	<u>\$ 55,424,542</u>	<u>\$ 51,883,870</u>	6.8
Current liabilities	\$ 6,725,791	\$ 6,729,213	(0.1)
Long-term liabilities	<u>12,199,394</u>	<u>10,655,416</u>	14.5
Total liabilities	18,925,185	17,384,629	8.9
Deferred inflows	<u>102,430</u>	<u>83,426</u>	22.8
Total liabilities and deferred inflows	<u>\$ 19,027,615</u>	<u>\$ 17,468,055</u>	8.9
Net position:			
Net investment in capital assets	\$ 22,308,528	\$ 21,807,685	2.3
Restricted	20,835,559	17,264,116	20.7
Unrestricted (deficit)	<u>(6,747,160)</u>	<u>(4,655,986)</u>	44.9
Total net position	<u>\$ 36,396,927</u>	<u>\$ 34,415,815</u>	5.8

As of June 30, 2013, the District had positive working capital of \$25,747,495 as compared to \$21,554,244 as of June 30, 2012, due to an increase in cash of approximately \$5,064,150 offset by an increase in due to teachers' retirement system of approximately \$160,477.

As of June 30, 2013, the District had an investment in capital assets of \$22,951,256 as compared to \$23,600,411. The decrease is due to depreciation charges offset by the current year outlay for ongoing capital projects.



Long-term liabilities increased \$1,543,978 due to the continued recognition of the other-post employee benefits obligation liability, with a current year charge of \$1,690,515.

### **Changes in Net Position**

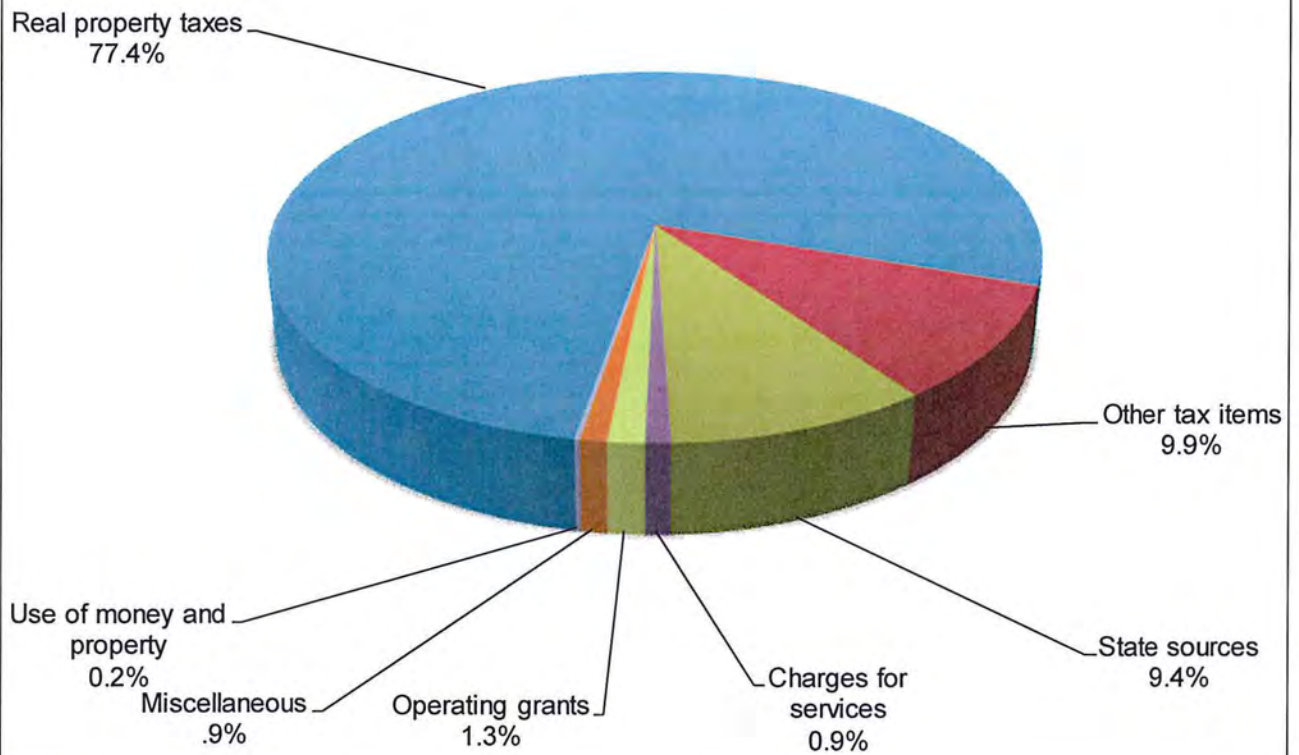
The District's fiscal year 2013 revenues totaled \$74,270,586, which is .9% greater than fiscal year 2012 (See Table A-3). Property taxes, other tax items and state sources accounted for 96.7% of total revenues (See Table A-4). The remainder came from fees charged for services, operating grants and other miscellaneous sources, and use of money and property.

The District's fiscal year 2013 expenses totaled \$72,289,472, and reflect a 4.5% increase over the prior year's expenses (See Table A-3). These expenses (96.3 percent) are predominantly related to instruction and general support (See Table A-6).

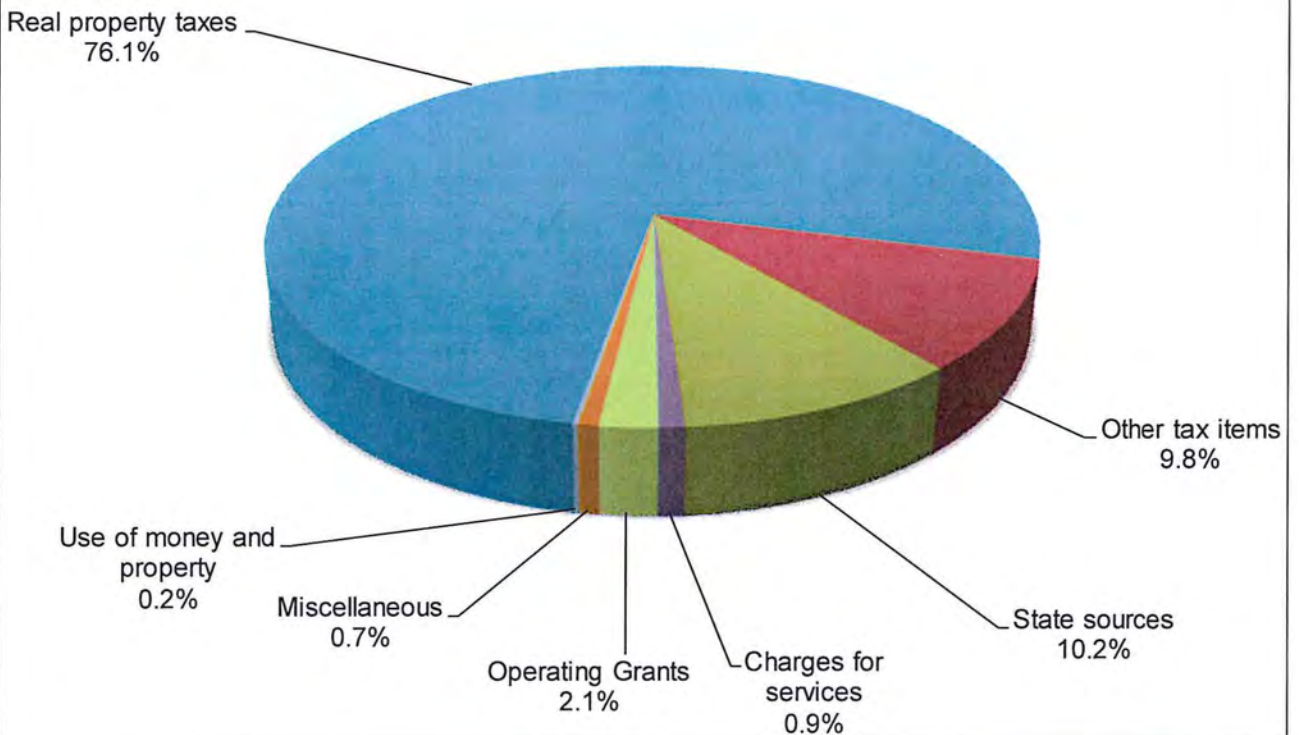
**Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only**

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 659,810	\$ 679,972	(3.0)
Operating grants	968,414	1,529,171	(36.7)
General revenues:			
Real property taxes	57,441,404	56,038,289	2.5
Other tax items	7,331,820	7,216,325	1.6
State sources	6,975,946	7,481,829	(6.8)
Use of money and property	131,455	130,952	0.4
Sale of property and compensation for loss	51,936	21,905	137.1
Miscellaneous	709,801	518,993	36.8
Total revenues	<u>74,270,586</u>	<u>73,617,436</u>	0.9
<b>Expenses</b>			
General support	10,004,690	11,291,517	(11.4)
Instruction	59,614,917	55,258,349	7.9
Pupil transportation	2,114,556	1,969,153	7.4
Community services	130,704	179,135	(27.0)
Debt service - interest	72,199	137,469	(47.5)
School lunch program	352,408	349,582	0.8
Total expenses	<u>72,289,474</u>	<u>69,185,205</u>	4.5
Increase in net position	<u>\$ 1,981,112</u>	<u>\$ 4,432,231</u>	(55.3)

**Table A-4: Revenues for Fiscal Year 2013**

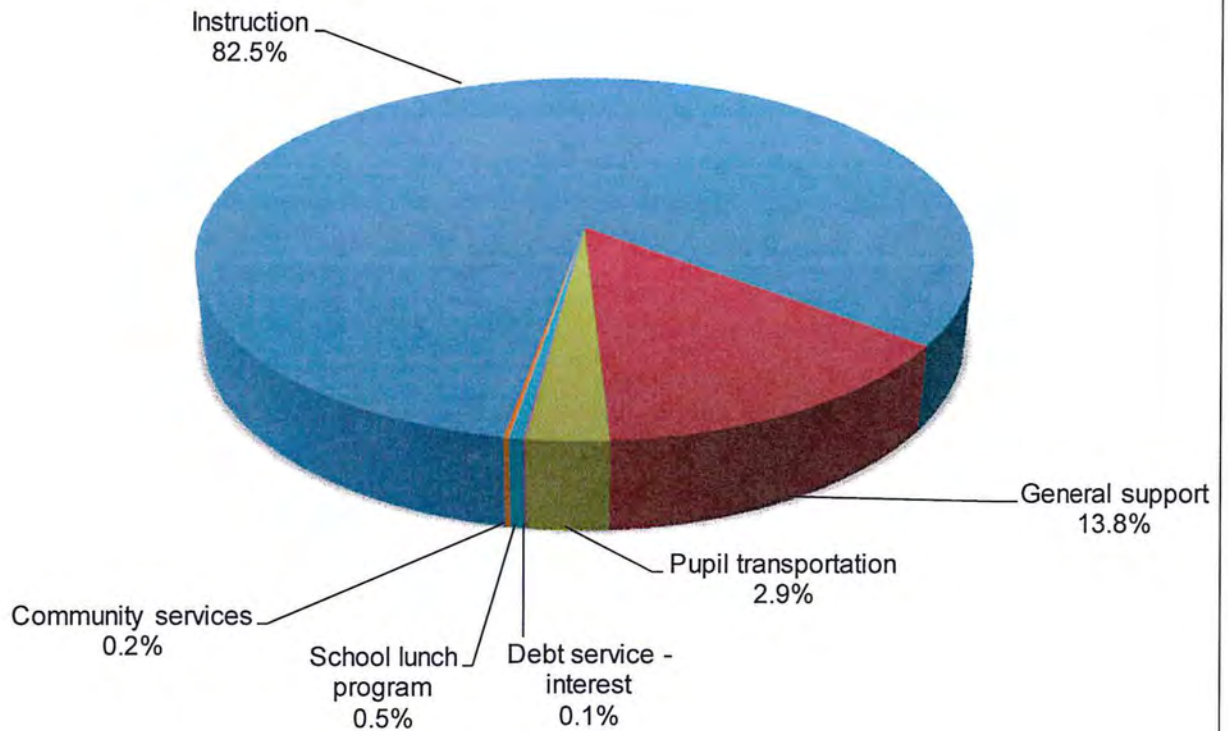


**Table A-5: Revenues for Fiscal Year 2012**

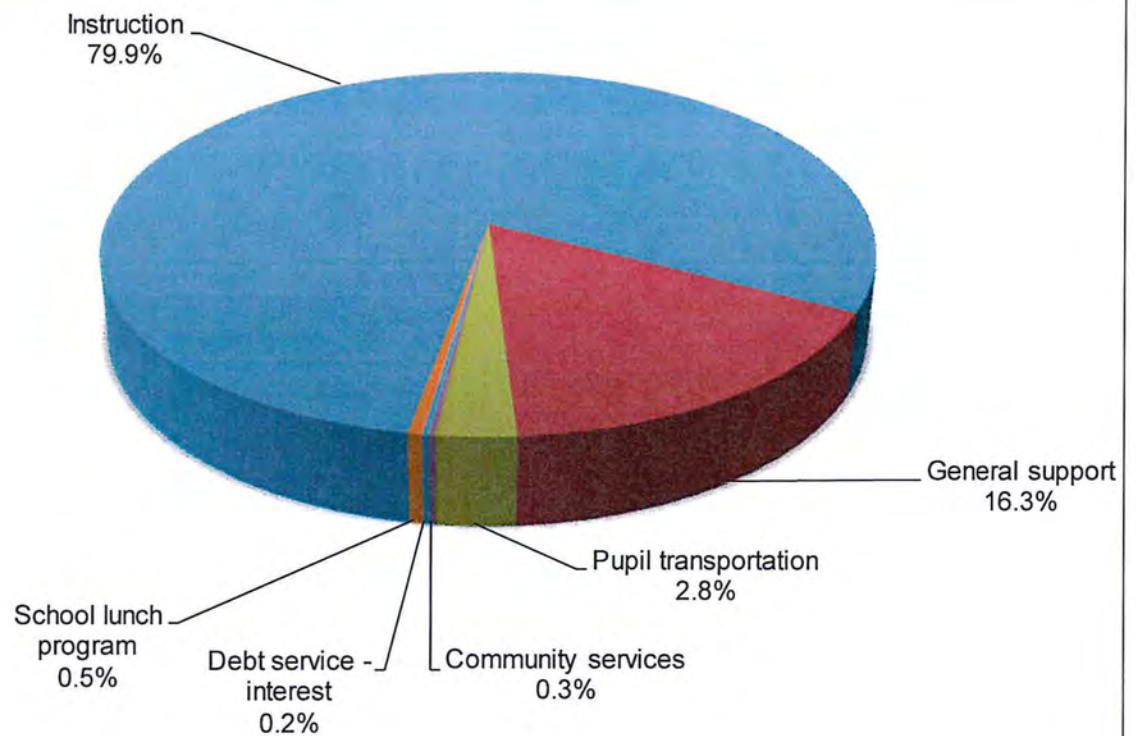




**Table A-6: Expenses for Fiscal Year 2013**



**Table A-7: Expenses for Fiscal Year 2012**



## Governmental Activities

Revenues for the District's governmental activities totaled \$74,270,586 while total expenses were \$72,289,472, for the year ended June 30, 2013. Therefore, the increase in net position for governmental activities was \$1,981,114 in 2013. The District's financial condition is generally affected by:

- Community support of the District's annual budget as reflected in the increase in revenue from real property taxes;
- Tight fiscal management of District expenditures; and
- Strategic use of services from the Board of Cooperative Educational Services (BOCES).

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2013, the District's governmental funds reported a combined fund balance of \$26,294,647, which is an increase of \$3,850,086 from June 30, 2012. Fund balances for the District's governmental funds for the past two years were distributed as follows:

**Table A-8: Fund Balances - Governmental Funds**

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
<b>General Fund</b>			
Restricted:			
Capital Reserve	\$ 7,709,289	\$ 10,843,954	(28.9)
Employee Benefit Accrued Liability	1,744,134	1,337,673	30.4
Retirement Contribution	3,014,571	2,707,713	11.3
Workers' Compensation	1,536,956	1,134,084	35.5
Unemployment Insurance	100,253	100,000	0.3
General Liability Fund	1,037,985	910,282	14.0
Tax Certiorari	100,000	-	100.0
Assigned:			
Designated for subsequent year's expenditures	1,500,000	1,500,000	0.0
Encumbrances	909,219	691,004	31.6
Unassigned	<u>3,047,694</u>	<u>2,978,748</u>	2.3
 Total General Fund	 <u>20,700,101</u>	 <u>22,203,458</u>	 (6.8)



**Table A-8: Fund Balances - Governmental Funds (continued)****School Lunch Fund**

Nonspendable:

Inventory	2,175	10,693	(79.7)
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Restricted:

School Lunch Fund	89,872	71,659	25.4
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Total School Lunch Fund	92,047	82,352	11.8
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**Debt Service Fund**

Restricted:

Debt Service Fund	32,041	62,041	(48.4)
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Total Debt Service Fund	32,041	62,041	(48.4)
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**Capital Projects Fund**

Restricted:

Capital Projects Fund	5,470,458	96,710	5,556.6
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Total Capital Projects Fund	5,470,458	96,710	5,556.6
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Total fund balance	\$ 26,294,647	\$22,444,561	17.2
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**General Fund Budgetary Highlights**

Reference is made to supplementary schedule on page 43 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were higher than revised budgeted revenues by approximately \$1.1 million due to higher than anticipated miscellaneous and State sources.
- Actual expenditures were approximately \$5.0 million less than budget primarily due to lower than anticipated costs in the general support, instruction, pupil transportation and employee benefit categories. This is due to competitive bidding and consortium participation.
- As a result of a positive fund balance, the District was able to position itself with regard to increased appropriations in its reserves to weather projected future expenses in the areas of capital projects and employee benefits. The District is implementing a strategic plan to produce lower and stable budgets and levy increases over the next immediate budget years. Appropriate use of District reserves to help ease the burden on the individual household taxpayer is part of this plan to help stabilize tax levy increases in the future.

As of June 30, 2013, the District's unassigned fund balance was \$3,047,694 which was within the allowable 4% of the subsequent year's budget (\$76,192,356) as promulgated by New York State (see page 45). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2013:

Unassigned fund balance, beginning of year	\$ 2,978,748
Add:	
Prior-year appropriated fund balance	1,500,000
Prior-year encumbrances	691,004
Board approved use of Retirement Contribution	700,000
Board approved use of Capital Reserve	5,648,000
Less:	
Net change in fund balance	(1,503,357)
Current-year appropriated fund balance	(1,500,000)
Current-year encumbrances	(909,219)
Transfer to Retirement Contribution	(1,006,859)
Transfer to General Liability Fund	(127,702)
Transfer to Employee Benefit Accrued Liability	(406,461)
Transfer to Tax Certiorari Reserve	(100,000)
Transfer to Capital Reserve	(2,513,336)
Transfer to Unemployment Insurance Reserve	(253)
Transfer to Workers' Compensation Reserve	(402,871)
Unassigned fund balance, end of year	<u>\$ 3,047,694</u>

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2013, the District had invested \$22,951,256, net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices.

**Table A-9: Capital Assets (net of depreciation)**

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
Land	\$ 1,120,041	\$ 1,120,041	0.0
Construction-in-progress	196,296	3,157	6,117.8
Buildings and building improvements	20,889,969	21,469,148	(2.7)
Furniture and equipment	<u>744,950</u>	<u>1,008,065</u>	(26.1)
Totals	<u>\$ 22,951,256</u>	<u>\$ 23,600,411</u>	(2.8)

#### **Long-Term Debt**

As of June 30, 2013, the District had \$13,317,021 in general obligation bonds and other long-term debt.



**Table A-10: Outstanding Long-Term Debt**

<u>Category</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
General obligation bonds	\$ 470,000	\$ 1,625,000	(71.1)
Installment purchase debt payable	172,728	167,726	3.0
Workers' compensation claims payable	497,186	268,429	85.2
Other post-employment benefits	10,432,311	8,741,796	19.3
Compensated absences	1,744,796	1,704,078	2.4
Totals	<u>\$ 13,317,021</u>	<u>\$ 12,507,029</u>	6.5

### **FACTORS BEARING ON THE FUTURE OF DISTRICT**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The national economy continues to have a negative impact on virtually every municipal budget. A result could be that State aid to the District could be negatively impacted in amount and/or timing.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.
- Significant increases in the cost of the health insurance and contributions to the retirement systems have placed a greater burden on the District's finances. The New York State Comptroller has announced that the employer contribution rate for the State's retirement System will be higher in 2014. Contributions to the State Retirement Systems are one of the exemptions to the "Tax Levy Limitation Law."

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Lynbrook Union Free School District  
Attn: Assistant Superintendent for Business  
111 Atlantic Avenue  
Lynbrook, New York 11563  
(516) 887-0258

**LYNBROOK UNION FREE SCHOOL DISTRICT**

**STATEMENT OF NET POSITION**

**JUNE 30, 2013**

**ASSETS**

Current assets:

Cash:		
Unrestricted	\$	13,845,866
Restricted		15,317,295
Receivables:		
Taxes receivable		1,632,431
State and federal aid		1,647,432
Due from fiduciary funds		4,340
Due from other governments		16,353
Other receivables		7,394
Inventories		2,175
Total current assets		32,473,286

Noncurrent assets:

Capital assets, net of accumulated depreciation of \$19,810,458		22,951,256
Total assets	\$	55,424,542

**LIABILITIES**

Current liabilities:

Payables:		
Accounts payable	\$	659,211
Accrued liabilities		449,196
Due to other governments		24,098
Accrued interest payable		6,854
Due to teachers' retirement system		4,142,971
Due to employees' retirement system		325,834
Long-term liabilities, due within one year:		
Bonds payable		470,000
Workers' Compensation		270,634
Installment purchase debt		172,728
Compensated absences		204,265
Total current liabilities		6,725,791

Noncurrent liabilities:

Long-term liabilities, due after one year:		
Compensated absences		1,540,531
Workers' Compensation claims payable		226,552
Other post-employment benefits		10,432,311
Total noncurrent liabilities		12,199,394
Total liabilities		18,925,185

**DEFERRED INFLOWS**

Summer playground fees received in advance		102,430
Total deferred inflows		102,430
Total liabilities and deferred inflows		19,027,615

**NET POSITION**

Net investment in capital assets		22,308,528
Restricted:		
Capital Reserve		7,709,289
Employee Benefit Accrued Liability		1,744,134
Retirement Contribution		3,014,571
Workers' Compensation		1,536,956
Unemployment Insurance		100,253
General Liability Fund		1,037,985
Tax Certiorari		100,000
School Lunch Fund		89,872
Debt Service Fund		32,041
Capital Projects Fund		5,470,458
Unrestricted		(6,747,160)
Total net position		36,396,927
Total liabilities, deferred inflows and net position	\$	55,424,542

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



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
Functions and programs:				
General support	\$ 10,004,690	\$ -	\$ -	\$ (10,004,690)
Instruction	59,614,917	378,368	825,954	(58,410,595)
Pupil transportation	2,114,556	11,401	58,138	(2,045,017)
Community services	130,704	-	-	(130,704)
Debt service - interest	72,199	-	-	(72,199)
School lunch program	352,408	270,041	84,322	1,955
Total functions and programs	<u>\$ 72,289,474</u>	<u>\$ 659,810</u>	<u>\$ 968,414</u>	<u>(70,661,250)</u>
General revenues:				
Real property taxes				57,441,404
Other tax items				7,331,820
Use of money and property				131,455
Sale of property and compensation for loss				51,936
State sources				6,975,946
Miscellaneous				<u>709,801</u>
Total general revenues				<u>72,642,362</u>
Change in net position				1,981,112
Total net position, beginning of year				<u>34,415,815</u>
Total net position, end of year				<u>\$ 36,396,927</u>

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

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash:						
Unrestricted	\$ 13,800,587	\$ 45,279	\$ -	\$ -	\$ -	\$ 13,845,866
Restricted	15,243,188	-	24,153	-	49,954	15,317,295
Receivables:						
Taxes receivable	1,632,431	-	-	-	-	1,632,431
Due from other funds	786,455	-	80,064	32,041	5,452,545	6,351,105
State and federal aid	843,695	800,378	3,359	-	-	1,647,432
Due from fiduciary funds	4,340	-	-	-	-	4,340
Due from other governments	16,353	-	-	-	-	16,353
Other receivables	7,148	-	246	-	-	7,394
Inventories	-	-	2,175	-	-	2,175
Total assets	<u>\$ 32,334,197</u>	<u>\$ 845,657</u>	<u>\$ 109,997</u>	<u>\$ 32,041</u>	<u>\$ 5,502,499</u>	<u>\$ 38,824,391</u>
<b>LIABILITIES</b>						
Payables:						
Accounts payable	\$ 643,008	\$ 4,572	\$ 11,631	\$ -	\$ -	\$ 659,211
Accrued liabilities	437,880	5,430	5,886	-	-	449,196
Due to other funds	5,532,609	786,455	-	-	32,041	6,351,105
Due to other governments	23,665	-	433	-	-	24,098
Due to teachers' retirement system	4,113,373	29,598	-	-	-	4,142,971
Due to employees' retirement system	306,232	19,602	-	-	-	325,834
Compensated absences	204,265	-	-	-	-	204,265
Workers' compensation claims payable	270,634	-	-	-	-	270,634
Total liabilities	<u>11,531,666</u>	<u>845,657</u>	<u>17,950</u>	<u>-</u>	<u>32,041</u>	<u>12,427,314</u>
<b>DEFERRED INFLOWS</b>						
Summer playground fees received in advance	<u>102,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,430</u>
Total deferred inflows	<u>102,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,430</u>
Total liabilities and deferred inflows	<u>11,634,096</u>	<u>845,657</u>	<u>17,950</u>	<u>-</u>	<u>32,041</u>	<u>12,529,744</u>
<b>FUND BALANCE</b>						
Fund balance:						
Nonspendable	-	-	2,175	-	-	2,175
Restricted	15,243,188	-	89,872	32,041	5,470,458	20,835,559
Assigned	2,409,219	-	-	-	-	2,409,219
Unassigned	3,047,694	-	-	-	-	3,047,694
Total fund balance	<u>20,700,101</u>	<u>-</u>	<u>92,047</u>	<u>32,041</u>	<u>5,470,458</u>	<u>26,294,647</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 32,334,197</u>	<u>\$ 845,657</u>	<u>\$ 109,997</u>	<u>\$ 32,041</u>	<u>\$ 5,502,499</u>	<u>\$ 38,824,391</u>

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



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

Total Fund Balance - Governmental Funds \$ 26,294,647

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 1,316,337	
Depreciable	41,445,377	
Accumulated depreciation	<u>(19,810,458)</u>	22,951,256

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements. However, these liabilities are included in the Statement of Net Position:

Installment purchase debt payable	(172,728)	
Bonds payable, inclusive of premiums, net of bond issuance costs	(470,000)	
Workers' Compensation claims payable	(226,552)	
Compensated absences	(1,540,531)	
Other post-employment benefits	<u>(10,432,311)</u>	(12,842,122)

Interest payable applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements. However, these liabilities are included in the Statement of Net Position.

(6,854)

Net Position - Governmental Activities

\$ 36,396,927

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

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real property taxes	\$ 57,441,404	\$ -	\$ -	\$ -	\$ -	\$ 57,441,404
Other tax items	7,331,820	-	-	-	-	7,331,820
Charges for services	389,769	-	-	-	-	389,769
Use of money and property	131,455	-	-	-	-	131,455
Sale of property and compensation for loss	51,936	-	-	-	-	51,936
State sources	7,352,429	154,665	4,038	-	-	7,511,132
Federal sources	792	728,635	80,284	-	-	809,711
Sales	-	-	270,041	-	-	270,041
Miscellaneous	709,561	-	240	-	-	709,801
Total revenues	73,409,166	883,300	354,603	-	-	74,647,069
<b>EXPENDITURES</b>						
General support	8,130,003	-	-	-	-	8,130,003
Instruction	42,152,066	918,542	-	-	-	43,070,608
Pupil transportation	2,033,095	11,238	-	-	-	2,044,333
Community services	130,704	-	-	-	-	130,704
Employee benefits	15,407,324	-	-	-	-	15,407,324
Debt service -						
Principal	1,155,000	-	-	-	-	1,155,000
Interest	92,845	-	-	-	-	92,845
Cost of sales	-	-	352,408	-	-	352,408
Capital outlay	-	-	-	-	413,760	413,760
Total expenditures	69,101,037	929,780	352,408	-	413,760	70,796,985
Excess (deficiency) of revenues over (under) expenditures	4,308,129	(46,480)	2,195	-	(413,760)	3,850,084
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating transfers in	30,494	46,480	7,500	-	5,788,000	5,872,474
Operating transfers out	(5,841,980)	-	-	(30,000)	(494)	(5,872,474)
Total other financing sources (uses)	(5,811,486)	46,480	7,500	(30,000)	5,787,506	-
Net change in fund balances	(1,503,357)	-	9,695	(30,000)	5,373,746	3,850,084
Fund balance, beginning of year	22,203,458	-	82,352	62,041	96,712	22,444,563
Fund balance, end of year	\$ 20,700,101	\$ -	\$ 92,047	\$ 32,041	\$ 5,470,458	\$ 26,294,647

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



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Net Change in Fund Balance - Governmental Funds \$ 3,850,084

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. The amount by which depreciation exceeds capital outlay in the current period is:

Capital outlay	\$ 409,216	
Depreciation expense	<u>(1,058,371)</u>	(649,155)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Issuance of installment purchase debt	(259,092)	
Repayment of installment purchase debt	254,090	
Repayment of bond principal	<u>1,155,000</u>	1,149,998

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (376,483)

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:

Other post-employment benefits	(1,690,515)	
Workers' Compensation claims payable	(226,552)	
Compensated absences	(96,911)	
Accrued interest costs	<u>20,646</u>	<u>(1,993,332)</u>

Net Change in Net Position - Governmental Activities \$ 1,981,112

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

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<b>Private Purpose Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash:		
Unrestricted	\$ 84,986	\$ 145,766
Restricted	-	112,785
Accounts receivable	-	62
	<hr/>	<hr/>
Total assets	<u>\$ 84,986</u>	<u>\$ 258,613</u>
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ -	\$ 112,785
Other liabilities	-	141,488
Due to other funds	-	4,340
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>\$ 258,613</u>
<b>NET POSITION</b>		
Restricted:		
Endowment scholarships	<u>84,986</u>	
	<hr/>	
Total net position	<u>84,986</u>	
	<hr/>	
Total liabilities and net position	<u>\$ 84,986</u>	

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



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Scholarship Trusts</b>
<b>ADDITIONS</b>	
Contributions	\$ 9,265
Investment earnings:	
Interest	223
Total additions	9,488
<b>DEDUCTIONS</b>	
Scholarships and awards	16,741
Total deductions	16,741
Change in net position	(7,253)
Net position, beginning of year	92,239
Net position, end of year	\$ 84,986

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

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Lynbrook Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

**A. Reporting entity**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity:

**1. Extraclassroom Activity Funds**

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

**B. Joint venture**

The District is one of 56 component school districts in the Nassau County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.



BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,444,855 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$725,622.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

#### Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

#### D. Measurement focus and basis of accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within a reasonable period of time after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.



E. Property taxes

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. Taxes are collected during the period from December 1 to June 30.

Uncollected real property taxes have been enforced by the County in which the District is located. The County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1<sup>st</sup>. With respect to assessment rolls that are finalized in April 2012 and thereafter, the District may now be responsible to pay the costs of judgments, cancellations or credits of taxes for tax revenue received by the District. (See Note 13 for further details).

F. Restricted resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G. Interfund transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds Balance Sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, revenues and expenditures activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.



New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Investments are stated at fair value.

J. Accounts receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment may be classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

Debt (bond) issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred on both the District-wide and fund financial statements. On the District-wide financial statements, prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic rational manner over the duration of the related debt.

M. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.



Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 10,000	Straight-line	50 years
Site improvements	\$ 10,000	Straight-line	20 years
Furniture and equipment	\$ 5,000	Straight-line	5-20 years

Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB guidelines. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The District is required to conduct a condition assessment of these assets at least once every three years.

N. Deferred outflows

Deferred outflows of resources are defined as a consumption of net position by the government that is applicable to future periods. Discounts related to the issuance of refunded long-term debt and any loss on the early retirement of refunded debt are amortized on a straight-line basis over the life of the later issue, and are presented net of accumulated amortization, in the District-wide financial statements. Bond issuance costs are not amortized. In the governmental fund financial statements, bond issuance costs are recognized during the current period as expenditures.

O. Deferred inflows

Deferred inflows of resources are defined as an acquisition of net position by the government that is applicable to future periods. Deferred inflows are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred inflows arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the deferred inflow is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. In the current year, these amounts are recognized as deferred inflows of resources.

Many deferred inflows of resources or unearned revenues recorded in governmental funds are not recorded in the District-wide statements.

P. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.



District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

Q. Other benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-term debt

The District may issue Revenue Anticipation Notes ("RAN") and Tax Anticipation Notes ("TAN"), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes ("BAN"), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes to be converted to long-term financing within five years after the original issue date.

S. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.



Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

T. Equity classifications

District-wide statements

In the District-wide statements there may be three classes of net position:

Net invested in capital assets: Consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted and unrestricted) as the unspent amount.

Restricted net position: Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted net position: Is the amount of net position, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Funds statements

In the fund basis statements there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$2,175.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.



#### Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

#### Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

#### Workers' Compensation

According to General Municipal Law §6-j, such amounts must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

#### Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the school district elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

#### General Liability

According to General Municipal Law §6-n, such amounts must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

#### Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of school district property or capital improvement.



### Tax Certiorari

According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

### Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as either restricted, committed or assigned fund balance to the extent to which purpose limitations have been established regarding the use of the amounts. Encumbrances do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance. The District has no committed fund balances as of June 30, 2013.
4. Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes by the District's highest level of decision-making authority, but are neither restricted nor committed. The purpose of the assignment must be narrower than the purpose of the General Fund. All encumbrances of the General Fund are classified as Assigned Fund Balance as of June 30, 2013 and amounted to \$909,219.
5. Unassigned - Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the District.

Fund balances for all governmental funds as of June 30, 2013 were distributed as follows:

	General	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable					
Inventory	\$ -	\$ 2,175	\$ -	\$ -	\$ 2,175
Total nonspendable	-	2,175	-	-	2,175
Restricted					
Capital Reserve	7,709,289	-	-	-	7,709,289
Employee Benefit Accrued Liability	1,744,134	-	-	-	1,744,134
Retirement Contribution	3,014,571	-	-	-	3,014,571
Workers' Compensation	1,536,956	-	-	-	1,536,956
Unemployment Insurance	100,253	-	-	-	100,253
General Liability Fund	1,037,985	-	-	-	1,037,985
Tax Certiorari	100,000	-	-	-	100,000
School Lunch Fund	-	89,872	-	-	89,872
Debt Service Fund	-	-	32,041	-	32,041
Capital Projects Fund	-	-	-	5,470,458	5,470,458
Total restricted	15,243,188	89,872	32,041	5,470,458	20,835,559

Assigned					
Designated for subsequent year's expenditures	1,500,000	-	-	-	1,500,000
Encumbrances	909,219	-	-	-	909,219
Total assigned	2,409,219	-	-	-	2,409,219
Unassigned	3,047,694	-	-	-	3,047,694
Total	\$ 20,700,101	\$ 92,047	\$ 32,041	\$ 5,470,458	\$ 26,294,647

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.



## 2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

## 3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

# 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments are approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Planned use of specified reserves	<u>\$ 5,678,000</u>
Gifts and donations, net	<u>\$ 44,540</u>
Special legislative grant	<u>\$ 25,000</u>

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.



4. **CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances disclosed in the financial statements, included balances not covered by depository insurance at year-end collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, in the District's name	\$ 31,282,778

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$15,317,295 in the governmental funds and \$112,785 in the fiduciary funds.

5. **RECEIVABLES**

A. Due from State and federal aid

General Fund	
BOCES aid	\$ 529,421
New York State Aid – excess cost aid	309,327
General aid	2,704
Medicaid	2,243
Special Aid Fund	
State and federal grants	800,378
School Lunch Fund	
School breakfast and lunch reimbursement	<u>3,359</u>
	<u>\$1,647,432</u>

B. Due from other governments

General Fund	
Other districts	\$ 15,945
Use of facilities	<u>408</u>
	<u>\$ 16,353</u>

6. **CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2013 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 1,120,041	\$ -	\$ -	\$ 1,120,041
Construction-in-progress	<u>3,157</u>	<u>196,296</u>	<u>(3,157)</u>	<u>196,296</u>
Total nondepreciable assets	<u>1,123,198</u>	<u>196,296</u>	<u>(3,157)</u>	<u>1,316,337</u>

Capital assets that are depreciated:

Buildings and building improvements	38,066,878	231,295	-	38,298,173
Furniture and equipment	4,574,008	84,894	(1,511,698)	3,147,204
Total depreciable assets	42,640,886	316,189	(1,511,698)	41,445,377
Less accumulated depreciation:				
Buildings and building improvements	16,597,730	766,945	43,529	17,408,204
Furniture and equipment	3,565,943	291,426	(1,455,115)	2,402,254
Total accumulated depreciation	20,163,673	1,058,371	(1,411,586)	19,810,458
Total capital assets, net	\$ 23,600,411	\$ (545,886)	\$ (103,269)	\$ 22,951,256

Depreciation expense was charged to governmental functions as follows:

General support	\$ 107,139
Instruction	947,196
Pupil transportation	4,036
	<u>\$ 1,058,371</u>

**7. SHORT-TERM DEBT**

Short-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured at 6/25/13 at 1.25%	\$ -	\$ 4,000,000	\$ 4,000,000	\$ -

Interest on short-term debt for the year was comprised of:

Interest paid	\$ 42,777
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Interest paid	<u>\$ 42,777</u>

## 8. LONG-TERM DEBT OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,625,000	\$ -	\$ 1,155,000	\$ 470,000	\$ 470,000
Installment purchase debt payable	167,726	259,092	254,090	172,728	172,728
Workers' Compensation claims payable	268,429	483,965	255,208	497,186	270,634
Other post-employment benefits	8,741,796	1,690,515	-	10,432,311	-
Compensated absences	1,704,078	40,718	-	1,744,796	204,265
Total long-term liabilities	<u>\$ 12,507,029</u>	<u>\$ 2,474,290</u>	<u>\$ 1,664,298</u>	<u>\$ 13,317,021</u>	<u>\$ 1,117,627</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately.

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/13
Serial bonds	9/15/1999	2013	4.9 - 5%	<u>\$ 470,000</u>
Installment purchase debt	2013	2014	5.5%	<u>\$ 172,728</u>

The following is a summary of maturing debt service requirements:

	Serial Bonds		Installment Purchase Debt		Total
	Principal	Interest	Principal	Interest	
<u>June 30,</u> 2014	<u>\$ 470,000</u>	<u>\$ 11,750</u>	<u>\$ 172,728</u>	<u>\$ 2,201</u>	<u>\$ 656,679</u>

Interest on long-term debt for the year was comprised of:

Interest paid	\$ 50,068
Less interest accrued in the prior year	(27,500)
Plus interest accrued in the current year	<u>6,854</u>
Total interest expense	<u>\$ 29,422</u>



## 9. PENSION PLANS

### General information

The District participates in the New York State Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS"). These are cost-sharing, multiple-employer, public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

### Provisions and administration

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute, and benefits to employees. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

### Funding policies

The Systems are noncontributory for the employee who joined prior July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at a rate determined actuarially by the Retirement Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2013	\$ 3,848,115	\$ 1,152,760
2012	3,681,174	945,145
2011	2,832,866	684,248

## 10. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 790,795	\$ 5,532,609	\$ 30,494	\$ 5,841,980
Special Aid Fund	-	786,455	46,480	-
School Lunch Fund	80,064	-	7,500	-
Debt Service Fund	32,041	-	-	30,000
Capital Projects Fund	5,452,545	32,041	5,788,000	494
Fiduciary Funds	-	4,340	-	-
Totals	<u>\$ 6,355,445</u>	<u>\$ 6,355,445</u>	<u>\$ 5,872,474</u>	<u>\$ 5,872,474</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

## 11. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")

### Plan description and annual OPEB cost

The District provides post-employment (health insurance, life insurance etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

The District implemented GASB Statement 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions, (standards codified in 2012) in the school year June 30, 2009. This requires the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

Currently, 296 retired employees receive health benefits from the District. Retirees contribute 0% to 65% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2013, the District recognized \$2,325,263 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2013, which indicates that the total liability for other post-employment benefits is \$58,749,961.

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution* ("ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	For the Year Ended June 30, 2013
Annual required contribution	\$ 3,778,489
Interest on net OPEB obligation	349,672
Adjustment based on revised actuarial valuation	(112,383)
Annual OPEB cost	4,015,778
Contributions made	(2,325,263)
Increase in net OPEB obligation	1,690,515
Net OPEB obligation, beginning of year	8,741,796
Net OPEB obligation, end of year	<u>\$ 10,432,311</u>



The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/11	\$ 3,809,632	57.0%	\$ 7,325,113
06/30/12	3,809,632	62.8%	8,741,796
06/30/13	4,015,778	57.9%	10,432,311

#### Funded status and funding progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$58,749,961 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$58,749,961. The covered payroll (annual payroll of active employees covered by the plan) was \$39,691,606, and the ratio of the UAAL to the covered payroll was 148.0%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.5% initially, reduced by decrements to an ultimate rate of 5% after 6 years. Both rates included a 5.5 % inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 25 years.

## **12. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

The District participates in New York Schools Insurance Reciprocal ("NYSIR"), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unreported claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Incurred but not reported for the fiscal years ended June 30:				
2011	\$ 357,628	\$ 283,138	\$ 326,909	\$ 313,857
2012	313,857	254,109	299,537	268,429
2013	268,429	483,965	255,208	497,186

There have been no significant reductions in insurance coverage as compared to the prior years, and there were no settlements in excess of coverage over the last three years.

The District has not purchased any annuity contracts.

### 13. CONTINGENCIES AND COMMITMENTS

#### Government grants

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

#### Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

#### Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years beginning in 2012 through at least June 15, 2016, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent or the rate of inflation (but not less than 1 percent), whichever is less, with some exceptions. Local governments can exceed the tax levy limit by a 60% vote of the governing body, or by local law.



### Tax certiorari

On October 29, 2010, the Nassau County Legislature repealed the "County Guarantee" provision of the Nassau County Administrative Code which required the County to pay the costs of judgments, cancellations or credits of taxes for tax revenue received by towns, special districts and school districts. The effective date of such legislation shall be with respect to assessment rolls that are finalized in April 2012 and thereafter. As such, the District may now be responsible for the costs of judgments, cancellations or credits of taxes for tax revenue. Tax certiorari proceedings may now be reflected in the District's financial statements at such time amounts can reasonably be determined by court decisions, judgments or other variables. There were no material liabilities determined as of June 30, 2013. While the extent of the District's prospective obligation cannot be determined at this time, this legislation will have a negative impact on future operating results of the District. On February 27, 2013, the appellate division court ruled unanimously that only the New York State Legislature, not the County legislature, can repeal a tax law imposed by Albany in 1948 to protect school districts from errors made by county assessors, thereby reinstating the Nassau "County Guarantee" and shifting the potential liability from the District to the County. The ultimate resolution of this matter cannot be determined at this time.

### Service concession arrangements

In accordance with GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements (standards codified in 2012), the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. For the year ended June 30, 2013, the District did not have any such liability or deferred inflow reflected on the financial statements.

## **14. LEASE COMMITMENTS**

The District leases copier equipment under the terms of non-cancelable leases. The operating lease expense for the year ended June 30, 2013 was \$119,447. Future minimum payments are as follows:

Fiscal year ended June 30,	
2014	\$ 118,217
2015	118,217
2016	118,217
2017	12,313
	<hr/>
	\$ 366,964

## **15. FUTURE ACCOUNTING STANDARDS**

GASB has issued Statement No. 66, Technical Corrections (effective for periods beginning after December 15, 2012), which resolves conflicting guidance that resulted from the issuance of two recent pronouncements; GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2014 financial statements.

GASB has issued Statement No. 67, Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25, which is to improve financial reporting by State and local governmental pension plans. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2015 financial statements.

GASB has issued Statement No. 68, Accounting and Reporting for Pension Plans, which revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The District is currently studying the Statement and plans on adoption when required, which will be for the June 30, 2015 financial statements.

**16. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of August 21, 2013 which is the date the financial statements were available to be issued. Based on this evaluation, the District has determined the following subsequent event has occurred, which requires disclosure in the financial statements.

In August 2013, the District issued \$2,500,000 of tax anticipation notes at an interest rate of 1%, maturing on June 20, 2014.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Local sources:					
Real property taxes	\$ 57,283,666	\$ 57,283,666	\$ 57,441,404		\$ 157,738
Other tax items	7,360,000	7,360,000	7,331,820		(28,180)
Charges for services	334,000	334,000	389,769		55,769
Use of money and property	91,000	91,000	131,455		40,455
Sale of property and compensation for loss	11,000	11,000	51,936		40,936
Miscellaneous	84,000	128,540	709,561		581,021
Total local sources	65,163,666	65,208,206	66,055,945		847,739
State sources	7,105,030	7,130,030	7,352,429		222,399
Federal sources	-	-	792		792
Total revenues	72,268,696	72,338,236	73,409,166		1,070,930
<b>OTHER FINANCING SOURCES</b>					
Appropriated reserves	2,200,000	8,599,004	-		(8,599,004)
Total revenues and other financing sources	74,468,696	80,937,240	73,409,166		(7,528,074)
<b>EXPENDITURES</b>					
General support:					
Board of Education	115,802	119,373	99,157	\$ 655	19,561
Central administration	334,015	211,914	92,460	-	119,454
Finance	755,630	906,780	825,915	290	80,575
Staff	340,320	412,702	249,430	46,050	117,222
Central services	6,008,958	6,771,848	6,091,280	66,203	614,365
Special items	940,876	825,756	771,761	171,745	(117,750)
Total general support	8,495,601	9,248,373	8,130,003	284,943	833,427
Instruction:					
Instruction, administration and improvement	3,387,418	3,428,488	3,263,808	1,500	163,180
Teaching - regular school	25,150,027	25,105,293	24,040,723	185,468	879,102
Programs for children with handicapping conditions	8,440,468	8,944,825	7,923,486	345,501	675,838
Teaching - special school	280,616	287,366	237,368	-	49,998
Instructional media	2,812,599	2,861,401	2,807,183	8,336	45,882
Pupil services	4,194,162	4,233,804	3,879,498	79,438	274,868
Total instruction	44,265,290	44,861,177	42,152,066	620,243	2,088,868
Pupil transportation	2,796,970	2,560,980	2,033,095	-	527,885
Community services	138,764	138,764	130,704	-	8,060
Employee benefits	17,310,773	16,974,633	15,407,324	4,033	1,563,276
Debt service:					
Principal	1,155,000	1,155,000	1,155,000	-	-
Interest	120,068	92,868	92,845	-	23
Total expenditures	74,282,466	75,031,795	69,101,037	909,219	5,021,539
<b>OTHER FINANCING USES</b>					
Interfund transfers in	-	30,000	30,494	-	(494)
Interfund transfers out	(186,230)	(5,875,445)	(5,841,980)	-	(33,465)
Total expenditures and other financing uses	74,468,696	80,937,240	74,912,523	\$ 909,219	4,987,580
Net change in fund balance	\$ -	\$ -	(1,503,357)		\$ (2,540,494)
Fund balance, beginning of year			22,203,458		
Fund balance, end of year			\$ 20,700,101		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

The accompanying notes to financial statements should be  
read in conjunction with this schedule.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2010	\$ -	\$ 51,329,718	\$ 51,329,718	\$ -	\$ 38,008,391	135.0%
6/30/2011	\$ -	\$ 54,576,024	\$ 54,576,024	\$ -	\$ 39,298,620	138.9%
6/30/2013	\$ -	\$ 58,749,961	\$ 58,749,961	\$ -	\$ 39,691,606	148.0%

The accompanying notes to financial statements should be read in conjunction with this schedule.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**  
**AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Change from adopted budget to revised budget:**

Adopted budget		\$ 74,468,696
Add:		
Prior year encumbrances		691,004
Planned use of specific reserves		<u>5,708,000</u>
Revised budget		80,867,700
Budget revisions relating to:		
Gifts and donations	\$ 44,540	
Special legislative grant	<u>25,000</u>	<u>69,540</u>
Final budget		<u><u>\$ 80,937,240</u></u>

**Section 1318 of real property tax law limit calculation:**

2013-2014 voter-approved budget		<u><u>\$ 76,192,356</u></u>
Maximum allowed (4% of 2013-2014 budget)		<u><u>\$ 3,047,694</u></u>
General Fund fund balance subject to § 1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 2,409,219	
Unassigned fund balance	<u>3,047,694</u>	\$ 5,456,913
Less:		
Appropriated fund balance	1,500,000	
Encumbrances	<u>909,219</u>	<u>2,409,219</u>
General Fund fund balance subject to § 1318 of real property tax law		<u><u>\$ 3,047,694</u></u>
Actual percentage		<u><u>4.00%</u></u>

The accompanying notes to financial statements should be  
read in conjunction with this schedule.

LYNBROOK UNION FREE SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2013

Project Title	Expenditures						Methods of Financing				Fund Balance	
	Original	Revised	Prior	Current	Transfers	Total	Unexpended Balance	Proceeds of	State Aid	Local	Total	June 30, 2013
	Appropriation	Appropriation	Years	Year				Obligations		Sources		
High School Bleachers	\$ 125,000	\$ 125,000	\$ 124,820	\$ -	\$ -	\$ 124,820	\$ 180	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ 180
District Wide Tech Project	141,100	141,100	133,133	-	-	133,133	7,967	-	-	141,100	141,100	7,967
South Curtain Wall	1,350,000	1,350,000	1,348,278	-	-	1,348,278	1,722	-	-	1,350,000	1,350,000	1,722
District Wide Tech Upgrade	62,000	62,000	-	59,251	-	59,251	2,749	-	-	62,000	62,000	2,749
Middle School Turf Field	1,500,000	1,500,000	-	48,327	-	48,327	1,451,673	-	-	1,500,000	1,500,000	1,451,673
North Addition	3,500,000	3,500,000	-	117,711	-	117,711	3,382,289	-	-	3,500,000	3,500,000	3,382,289
South Ball Field	550,000	550,000	-	34,071	-	34,071	515,929	-	-	550,000	550,000	515,929
WE Boys Bathroom	200,000	200,000	3,157	88,894	-	92,051	107,949	-	-	200,000	200,000	107,949
High School Girls Bathroom	30,000	30,000	-	29,680	320	30,000	-	-	-	30,000	30,000	-
High School Art Tech Lab	36,000	36,000	-	35,826	174	36,000	-	-	-	36,000	36,000	-
Totals	\$ 7,494,100	\$ 7,494,100	\$ 1,609,388	\$ 413,760	\$ 494	\$ 2,023,642	\$ 5,470,458	\$ -	\$ -	\$ 7,494,100	\$ 7,494,100	\$ 5,470,458

The accompanying notes to financial statements should be  
read in conjunction with this schedule.



LYNBROOK UNION FREE SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2013

Capital assets, net			\$ 22,951,256
Deduct:			
Installment purchase debt payable	\$	172,728	
Bonds payable		<u>470,000</u>	<u>642,728</u>
Net investment in capital assets			<u>\$ 22,308,528</u>

The accompanying notes to financial statements should be  
read in conjunction with this schedule.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**TABLE OF CONTENTS**

Independent Auditor's Report On Extraclassroom Activity Funds Financial Statements	49
Financial Statements:	
Cash Receipts And Disbursements:	
High School	51
Middle Schools	52
Note To Financial Statements	53





**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON EXTRACLASSROOM  
ACTIVITY FUNDS FINANCIAL STATEMENTS**

To the Board of Education of the  
Lynbrook Union Free School District  
Town of Hempstead, New York:

We have audited the accompanying statements of cash receipts and disbursements of the various Extraclassroom Activity Funds of the Lynbrook Union Free School District (the "District") for the year ended June 30, 2013, and the related note to the financial statements, which collectively comprise the financial statements of the District's Extraclassroom Activity Funds.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of cash receipts and disbursements are free of 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 auditor's 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 opinion.

# NawrockiSmith

## ***Opinion***

In our opinion, the statements of cash receipts and disbursements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Lynbrook Union Free School District for the year ended June 30, 2013 in accordance with the basis of accounting described in Note 1.

## ***Basis of Accounting***

We draw attention to Note 1 of these financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Melville, New York  
August 21, 2013

*Nawrocki Smith LLP*



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Cash Balances July 1, 2012	Receipts	Disbursements	Cash Balances June 30, 2013
High School:				
Class of 2013	\$ 7,154.24	\$ 16,918.70	\$ 23,431.96	\$ 640.98
Class of 2014	5,491.50	4,837.25	2,946.46	7,382.29
Class of 2015	2,605.75	2,833.25	426.96	5,012.04
Class of 2016	-	3,965.25	871.96	3,093.29
Athletes Creating Excellence	499.43	-	37.30	462.13
Athletic Club	17,990.52	22,682.49	26,293.79	14,379.22
Culinary Arts Club	364.34	1,469.00	1,329.45	503.89
Drama Club	10,999.05	14,304.00	11,090.77	14,212.28
Driftstone	70.04	207.00	200.00	77.04
Facing History	575.99	635.00	-	1,210.99
Gay/Straight Alliance	20.05	190.00	80.65	129.40
Globe Club	828.39	200.00	250.00	778.39
Horizon	7,187.08	2,485.00	2,548.93	7,123.15
Italian Club	411.87	1,719.00	1,308.80	822.07
Japanese Club	0.16	-	-	0.16
L.I. Toy Lending	364.93	635.00	600.00	399.93
Leadership	741.63	1,591.00	1,401.95	930.68
Lynbrook Owl Adventure	2.00	-	-	2.00
Music Fund	12,453.45	271,365.65	277,660.52	6,158.58
National Art Honor Society	94.02	6,366.00	6,138.84	321.18
National Honor Society	4,174.44	4,441.00	4,784.95	3,830.49
Robotics Club	-	67.00	57.00	10.00
SADD	3,367.33	77.00	654.09	2,790.24
Spanish Club	864.33	-	200.00	664.33
Student Government Association	4,754.04	6,559.00	8,716.12	2,596.92
Tri-M Fund	821.07	3,049.00	3,341.25	528.82
Yearbook	19,448.66	35,980.00	43,167.60	12,261.06
	<u>\$ 101,284.31</u>	<u>\$ 402,576.59</u>	<u>\$ 417,539.35</u>	<u>\$ 86,321.55</u>

The accompanying note is an integral  
part of these financial statements.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**EXTRACLASROOM ACTIVITY FUNDS**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Cash Balances July 1, 2012	Receipts	Disbursements	Cash Balances June 30, 2013
Middle Schools:				
No. Middle-Student Activity	\$ 1,943.09	\$ 5,480.57	\$ 7,123.08	\$ 300.58
No. Middle-Yearbook	2,457.47	2,326.00	1,887.22	2,896.25
No. Middle-Play	5,155.93	1,065.00	458.18	5,762.75
No. Middle-Environment	-	13,145.00	13,125.00	20.00
So. Middle-Student Activity	5,720.19	16,941.25	14,921.53	7,739.91
So. Middle-Drama	8,376.78	344.80	100.00	8,621.58
So. Middle-Environment	172.17	30,399.00	30,399.00	172.17
So. Middle-Yearbook	1,839.78	3,704.19	4,593.68	950.29
	<u>\$ 25,665.41</u>	<u>\$ 73,405.81</u>	<u>\$ 72,607.69</u>	<u>\$ 26,463.53</u>

The accompanying note is an integral  
part of these financial statements.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUNDS**  
**NOTE TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Lynbrook Union Free School District.

The accounts of the Extraclassroom Activity Funds of the District are maintained on a cash basis, and the statements of cash receipts and disbursements reflect only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United State of America, and which may be material in amount, are not recognized in the accompanying financial statements.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. Department of Education</u></b>			
<u>Passed-Through Programs From:</u>			
New York State Department of Education			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-12-1545	\$ 78,714
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-13-1545	19,822
ESEA, Title II, Part A, Training	84.367A	0147-12-1545	1,086
ESEA, Title II, Part A, Training	84.367A	0147-13-1545	66,029
			165,651
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-13-0428	544,671
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-13-0428	18,313
			562,984
<b>Total U.S. Department of Education</b>			728,635
<b><u>U.S. Department of Agriculture</u></b>			
<u>Direct Programs:</u>			
Surplus Food	10.550	N/A	19,948
<u>Passed-Through Programs From:</u>			
New York State Office of General Services			
National School Lunch Program	10.555	N/A	60,336
<b>Total U.S. Department of Agriculture</b>			80,284
<b>Total Expenditures of Federal Awards</b>			\$ 808,919

The accompanying notes should be read  
in conjunction with this schedule.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the Lynbrook Union Free School District (the "District"), an entity as defined in Note 1 to the District's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed-through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**2. Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the financial statements.

**3. Indirect Costs**

Indirect costs may be included in the reported expenditures to the extent they are included in the federal financial reports used as the source of the data presented.

**4. Matching Costs**

Matching costs (i.e., the District's share of certain program costs) are not included in the reported expenditures.

**5. Major Program Determination**

The District has determined that all federal programs with expenditures of \$300,000 or more are Type A Programs for purposes of determining Major Programs.



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the  
Lynbrook Union Free School District  
Town of Hempstead, 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 Controller General of the United States, the financial statements of the governmental activities, each major fund and fiduciary funds of the Lynbrook Union Free School District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 21, 2013.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.



# NawrockiSmith

## ***Compliance And Other Matters***

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

## ***Purpose of this Report***

This 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.

Melville, New York  
August 21, 2013

*Nawrocki Smith LLP*



CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Education of the  
Lynbrook Union Free School District  
Town of Hempstead, New York:

***Report on Compliance for Each Major Federal Program***

We have audited the Lynbrook Union Free School District's (the "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 the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of audit 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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 the 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 the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the 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.



# NawrockiSmith

## ***Report on Internal Control Over Compliance***

Management of the 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 Lynbrook Union Free 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 Lynbrook Union Free 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.

Melville, New York  
August 21, 2013

*Nawrocki Smith LLP*



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**A. Summary Of Auditor's Results:**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 510(a) of OMB Circular A-133, were disclosed during the audit.
7. The programs tested as a major program included:

CFDA Number

Name of Federal Program

U.S. Department of Education-

84.027A

IDEA, Part B, Section 611, Special Education Grants to States

84.173A

IDEA, Part B, Section 619, Special Education Preschool Grants

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Auditee was determined to be a low-risk auditee.

**B. Findings - Financial Statement Audit**

None reported.

**C. Findings And Questioned Costs - Major Federal Award Programs Audit**

None reported.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Findings - Financial Statement Audit**

None reported.

**Findings And Questioned Costs - Major Federal Award Programs Audit**

None reported.

## **OBJECTIVES OF STATISTICAL INFORMATION**

The Statistical Section of this Comprehensive Annual Financial Report provides information regarding the District's economic condition. The schedules/information are organized around five objectives.

1. Financial Trends This information helps users to understand how the District's financial position has changed over time. The information provided tracks net position, revenues, expenses, changes in net position, governmental fund revenues and expenditures, as well as the net change in fund balances over a ten year period.
2. Revenue Capacity This information assists users in understanding the nature of major revenues and the District's ability to collect local source revenues through taxes.
3. Debt Capacity This information provides users with a better understanding of the debt burden of the District and its ability to issue additional debt.
4. Demographic and Economic Information This information helps users understand the environment in which the District is operating and also facilitates comparisons among other districts.
5. Operating Information This information enables users to assess the size of the District, life cycle, capacity and enrollment, as well as general statistics.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Invested in capital assets	\$ 5,353,599	\$ 6,640,207	\$ 9,484,992	\$ 10,517,232	\$ 13,589,268	\$ 13,977,143	\$ 17,072,438	\$ 18,987,358	\$ 21,807,685	\$ 22,308,528
Restricted	4,241,328	5,278,588	6,351,334	-	1,187,921	2,376,285	1,552,963	14,796,583	17,264,116	20,835,559
Unrestricted	5,143,281	5,007,896	4,759,711	12,773,825	10,509,130	7,126,208	8,803,712	(3,800,359)	(4,655,988)	(6,747,160)
Total net position	<u>\$ 14,738,208</u>	<u>\$ 16,926,691</u>	<u>\$ 20,596,037</u>	<u>\$ 23,291,057</u>	<u>\$ 25,286,319</u>	<u>\$ 23,479,636</u>	<u>\$ 27,429,113</u>	<u>\$ 29,983,582</u>	<u>\$ 34,415,813</u>	<u>\$ 36,396,927</u>

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Expenses-										
General support	\$ 6,685,318	\$ 7,383,310	\$ 7,863,911	\$ 8,787,042	\$ 7,998,600	\$ 10,416,088	\$ 8,738,756	\$ 10,860,020	\$ 11,291,517	\$ 10,004,688
Instruction	37,949,134	41,544,989	44,657,812	47,111,596	50,240,363	54,628,392	54,157,673	55,064,191	55,258,349	59,614,917
Pupil transportation	1,420,209	1,598,010	1,570,621	1,668,047	2,308,538	1,791,551	1,894,448	1,864,438	1,969,153	2,114,556
Community services	162,572	169,984	174,701	191,797	155,891	175,989	167,206	174,833	179,135	130,704
Debt service interest	501,697	445,261	351,902	366,448	381,396	327,924	211,999	178,143	137,489	72,199
School lunch program	273,108	445,250	466,683	340,297	433,132	334,377	284,310	325,947	349,582	352,408
Depreciation - unallocated	801,207	814,548	-	-	-	-	-	-	-	-
Total expenses	47,793,245	52,401,352	55,085,630	58,465,227	61,517,920	67,674,321	65,454,392	68,467,572	69,185,205	72,289,472
Program revenues-										
Charges for services										
Instruction	221,972	316,798	293,843	332,578	332,872	328,225	442,672	392,441	420,309	378,368
Pupil transportation	-	-	-	-	9,589	-	-	-	-	11,401
School lunch program	305,463	426,678	335,797	291,868	297,317	249,568	229,693	250,765	259,663	270,041
Operating grants	984,006	994,524	929,678	848,149	1,034,324	1,674,488	2,887,931	2,043,051	1,529,171	968,414
Total program revenues	1,511,441	1,738,000	1,559,318	1,472,595	1,674,102	2,252,281	3,560,296	2,686,257	2,209,143	1,628,224
Net (expense)/revenue	<u>\$ (46,281,804)</u>	<u>\$ (50,663,352)</u>	<u>\$ (53,526,312)</u>	<u>\$ (56,992,632)</u>	<u>\$ (59,843,818)</u>	<u>\$ (65,422,040)</u>	<u>\$ (61,894,096)</u>	<u>\$ (65,781,315)</u>	<u>\$ (66,976,062)</u>	<u>\$ (70,661,248)</u>

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense)/revenue	\$ (46,281,804)	\$ (50,663,352)	\$ (53,526,312)	\$ (56,992,632)	\$ (59,843,818)	\$ (65,422,040)	\$ (61,894,096)	\$ (65,781,315)	\$ (66,976,062)	\$ (70,661,248)
General revenues and other changes in net position:										
Real property taxes	39,357,197	41,552,984	44,128,840	45,914,860	47,305,980	50,026,323	52,117,240	53,525,013	56,038,289	57,441,404
Other tax items	5,306,026	5,717,389	6,002,069	6,095,807	5,818,419	5,368,659	5,742,045	7,071,682	7,216,325	7,331,820
Use of money and property	194,283	347,296	572,140	876,100	687,231	307,371	185,312	88,473	130,952	131,455
Sale of property and compensation for loss	104,312	43,969	20,891	22,825	21,507	14,498	15,618	48,971	21,905	51,936
State source and local sources	4,998,831	4,943,326	5,647,956	6,608,487	7,757,001	8,741,947	7,426,419	7,047,506	7,481,829	6,975,946
Federal sources	81,043	44,946	27,518	16,174	-	-	-	-	-	-
Miscellaneous	159,218	201,925	169,922	153,399	248,943	352,074	356,939	554,139	518,993	709,801
Total	50,200,910	52,851,835	56,569,336	59,687,652	61,839,081	64,810,872	65,843,573	68,335,784	71,408,293	72,642,362
Change in net position	\$ 3,919,106	\$ 2,188,483	\$ 3,043,024	\$ 2,695,020	\$ 1,995,263	\$ (611,168)	\$ 3,949,477	\$ 2,554,469	\$ 4,432,231	\$ 1,981,114

See accompanying independent auditor's report on financial statements  
and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

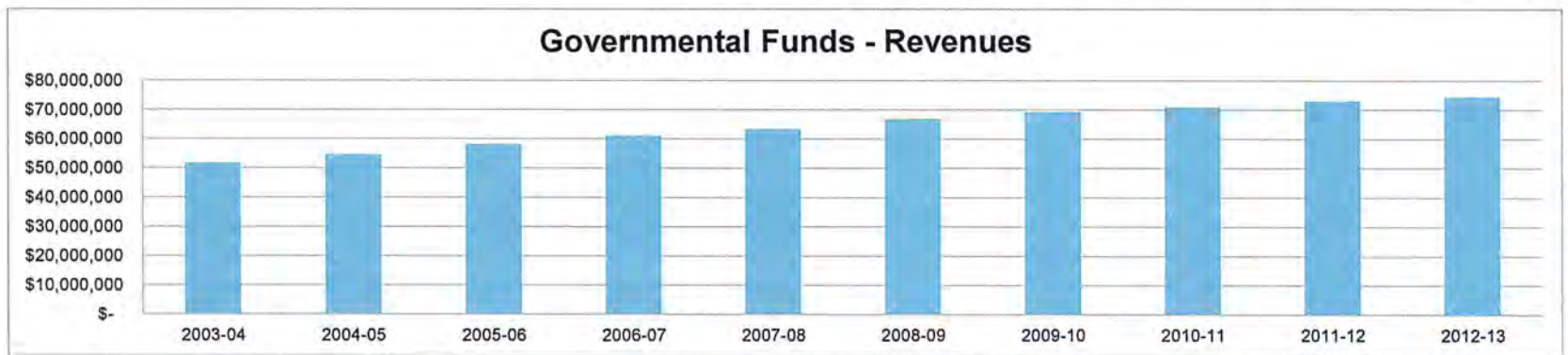
Fiscal Year	Reserved	Unreserved	Nonspendable	Restricted	Assigned	Unassigned	Total
<b>General Fund</b>							
2004	\$ 5,483,797	\$ 2,988,623	\$ -	\$ -	\$ -	\$ -	\$ 8,472,420
2005	6,419,433	2,848,285	-	-	-	-	9,267,718
2006	8,064,448	3,111,791	-	-	-	-	11,176,239
2007	8,805,528	3,497,504	-	-	-	-	12,303,032
2008	7,876,707	4,053,871	-	-	-	-	11,930,578
2009	8,291,984	4,142,570	-	-	-	-	12,434,554
2010	11,369,625	4,336,303	-	-	-	-	15,705,928
2011	-	-	-	13,176,845	1,979,020	2,915,875	18,071,740
2012	-	-	-	17,033,706	2,191,004	2,978,748	22,203,458
2013	-	-	-	15,243,188	2,409,219	3,047,694	20,700,101
<b>School Lunch Fund</b>							
2004	\$ 9,832	\$ 139,290	\$ -	\$ -	\$ -	\$ -	\$ 149,122
2005	33,043	160,647	-	-	-	-	193,690
2006	8,608	131,209	-	-	-	-	139,817
2007	2,254	145,624	-	-	-	-	147,878
2008	3,158	93,819	-	-	-	-	96,977
2009	2,891	52,564	-	-	-	-	55,455
2010	10,679	69,806	-	-	-	-	80,485
2011	-	-	12,004	75,723	-	-	87,727
2012	-	-	10,693	71,659	-	-	82,352
2013	-	-	2,175	89,872	-	-	92,047
<b>Debt Service Fund</b>							
2004	\$ 36,733	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,733
2005	62,042	-	-	-	-	-	62,042
2006	62,042	-	-	-	-	-	62,042
2007	62,042	-	-	-	-	-	62,042
2008	62,041	-	-	-	-	-	62,041
2009	62,041	-	-	-	-	-	62,041
2010	62,041	-	-	-	-	-	62,041
2011	-	-	-	62,041	-	-	62,041
2012	-	-	-	62,041	-	-	62,041
2013	-	-	-	32,041	-	-	32,041
<b>Capital Projects Fund</b>							
2004	\$ -	\$ 1,947,448	\$ -	\$ -	\$ -	\$ -	\$ 1,947,448
2005	775,932	1,162,914	-	-	-	-	1,938,846
2006	155,723	1,057,686	-	-	-	-	1,213,409
2007	1,117,317	751,837	-	-	-	-	1,869,154
2008	781,405	344,475	-	-	-	-	1,125,880
2009	1,155,607	1,158,637	-	-	-	-	2,314,244
2010	1,012,457	478,465	-	-	-	-	1,490,922
2011	-	-	-	1,481,974	-	-	1,481,974
2012	-	-	-	96,710	-	-	96,710
2013	-	-	-	5,470,458	-	-	5,470,458

Note: Prior year amounts have not been restated for the implementation of GASB Statement 54.

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS - REVENUES BY SOURCE**  
**LAST TEN FISCAL YEARS**  
(Modified Accrual Basis of Accounting)

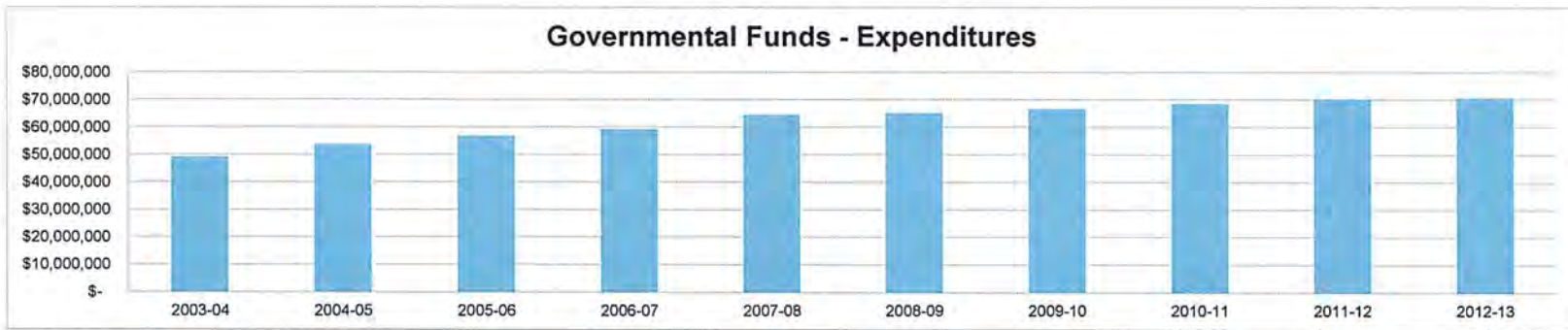
Fiscal Year	Property Taxes And Other Tax Items	Charges For Services	Use of Money and Property	Sale of Property/ Compensation for Loss	Miscellaneous including Forfeitures	State Sources	Federal Sources	Surplus Food	Sales School Lunch/Milk Program	Total
2003-04	\$ 44,663,223	\$ 221,972	\$ 194,283	\$ 104,312	\$ 193,069	\$ 5,122,574	\$ 929,988	\$ 11,318	\$ 271,612	\$ 51,712,351
2004-05	47,270,373	316,798	347,296	43,969	283,123	5,078,470	890,367	13,959	345,480	54,589,835
2005-06	50,130,909	293,843	572,140	20,891	169,922	5,737,152	851,309	16,691	335,797	58,128,654
2006-07	52,010,667	332,578	876,100	22,825	153,399	6,660,660	796,258	15,892	291,868	61,160,247
2007-08	53,124,399	342,461	687,231	21,507	248,943	7,955,948	835,377	-	297,317	63,513,183
2008-09	55,394,982	328,225	307,371	14,498	352,074	9,459,429	957,006	-	249,568	67,063,153
2009-10	57,859,285	442,672	185,312	15,618	356,939	8,038,081	2,276,269	-	229,693	69,403,869
2010-11	60,596,695	392,441	88,473	48,971	554,139	7,309,326	1,781,231	-	250,765	71,022,041
2011-12	63,254,614	420,309	130,952	21,905	518,993	7,312,112	1,322,405	-	259,663	73,240,953
2012-13	64,773,224	389,769	131,455	51,936	709,801	7,511,132	809,711	-	270,041	74,647,069
	<u>\$ 549,078,371</u>	<u>\$ 3,481,068</u>	<u>\$ 3,520,613</u>	<u>\$ 366,432</u>	<u>\$ 3,540,402</u>	<u>\$ 70,184,884</u>	<u>\$ 11,449,921</u>	<u>\$ 57,860</u>	<u>\$ 2,801,804</u>	<u>\$ 644,481,355</u>



See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS - EXPENDITURES BY FUNCTION AND NET CHANGE IN FUND BALANCES**  
**LAST TEN FISCAL YEARS**  
 (Modified Accrual Basis of Accounting)

Fiscal Year	General Support	Instruction	Pupil Transportation	Community Services	Employee Benefits	Debt Service	Cost of Sales/Other School Lunch	Capital Outlay	Total	Net Change in Fund Balance
2003-04	\$ 6,037,718	\$ 31,747,091	\$ 1,414,209	\$ 131,577	\$ 7,661,729	\$ 1,252,103	\$ 273,108	\$ 582,880	\$ 49,100,415	\$ 2,611,936
2004-05	6,494,829	33,354,157	1,590,707	133,091	9,474,466	1,244,160	445,250	996,602	53,733,262	856,573
2005-06	6,713,841	34,886,104	1,562,673	134,266	10,436,340	1,191,510	464,084	1,610,625	56,999,443	1,129,211
2006-07	7,477,840	36,692,763	1,661,453	147,100	11,308,928	1,240,187	357,339	484,038	59,369,648	1,790,599
2007-08	7,838,635	39,005,317	1,717,639	152,278	11,970,964	1,257,328	430,121	2,307,530	64,679,812	(1,166,629)
2008-09	7,543,413	40,801,778	1,771,854	164,409	12,230,738	1,254,547	327,169	1,318,427	65,412,335	1,650,818
2009-10	7,299,437	41,322,352	1,881,951	124,949	12,184,204	1,235,442	284,310	2,598,142	66,930,787	2,473,082
2010-11	7,789,399	42,644,390	1,850,255	128,886	13,418,521	1,252,035	325,947	1,248,502	68,657,935	2,364,106
2011-12	7,890,549	42,621,831	1,953,236	129,588	14,831,377	1,267,351	349,582	1,456,360	70,499,874	2,741,079
2012-13	8,130,003	43,070,608	2,044,333	130,704	15,407,324	1,247,845	352,408	413,758	70,796,983	3,850,086
	<u>\$ 73,215,664</u>	<u>\$ 386,146,391</u>	<u>\$ 17,448,310</u>	<u>\$ 1,376,848</u>	<u>\$ 118,924,591</u>	<u>\$ 12,442,508</u>	<u>\$ 3,609,318</u>	<u>\$ 13,016,864</u>	<u>\$ 626,180,494</u>	<u>\$ 18,300,861</u>



See accompanying independent auditor's report on financial statements  
and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**ASSESSED VALUATION OF TAXABLE REAL PROPERTY,**  
**STATE EQUALIZATION RATE AND FULL VALUATION OF TAXABLE REAL PROPERTY**  
**LAST TEN FISCAL YEARS**

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Residential Assessed Valuation</u></b>	<b><u>Commercial Assessed Valuation</u></b>	<b><u>Total Taxable Assessed Valuation</u></b>	<b><u>State Equalization Rate</u></b>	<b><u>Full Valuation</u></b>	<b><u>Total Direct Tax Rate</u></b>
2004	\$ 16,419,020	\$ 2,804,560	\$ 20,366,210	94.39%	\$ 2,262,912,222	19.65
2005	16,032,385	2,725,934	19,874,484	94.38%	2,423,717,560	19.38
2006	9,590,889	2,739,429	13,391,956	92.07%	3,145,553,333	18.64
2007	5,613,692	2,727,822	9,436,660	88.39%	3,145,553,333	16.45
2008	5,932,599	2,888,201	9,964,852	88.52%	3,322,186,666	15.95
2009	6,211,631	3,044,145	10,533,826	87.87%	3,291,820,625	16.72
2010	6,287,621	3,243,894	10,972,324	86.87%	3,324,946,666	17.33
2011	5,301,457	3,374,368	10,166,822	85.33%	2,824,117,222	21.38
2012	5,007,297	2,878,123	9,381,548	84.05%	2,842,890,909	22.14
2013	4,495,198	2,493,957	8,818,170	79.26%	2,672,172,727	24.11

Note: Nassau County has undergone a major reassessment program. The reduction in the assessed value of the District is a result of the County's new assessment procedures.

Source: Office of the State Comptroller and Nassau County Records

See accompanying independent auditor's report on financial statements  
and supplementary information.

LYNBROOK UNION FREE SCHOOL DISTRICT  
PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Lynbrook UFSD	Village of Lynbrook	Village of East Rockaway	Village of Hewlett Harbor	Town of Hempstead	Nassau County	Total School, Town and County Tax Rate (Lynbrook)	Total School, Town and County Tax Rate (East Rockaway)	Total School, Town and County Tax Rate (Hewlett Harbor)	Total Assessed Valuation	State Equalization Rate
2004	161.195	11.80	18.42	2.90	1.693	5.958	180.646	187.266	171.746	\$ 20,366,210	94.39%
2005	176.989	12.60	19.96	5.55	1.832	4.897	196.318	203.678	189.268	19,874,484	94.38%
2006	320.869	13.69	21.00	2.90	3.068	6.092	343.719	351.029	332.929	13,391,956	92.07%
2007	571.917	13.69	21.69	19.98	5.239	18.965	609.811	617.811	616.101	9,436,660	88.39%
2008	560.692	13.66	22.32	19.03	4.959	21.106	600.417	609.077	605.787	9,964,852	88.52%
2009	564.945	14.04	22.95	N/A	4.959	22.067	606.011	614.921	591.971	10,533,826	87.87%
2010	586.907	14.74	23.75	19.06	4.959	22.199	628.805	637.815	633.125	10,972,324	86.87%
2011	732.545	15.23	25.04	24.95	5.854	29.716	783.345	793.155	793.065	10,166,822	85.33%
2012	800.273	16.28	24.16	29.56	6.165	22.213	844.931	852.811	858.211	9,381,548	84.05%
2013	881.460	17.98	24.04	29.56	9.141	24.142	932.723	938.783	944.303	8,818,170	79.26%

Note: Nassau County had undergone a major reassessment program.

Source: Nassau County Assessment Office, Tax Departments of the Villages of Lynbrook, East Rockaway and Hewlett Harbor

See accompanying independent auditor's report on financial statements  
and supplementary information.

LYNBROOK UNION FREE SCHOOL DISTRICT  
PRINCIPAL TAXPAYERS  
CURRENT YEAR AND FOR THE NINTH FISCAL YEAR PRIOR

2004				2013			
Name of Firm	Nature of Property	Assessed Valuation	Percent of Total Assessed Valuation	Name of Firm	Nature of Property	Assessed Valuation	Percent of Total Assessed Valuation
LIPA	Public Utility	\$ 267,087	1.31%	LIPA	Public Utility	\$ 807,118	9.15%
K98 Senior LLC	Office Building	164,291	0.81%	Keyspan	Utility	245,954	2.79%
Fowler Daley Owners Inc.	Apartments	161,186	0.79%	Long Island Water	Public Utility	124,710	1.41%
South Shore Association	Apartments	125,529	0.62%	Fowler Daley Owners, Inc.	Apartments	120,651	1.37%
Long Island Water Company	Public Utility	102,174	0.50%	VTR Lynbrook LLC	Office Buildings	110,000	1.25%
Verizon	Public Utility	98,413	0.48%	Wyndham House Owners Corp.	Coop Apartments	82,178	0.93%
Lighthouse Limited Partnership	Office Building	94,716	0.47%	Verizon, NY Inc.	Public Utility	71,444	0.81%
Keyspan	Public Utility	89,980	0.44%	210 Atlantic Ave. Corp.	Apartments	54,891	0.62%
Wyndham House Owners Corp.	Coop Apartments	83,808	0.41%	RUPP Associates	Commercial	50,152	0.57%
210 Atlantic Avenue Corp.	Apartments	55,408	0.27%	Lynbrook Sunrise Realty	Commercial	49,349	0.56%
		<u>\$ 1,242,592</u>	<u>6.10%</u>			<u>\$ 1,716,447</u>	<u>19.46%</u>

Note: Includes applicable franchise assessments for utilities. County property is generally exempt from property taxes. Corporate lessees are responsible to the County for the payment of such taxes.

Source: County Assessment Rolls

See accompanying independent auditor's report on financial statements and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**SCHOOL PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	<u>Collected within the Fiscal Year of Levy</u>		Collections in Subsequent Years	<u>Total Collections to Date</u>	
		Amount	Percentage of Levy		Amount	Percentage of Levy*
2004	\$ 44,473,623	\$ 43,601,953	98.04%	\$ 1,061,270	\$ 44,663,223	100.43%
2005	46,971,397	39,991,642	85.14%	7,278,731	47,270,373	100.64%
2006	49,916,282	50,130,909	100.43%	-	50,130,909	100.43%
2007	51,943,122	52,010,667	100.13%	-	52,010,667	100.13%
2008	52,986,033	53,120,765	100.25%	3,634	53,124,399	100.26%
2009	55,048,962	55,388,664	100.62%	6,318	55,394,982	100.63%
2010	57,612,480	56,002,541	97.21%	1,856,744	57,859,285	100.43%
2011	60,388,165	58,845,022	97.44%	1,751,672	60,596,694	100.35%
2012	62,950,943	61,372,255	97.49%	1,878,442	63,250,697	100.48%
2013	64,423,666	62,815,970	97.50%	1,621,636	64,437,606	100.02%

\*The District is in a position where property law allows residents to choose the school district based on the location of their property line. As a result, the Lynbrook District bills 2 neighboring districts for the tax money to educate the children in those households.

Source: District Records

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>General Bonded Principal Debt</b>	<b>Capital Leases</b>	<b>Installment Debt</b>	<b>Total</b>	<b>Percentage of Personal Income*</b>	<b>Debt per Capita*</b>
2004	\$ 9,145,000	\$ 228,686	\$ -	\$ 9,373,686	1.68%	506
2005	8,360,000	-	-	8,360,000	1.43%	451
2006	7,535,000	-	-	7,535,000	1.21%	407
2007	6,665,000	-	586,251	7,251,251	1.05%	391
2008	5,755,000	-	750,446	6,505,446	0.86%	351
2009	4,795,000	-	858,743	5,653,743	0.82%	305
2010	3,790,000	-	577,570	4,367,570	0.66%	236
2011	2,735,000	-	400,174	3,135,174	0.48%	169
2012	1,625,000	-	167,726	1,792,726	0.27%	97
2013	470,000	-	172,728	642,728	0.10%	37

\* See Personal Income and Population Data on "Demographic and Economic Statistics" schedule. These ratios are calculated using personal income and population for the prior year.

Source: District Records

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR LONG-TERM DEBT**  
**TO NONCAPITAL GOVERNMENTAL EXPENDITURES**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total Debt Service (1)</u></b>	<b><u>Noncapital Governmental Expenditures</u></b>	<b><u>Debt Service as a Per Cent of Noncapital Governmental Expenditures</u></b>
2004	\$ 745,000	\$ 337,748	\$ 1,082,748	\$ 50,229,914	2.16%
2005	785,000	402,910	1,187,910	53,724,660	2.21%
2006	825,000	366,510	1,191,510	56,274,006	2.12%
2007	870,000	328,041	1,198,041	60,025,393	2.00%
2008	910,000	287,328	1,197,328	63,867,525	1.87%
2009	960,000	244,380	1,204,380	66,220,162	1.82%
2010	1,005,000	199,236	1,204,236	65,707,465	1.83%
2011	1,055,000	151,896	1,206,896	68,508,987	1.76%
2012	1,110,000	157,351	1,267,351	69,128,138	1.83%
2013	1,155,000	92,845	1,247,845	70,383,225	1.77%

(1) Represents debt service expenditures for bonds and notes.

Source: District Records

See accompanying independent auditor's report on financial statements  
and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**RATIO OF GENERAL BONDED DEBT TO ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**AND GENERAL BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

<b>Fiscal Year Ended June 30,</b>	<b>Population (1)(2)</b>	<b>Estimated Actual Value of Taxable Property</b>	<b>General Bonded Debt (1)</b>	<b>General Bonded Debt to Estimated Actual Value of Taxable Property</b>	<b>General Bonded Debt Per Capita</b>
2004	\$ 18,523	\$ 2,262,912,222	\$ 9,145,000	0.40%	\$ 494
2005	18,523	2,423,717,560	8,360,000	0.34%	451
2006	18,523	3,145,553,333	7,535,000	0.24%	407
2007	18,523	3,145,553,333	6,665,000	0.21%	360
2008	18,523	3,321,617,333	5,755,000	0.17%	311
2009	18,523	3,291,820,625	4,795,000	0.15%	259
2010	18,523	3,324,946,666	3,790,000	0.11%	205
2011	18,523	2,824,117,222	2,735,000	0.10%	148
2012	17,607	2,842,890,909	1,625,000	0.06%	92
2013	17,607	2,672,172,727	470,000	0.02%	27

(1) District Records (TAN Official Statement)

(2) Population data can be found in the Schedule of Demographic and Economic Statistics

Nassau County has undertaken a major reassessment of the District's assessed valuation. The reduction in assessed valuation of the District for the fiscal years ending June 30, 2004-2009 is a result of the County's new assessment procedures.

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING DEBT**

	<u>Reported as Of</u>	<u>Long-Term Debt Outstanding</u>	<u>Percentage Applicable to School District (1)</u>	<u>Amount Applicable to School District</u>
Town of Hempstead (a)	7/12/2011	\$ 327,585,321	2.81%	\$ 9,205,148
Nassau County (b)	3/31/2012	3,980,360,319	1.30%	51,744,684
Incorporating Villages ( c )	2011	<u>32,044,350</u>	Various	<u>22,396,755</u>
Net Overlapping Debt		<u>\$ 4,339,989,990</u>		83,346,587
Net Direct Debt				<u>642,728</u>
Net Direct and Overlapping Debt				<u>\$ 83,989,315</u>

Source: Nassau County and Town of Hempstead

( a ) Town of Hempstead Official Statement

( b ) County of Nassau Official Statement

( c ) New York State Comptroller's Special Report on Municipal Affairs - 2011

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries for the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for re-paying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental units taxable value that is within the District's boundaries and by dividing it by each of units taxable value.

See accompanying independent auditor's report on financial statements  
and supplementary information.

LYNBROOK UNION FREE SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2013:

Current Full Valuation of Taxable Real Property	<u>\$ 2,672,172,727</u>
Debt Limit (10% of Current Full Valuation)	\$ 267,217,273
Debt applicable to limit	<u>470,000</u>
Net Debt Contracting Margin	<u>\$ 266,747,273</u>

	Fiscal Year									
	2004	2005*	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 226,291,222	N/A	\$ 314,555,333	\$ 314,555,333	\$ 332,161,733	\$ 329,182,062	\$ 332,494,666	\$ 282,411,722	\$ 284,289,090	\$ 267,217,273
Total net debt applicable to limit - BANs and serial bonds	<u>8,650,000</u>	N/A	<u>6,665,000</u>	<u>6,095,000</u>	<u>4,795,000</u>	<u>4,170,000</u>	<u>3,790,000</u>	<u>2,735,000</u>	<u>1,625,000</u>	<u>470,000</u>
Net debt contracting margin	<u>\$ 217,641,222</u>		<u>\$ 307,890,333</u>	<u>\$ 308,460,333</u>	<u>\$ 327,366,733</u>	<u>\$ 325,012,062</u>	<u>\$ 328,704,666</u>	<u>\$ 279,676,722</u>	<u>\$ 282,664,090</u>	<u>\$ 266,747,273</u>
Total net debt applicable to the limit as a percentage of debt limit	3.8%	N/A	2.1%	1.9%	1.4%	1.3%	1.1%	1.0%	0.6%	0.2%

\* No borrowing occurred in 2005

Source: District records (TAN Official Statement)

See accompanying independent auditor's report on financial statements  
and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income</u>	<u>County Unemployment Rate (2)</u>
2004	18,523	\$ 585,197,139	\$ 31,593	4.50%
2005	18,523	624,817,836	33,732	4.00%
2006	18,523	691,204,268	37,316	3.70%
2007	18,523	756,386,705	40,835	3.70%
2008	18,523	687,444,099	37,113	4.70%
2009	18,523	659,696,645	35,615	6.90%
2010	18,523	658,011,052	35,524	7.10%
2011	18,523	671,069,767	36,229	6.70%
2012	17,607	N/A	N/A	7.50%
2013	17,607	745,652,708	42,350	5.80%

Sources include: (1) District records (TAN Official Statement)  
(2) New York State Department of Labor, rates for Nassau County  
(3) New York State Department of Education SAMS System

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND FOR THE NINTH FISCAL YEAR PRIOR**  
**JUNE 30, 2013**

	<u>2013</u>			<u>2004</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Lynbrook UFSD	493	1	N/A	464	1	N/A
Village of Lynbrook	280	2	N/A	300	2	N/A

Note: The information was not available in the level of detail required.

Source: New York State Department of Labor

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE**  
**LAST TEN FISCAL YEARS**

Employee Type	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Supervisory</b>										
Non-instructional administrators	10	12	12	12	12	13	11	10	10	10
Principals/asst. principals/deans	9	9	9	9	9	9	9	9	9	9
<b>Total Supervisory</b>	<u>19</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>20</u>	<u>19</u>	<u>19</u>	<u>19</u>
<b>Instruction</b>										
Elementary teachers/spec. ed.	123.8	122	119	115	118.5	122	120.1	119.7	120.2	119
Secondary teachers/spec. ed./chairs	137	148.3	149.2	151.7	160.3	153.6	144	145	141.68	143
Instructional aides/teachers aides	47	49	54	56	62	59	56	61	62	63
<b>Total Instruction</b>	<u>307.8</u>	<u>319.3</u>	<u>322.2</u>	<u>322.7</u>	<u>340.8</u>	<u>334.6</u>	<u>320.1</u>	<u>325.7</u>	<u>323.88</u>	<u>325</u>
<b>Student Services</b>										
Guidance counselors	8	8	8	8	8	9	9	9	9	9
Psychologists	6.3	6.3	7.3	6.4	6.4	7	8	8	8	8
Librarians	6	6	6	6	6	6	6	6	6	6
Social workers	1	1	1	1	2	2	2	2	2.5	4
<b>Total Student Services</b>	<u>21.3</u>	<u>21.3</u>	<u>22.3</u>	<u>21.4</u>	<u>22.4</u>	<u>24</u>	<u>25</u>	<u>25</u>	<u>25.5</u>	<u>27</u>
<b>Support</b>										
Clerical	35	35	35	35.3	35.4	35.4	37	37	37	37
Custodial	35.5	34.5	33.5	34.5	36.4	34.5	32.5	32.5	32.5	32.5
Maintainers	6	6	7	7	7	7	7	7	7	7
Grounds	6	5	5	5	5	5	4	4	4	4
Monitors	22	22	21	30	32	30	30	30	28	28
Nurses	8	8	8	8	9	9	9	9	9	9
<b>Total Support</b>	<u>112.5</u>	<u>110.5</u>	<u>109.5</u>	<u>119.8</u>	<u>124.8</u>	<u>120.9</u>	<u>119.5</u>	<u>119.5</u>	<u>117.5</u>	<u>117.5</u>
<b>Data Specialist</b>	0	0	0	0	0	0	1	1	1	1
<b>Tech Support</b>	2	2	2	2	2	2	2	2	2	2
<b>Facilities Director</b>	1	1	1	1	1	1	1	1	1	1
<b>Total</b>	<u><u>463.6</u></u>	<u><u>475.1</u></u>	<u><u>478</u></u>	<u><u>487.9</u></u>	<u><u>512</u></u>	<u><u>504.5</u></u>	<u><u>488.6</u></u>	<u><u>493.2</u></u>	<u><u>489.88</u></u>	<u><u>492.5</u></u>

Source: District Records

See accompanying independent auditor's report on financial statements  
and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Enrollment</u></b>	<b><u>Teaching Staff (1)</u></b>	<b><u>Pupil - Teacher Ratio</u></b>	<b><u>Percentage of Students Receiving Free or Reduced-Price Meals</u></b>
2004	3,144	329	10:1	2.35%
2005	3,144	341	9:1	2.07%
2006	3,131	345	9:1	3.80%
2007	3,134	344	9:1	4.15%
2008	3,062	363	8:1	4.11%
2009	3,014	359	8:1	4.51%
2010	2,949	345	9:1	4.75%
2011	2,896	351	8:1	5.28%
2012	2,834	349	8:1	6.32%
2013	2,794	352	8:1	5.94%

(1) Instruction and student services

Source: District records

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**CAPITAL ASSET INFORMATION**  
**LAST TEN FISCAL YEARS**

<b>Schools</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Elementary</b>										
No. of buildings	3	3	3	3	3	3	3	3	3	3
Square feet	178,990	178,990	178,990	178,990	178,990	178,990	178,990	178,990	178,990	178,990
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Enrollment	1,192	1,187	1,123	1,115	1,085	1,049	1,043	1,056	1,029	1,005
<b>Middle</b>										
No. of buildings	2	2	2	2	2	2	2	2	2	2
Square feet	124,601	131,307	131,307	131,307	131,307	131,307	131,307	131,307	131,307	131,307
Capacity	896	950	950	950	950	950	950	950	950	950
Enrollment	804	757	764	741	751	722	708	669	666	671
<b>High</b>										
No. of buildings	1	1	1	1	1	1	1	1	1	1
Square feet	136,900	136,900	136,900	136,900	136,900	136,900	136,900	136,900	136,900	136,900
Capacity	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400	1,400
Enrollment	928	1,017	1,030	1,036	1,050	1,032	992	982	950	931
<b>Administration</b>										
No. of buildings	1	1	1	1	1	1	1	1	1	1
Square feet	42,290	42,290	42,290	42,290	42,290	42,290	42,290	42,290	42,290	42,290
Capacity	250	250	250	250	250	250	250	250	250	250
Enrollment	220	193	217	213	176	205	206	189	189	187

Source: District records

See accompanying independent auditor's report on financial statements  
and supplementary information.

**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**MISCELLANEOUS INFORMATION**

**SCHOOL DISTRICT**

The District currently operates the following facilities:

<u>Facility</u>	<u>Grades</u>	<u>Rated Capacity</u>	<u>Year of Original Construction</u>
Lynbrook High School	9-12	1400	1922
Lynbrook South Middle	6-8	550	1959
Lynbrook North Middle	6-8	400	1959
Marion Street School	1-5	600	1927
Waverly Park School	1-5	300	1953
West End School	1-5	600	1925
Kindergarten Center	K	250	1909

**STAFFING**

The District provides services with approximately 500 employees, represented by the following units of organized labor:

<u>Organization</u>	<u>Approx. Number of Employees</u>	<u>Term of Contract</u>
Administrators and supervisors	15	6/30/2016
Teachers' association	314	6/30/2015
Custodial unit	44	6/30/2014
Secretarial unit	32	6/30/2012
Teacher aides and assistants	61	6/30/2012
Monitors	27	6/30/2013

Source: District records

See accompanying independent auditor's report on financial statements  
and supplementary information.



**LYNBROOK UNION FREE SCHOOL DISTRICT**  
**MISCELLANEOUS INFORMATION**  
**(Continued)**

**TOWN OF HEMPSTEAD**

Date of Incorporation:	1643
Form of Government:	Supervisor Council Members
Land Area	142 Square Miles
Population:	762,000
Other:	65 Parks 22 Incorporated Villages 34 Unincorporated Villages

Source: Town Records

**LYNBROOK UNION FREE SCHOOL DISTRICT**

Date of Formation:	1897
Form of Government:	Elected Board of Education 7 Members 3 Year Term of Office
Land Area:	2.4 Square Miles
Population:	17,607

Source: District Records

See accompanying independent auditor's report on financial statements  
and supplementary information.