

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2011**

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**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
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Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

To the Board of Education  
Baldwinsville Central School District, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baldwinsville Central School District, New York, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Baldwinsville Central School District, New York, as of June 30, 2011, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2011 on our consideration of the Baldwinsville Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Baldwinsville Central School District's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive style.

October 3, 2011

**Baldwinsville Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2011. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-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 School District's financial statements, which immediately follow this section.

**Financial Highlights**

The District implemented GASB Statement No. 54 which modifies the fund balance of our governmental funds. Fund balance is now reported in four categories; nonspendable, restricted, assigned, and unassigned on our governmental fund balance sheet (page 15) with the specific detail of the new categories summarized in the footnotes (page 42).

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$42,227,450 (net assets) a decrease of \$6,111,350 from the prior year. The decrease was a result of recognizing a portion of the Employee Benefits Accrued Liability per GASB 45.

General revenues which include State and Federal Aid and Property Taxes accounted for \$88,010,188 or 92% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions accounted for \$7,644,271 or 8% of total revenues. The District reported \$3,238,172 in America Reinvestment and Recovery Act (ARRA) funds in which \$2,185,227 was reported in the General Fund and \$1,052,945 was reported in the Special Aid Fund.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$30,328,669, a decrease of \$3,861,254 in comparison with the prior year. The decrease was a result of the District spending funds on a current project approved by the voters in 2008.

**Overview of the Financial Statements**

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

*Government-Wide Financial Statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

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

### *Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains seven individual governmental funds; General Fund, 2008-09 Renovation Capital Project, Special Aid Fund, School Lunch Fund, Library Fund, Debt Service Fund and Other Capital Projects. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the debt service fund, and the 2008-09 renovation capital project which are reported as major funds. Data for the special aid fund, the school lunch fund, the library fund, and the other capital projects are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

**Major Feature of the District-Wide and Fund Financial Statements**

	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets Statement of changes in fiduciary net assets
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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, 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 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

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

**Government-Wide Statements**

The government-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 assets includes all the School District's assets and liabilities. 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 government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

**Financial Analysis of the School District As A Whole**

**Net Assets**

The District's combined net assets were smaller on June 30, 2011, than they were the year before, decreasing by 13% to \$42,227,450 as shown in table below.

	<b><u>Governmental Activities</u></b>		<b><u>Total Variance</u></b>
	<b><u>2011</u></b>	<b><u>2010</u></b>	
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 48,763,011	\$ 40,986,153	\$ 7,776,858
Capital Assets	71,144,828	67,984,996	3,159,832
<b>Total Assets</b>	<b><u>\$ 119,907,839</u></b>	<b><u>\$ 108,971,149</u></b>	<b><u>\$ 10,936,690</u></b>
<b><u>LIABILITIES:</u></b>			
Long-Term Debt Obligations	\$ 59,133,239	\$ 53,741,627	\$ 5,391,612
Other Liabilities	18,547,150	6,890,722	11,656,428
<b>Total Liabilities</b>	<b><u>\$ 77,680,389</u></b>	<b><u>\$ 60,632,349</u></b>	<b><u>\$ 17,048,040</u></b>
<b><u>NET ASSETS:</u></b>			
Invested in Capital Assets, Net of Related Debt Restricted For:	\$ 43,249,236	\$ 39,761,768	\$ 3,487,468
Capital Projects	1,895	1,362,084	(1,360,189)
Debt Service	27,440	15,351	12,089
Capital Reserve	2,238,709	2,228,379	10,330
Other Purposes	18,205,089	23,214,555	(5,009,466)
Unrestricted	(21,494,919)	(18,243,337)	(3,251,582)
<b>Total Net Assets</b>	<b><u>\$ 42,227,450</u></b>	<b><u>\$ 48,338,800</u></b>	<b><u>\$ (6,111,350)</u></b>

The District's financial position is the product of many factors.

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

There are four restricted net asset balances, Capital Projects, Debt Service, Capital Reserve, and Other Purposes. The remaining balance is unrestricted net assets which totals (\$21,494,919).



**Changes in Net Assets**

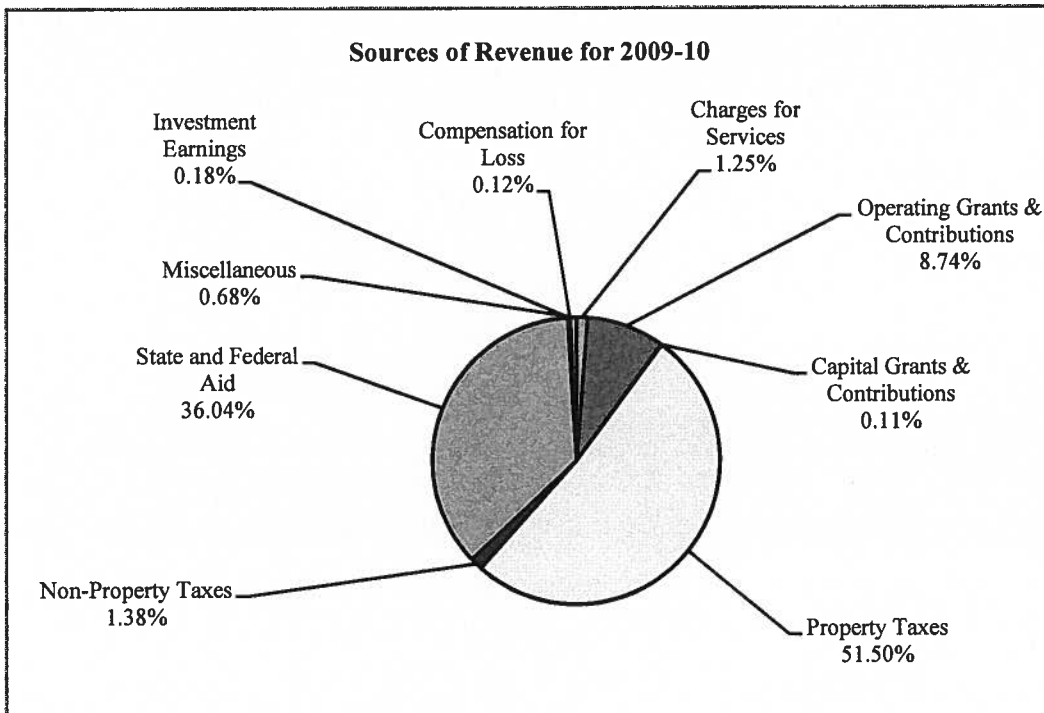
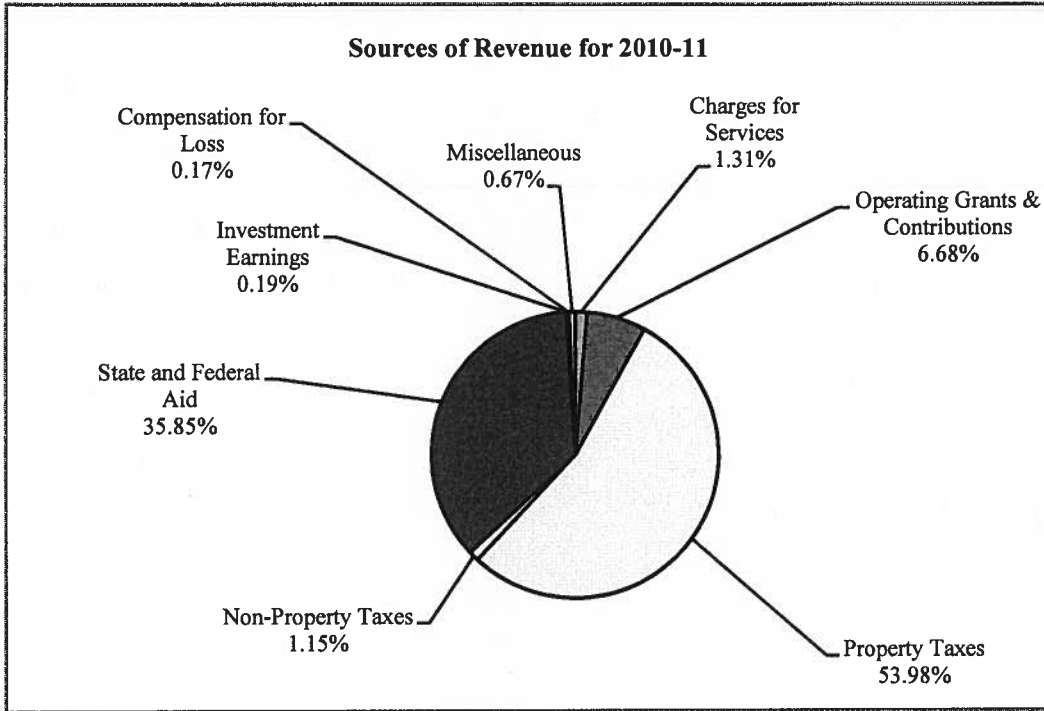
The District's total revenue decreased 3% to \$95,654,459. State and federal aid 36% and property taxes 54% accounted for most of the District's revenue. The remaining 10% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

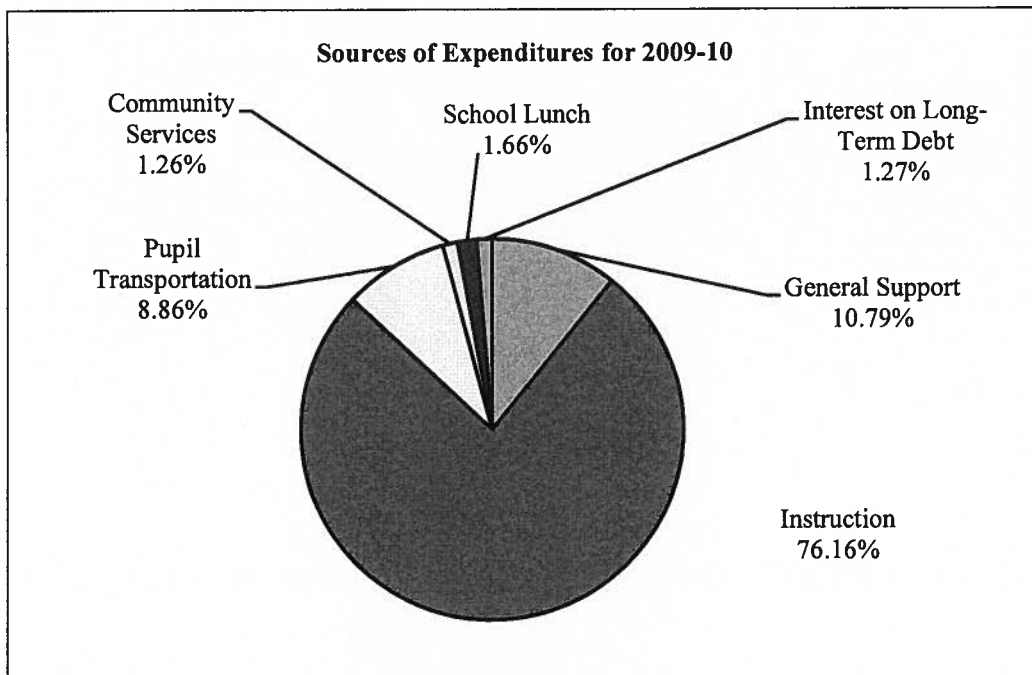
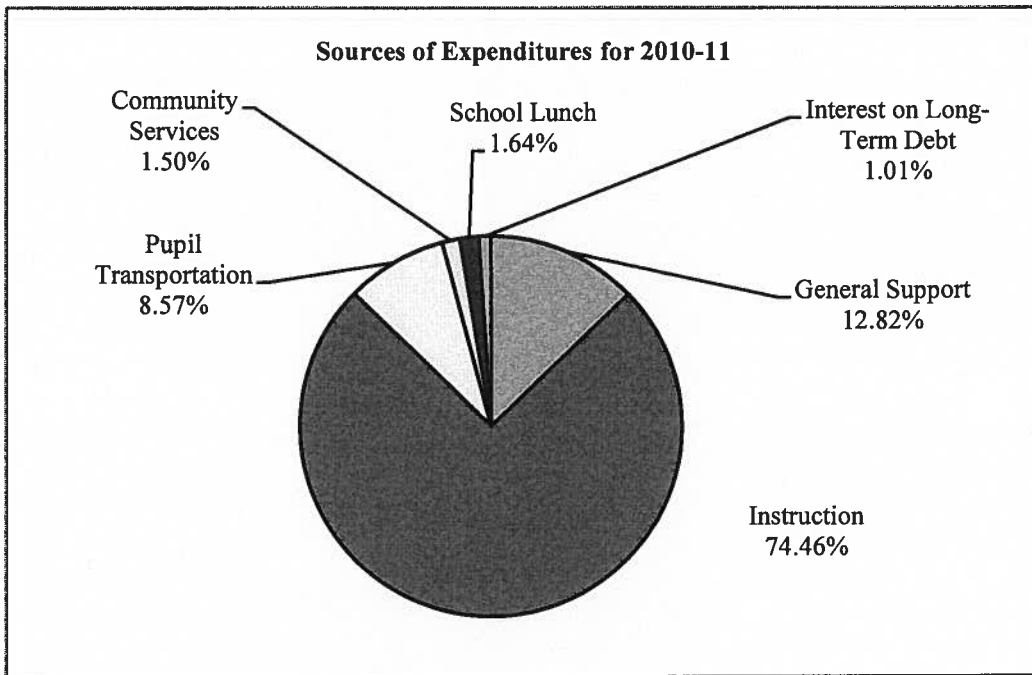
The total cost of all the programs and services increased 2% to \$101,765,809. The District's expenses are predominately related to education and caring for the students (Instruction) 74%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 13% of the total costs. See table below:

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2011</u>	<u>2010</u>	
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Services	\$ 1,252,262	\$ 1,236,943	\$ 15,319
Operating Grants & Contributions	6,392,009	8,656,138	(2,264,129)
Capital Grants & Contributions	-	108,349	(108,349)
Total Program	<u>\$ 7,644,271</u>	<u>\$ 10,001,430</u>	<u>\$ (2,357,159)</u>
<b><u>General -</u></b>			
Property Taxes	\$ 51,630,977	\$ 51,001,167	\$ 629,810
Non Property Taxes	1,101,356	1,371,103	(269,747)
State and Federal Aid	34,287,727	35,688,433	(1,400,706)
Investment Earnings	178,410	182,022	(3,612)
Compensation for Loss	160,891	122,705	38,186
Miscellaneous	650,827	669,157	(18,330)
Total General	<u>\$ 88,010,188</u>	<u>\$ 89,034,587</u>	<u>\$ (1,024,399)</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 95,654,459</u></b>	<b><u>\$ 99,036,017</u></b>	<b><u>\$ (3,381,558)</u></b>
<b><u>EXPENSES:</u></b>			
General Support	\$ 13,050,127	\$ 10,807,103	\$ 2,243,024
Instruction	75,770,019	76,249,948	(479,929)
Pupil Transportation	8,724,023	8,873,711	(149,688)
Community Services	1,529,158	1,261,927	267,231
School Lunch	1,666,747	1,657,481	9,266
Interest on Long-Term Debt	1,025,735	1,273,814	(248,079)
<b>TOTAL EXPENSES</b>	<b><u>\$ 101,765,809</u></b>	<b><u>\$ 100,123,984</u></b>	<b><u>\$ 1,641,825</u></b>
<b>INCREASE IN NET ASSETS</b>	<b><u>\$ (6,111,350)</u></b>	<b><u>\$ (1,087,967)</u></b>	<b><u>\$ (5,023,383)</u></b>

**Explanation**

Revenue received for services such as school lunch or breakfast  
 Revenue received from other agencies  
 Revenue received from other agencies for capital expenditures  
 Property taxes collected by the District  
 Sales taxes received from Onondaga County  
 Aid received from New York State and Federal Government  
 Earnings on deposits and investments  
 Revenue received for damage to or loss of District property  
 Revenue received from various sources which are not explained in other categories  
 Expenses associated with the operation, maintenance and administration of the District  
 Expenses associated with providing educational services to students  
 Expenses associated with providing transportation services to students  
 Expenses associated with providing community services  
 Expenses associated with providing lunch and breakfast for the District  
 Interest paid on serial bonds and BANs





**Financial Analysis of the School District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$30,328,669 which is less than last year's ending fund balance of \$34,189,923. A summary of the General Fund balance classifications is shown below:

<b><u>General Fund Balances:</u></b>	<b><u>Purpose</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Variance</u></b>
Nonspendable	Amounts that are not in a spendable form.	\$ 2,161,926	\$ -	\$ 2,161,926
Restricted (reserves detailed on pg. 42)	Amounts constrained to specific purposes.	20,420,131	25,442,934	(5,022,803)
Assigned	Amounts a government intends to use for a specific purpose.	6,878,207	2,592,587	4,285,620
Unassigned	Amounts that are available for school purposes pursuant to any Education Law restrictions.	3,421,107	3,746,781	(325,674)
<b>Total General Fund Balances</b>		<b><u>\$ 32,881,371</u></b>	<b><u>\$ 31,782,302</u></b>	<b><u>\$ 1,099,069</u></b>

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$3,604,719. This change is attributable to \$1,092,587 of carryover encumbrances from the 2009-10 school year and \$2,512,132 from the tax certiorari reserve.

The key factors for budget variances in the general fund are listed below along with explanations for each.

<b>Expenditure Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
General Support	\$1,962,869	The District amended the budget to allow for the expensing of a tax certiorari settlement.
Instruction	(\$516,637)	The District transferred money from Instruction to other areas of the budget.
Employee Benefits	\$1,044,906	The District transferred money into benefit codes to pay early retirement incentives.
<b>Revenue Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
Real Property Taxes and Tax Items	(\$439,920)	Onondaga County reduced its support of area school districts by talking back sales tax revenue.
Non-Property Taxes	(\$148,644)	A PILOT was discontinued when a company declared bankruptcy
Sale of Property and Compensation for Loss	\$152,891	Unbudgeted recoveries
Miscellaneous	\$275,429	Unbudgeted income – this occurs in revenue areas that are unpredictable from year to year.
State Sources	(\$289,488)	State aid was less than estimated when the budget was developed the prior year.
Federal Sources	(\$208,197)	Federal aid was less than estimated when the budget was developed the prior year.

<b>Expenditure Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
General Support	\$1,199,528	Expenses lower than originally anticipated in general support
Instruction	\$3,091,382	Expenses lower than originally anticipated in instruction.
Pupil Transportation	\$633,783	Expenses lower than originally anticipated in transportation.
Employee Benefits	\$3,942,708	District went to a self-insured health plan in 2010-11 and experienced lower costs. Also, as part of our fund balance management plan we also accrued a liability for retiree benefits which lowered health insurance expenses.
Debt Service-Interest	\$100,000	Did not use this budgeted amount in 2010-11 – no need for short term borrowing.
Operating Transfers-Out	\$685,908	Budget was higher than actual expenditures for debt service.

### Capital Asset and Debt Administration

#### Capital Assets

By the end of the 2010-11 fiscal year, the District had invested \$71,144,828 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,833,691	\$ 1,833,691
Buildings and Improvements	65,120,174	61,622,025
Machinery and Equipment	4,190,963	4,529,280
<b>Total</b>	<u><u>\$ 71,144,828</u></u>	<u><u>\$ 67,984,996</u></u>

#### Long-Term Debt

At year end, the District had \$59,133,239 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>Purpose</u>	<u>2011</u>	<u>2010</u>
Serial Bonds	To finance the District's capital improvements.	\$ 24,150,000	\$ 28,245,000
OPEB Liability	To account for health insurance benefits provided to employees upon retirement	32,184,079	22,420,714
Compensated Absences	To report the liability of the District's value of accumulated leave, such as vacation leave and sick leave, that is to be paid when employment is terminated.	2,799,160	3,075,913
<b>Total Long-Term Obligations</b>		<u><u>\$ 59,133,239</u></u>	<u><u>\$ 53,741,627</u></u>

### Factors Bearing on the District's Future

The District faces challenging budgets in future years. The State of New York has established a 2% property tax cap on municipal governments in the state – this includes school districts. There are some exceptions to this cap including increases in debt service and part of any increase in pension payments over 2%. A super majority, 60%, of the vote at our budget vote in May will be required to go over the 2% property tax cap. Meanwhile state government has not seen fit to ameliorate the mandates imposed upon school districts, instead a “study group” will make recommendations to the Governor as to which mandates should be reduced or rescinded. There are no members of this group who are in educational administration so one wonders if there will be any true mandate relief for school districts.

A mandate most affecting school districts is pension costs. The rates are set by the Comptroller and these rates are rising rapidly. The Employee's Pension System (ERS) is the pension plan for non-instructional employees. Baldwinsville CSD's cost for this in 2009-10 was \$822,312; in 2010-11 this was \$1,371,999. This is an increase of \$549,687. When we raise approximately \$480,000 for a 1% increase in our tax levy we can see that these types of increases can consume all of the 2% property taxes we are allowed under the cap. The Teachers Retirement System (TRS) increases have been similar in significance to ERS in recent years. These types of costs, which are not under the control of school districts, will increasingly challenge District budgets. While the state legislature has made some modifications to the system, these changes will take years to bring relief to school districts.

Another area which will affect our future budgets is the cost of health care. In 2010-11 the District went to a self-insured health insurance plan. We recently went through an RFP process to determine the vendor who will manage the drug part of our plan. We have met with some success in this area; we have kept health insurance cost increases down. For 2011-12 we are projecting a 4% to 8% increase in costs. This is opposed to double digit health insurance cost increases seen in other industries. We are also in negotiations with several of our employee bargaining units wherein we are working toward agreements that will further control such benefit costs in future years. Part of the issue of benefit costs is the historical nature of these benefits. The District and our labor unions have bargained in good faith for many years in developing the existing structure. Short of a sweeping government mandate it will take some time to alter this structure. While the federal government health care legislation purports to cut costs it remains to be seen how it will affect District health costs.

Another challenge we face is the loss of federal assistance money. In 2009-10 and 2010-11 we had the support of federal American Resource and Recovery Act (ARRA) monies. This is quite reduced for 2011-12; we will see \$1.8 million dollars in Federal Jobs money this coming year. In 2012-13 this money will be gone. For our 2012-13 budget development we are looking at a loss of that \$1.8 million in federal aid, a 2% property tax cap and increased costs in pension, employee benefits and salaries. An analysis of our 2010-11 general fund budget reveals that we produced a smaller amount of fund balance from operations than in prior years. This means that the pressure of budgeting has affected our ability to generate fund balance. In fact for 2011-12 we are planning on using \$6.3 million in fund balance to balance our approved budget. For a "regular" business this could be called shrinking margins. Our margin for error is shrinking when we do not generate fund balance from operations.

In the face of all the above challenges the District remains focused on providing excellent educational opportunities to the students in our schools. We continue working in all areas to be more efficient. For 2012-13 budget development we are conducting a feasibility study of our facilities with a focus on enrollments. We are also examining the methodology we use in transportation with a view toward efficiency as well. This might mean longer walks to bus stops for students but has the potential to free up budget for instruction. We are conducting a survey of students, staff and parents to solicit areas for improvement in both instruction and District management.

School districts in New York State place their budgets before their communities every year. At Baldwinsville Central School District it is expected that our budget be approved by the voters. We continue work to balance the instructional needs of our students and the ability of the community to absorb the cost for that instruction through their property taxes. A result of this effort is a fiscally stable and instructionally sound school district.

### **Contacting the School 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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Baldwinsville Central School District  
29 East Oneida Street Complex  
Baldwinsville, New York 13027  
Attn: Mr. James J. Rodems  
Assistant Superintendent for Management Services

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Net Assets**

**June 30, 2011**

	<b>Governmental <u>Activities</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 43,184,393
Investments	768,956
Accounts receivable	4,271,146
Inventories	49,116
Deferred expenditures	489,400
<b>Capital Assets:</b>	
Land	1,833,691
Other capital assets (net of depreciation)	69,311,137
<b>TOTAL ASSETS</b>	<b>\$ 119,907,839</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 1,965,839
Accrued liabilities	5,640,146
Deferred revenue	109,710
Due to other governments	1,807
Due to teachers' retirement system	3,403,012
Due to employees' retirement system	426,636
Bond anticipation notes payable	7,000,000
<b>Long-Term Obligations:</b>	
Due in one year	4,110,000
Due in more than one year	55,023,239
<b>TOTAL LIABILITIES</b>	<b>\$ 77,680,389</b>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 43,249,236
<b>Restricted For:</b>	
Capital projects	1,895
Debt service	27,440
Capital reserves	2,238,709
Other purposes	18,205,089
Unrestricted	(21,494,919)
<b>TOTAL NET ASSETS</b>	<b>\$ 42,227,450</b>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Activities**

**For Year Ended June 30, 2011**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
<u>Primary Government -</u>				<u>Governmental</u>
				<u>Activities</u>
General support	\$ 13,050,127	\$ -	\$ -	\$ (13,050,127)
Instruction	75,770,019	141,816	5,782,572	(69,845,631)
Pupil transportation	8,724,023	-	-	(8,724,023)
Community services	1,529,158	37,646	-	(1,491,512)
School lunch	1,666,747	1,072,800	609,437	15,490
Interest	1,025,735	-	-	(1,025,735)
<b>Total Primary Government</b>	<b><u>\$ 101,765,809</u></b>	<b><u>\$ 1,252,262</u></b>	<b><u>\$ 6,392,009</u></b>	<b><u>\$ (94,121,538)</u></b>

**General Revenues:**

Property taxes	\$ 51,630,977
Non property taxes	1,101,356
State and federal aid	34,287,727
Investment earnings	178,410
Compensation for loss	160,891
Miscellaneous	650,827
<b>Total General Revenues</b>	<b><u>\$ 88,010,188</u></b>
Changes in Net Assets	\$ (6,111,350)
<b>Net Assets, Beginning of Year</b>	<b><u>48,338,800</u></b>
<b>Net Assets, End of Year</b>	<b><u>\$ 42,227,450</u></b>



**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2011**

	<b>General</b>	<b>Debt</b>	<b>2008-09</b>	<b>Nonmajor</b>	<b>Total</b>
	<b>Fund</b>	<b>Service</b>	<b>Renovation</b>	<b>Governmental</b>	<b>Governmental</b>
<b>ASSETS</b>	<b>Fund</b>	<b>Fund</b>	<b>Capital</b>	<b>Funds</b>	<b>Funds</b>
			<b>Project</b>		
Cash and cash equivalents	\$ 38,225,848	\$ -	\$ 4,547,459	\$ 411,086	\$ 43,184,393
Investments	-	-	-	768,956	768,956
Receivables	3,006,245	-	-	1,264,901	4,271,146
Inventories	-	-	-	49,116	49,116
Due from other funds	1,213,912	27,440	-	5,138	1,246,490
Deferred expenditures	489,400	-	-	-	489,400
<b>TOTAL ASSETS</b>	<b>\$ 42,935,405</b>	<b>\$ 27,440</b>	<b>\$ 4,547,459</b>	<b>\$ 2,499,197</b>	<b>\$ 50,009,501</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities -</b>					
Accounts payable	\$ 654,232	\$ -	\$ 1,262,248	\$ 49,359	\$ 1,965,839
Accrued liabilities	5,490,773	-	-	36,565	5,527,338
Notes payable - bond anticipation notes	-	-	7,000,000	-	7,000,000
Due to other funds	-	-	52,575	1,193,915	1,246,490
Due to other governments	-	-	-	1,807	1,807
Due to TRS	3,403,012	-	-	-	3,403,012
Due to ERS	426,636	-	-	-	426,636
Deferred revenues	79,381	-	-	30,329	109,710
<b>TOTAL LIABILITIES</b>	<b>\$ 10,054,034</b>	<b>\$ -</b>	<b>\$ 8,314,823</b>	<b>\$ 1,311,975</b>	<b>\$ 19,680,832</b>
<b>Fund Balances -</b>					
Nonspendable	\$ 2,161,926	\$ -	\$ -	\$ 49,116	\$ 2,211,042
Restricted	20,420,131	27,440	-	23,667	20,471,238
Assigned	6,878,207	-	-	1,114,439	7,992,646
Unassigned	3,421,107	-	(3,767,364)	-	(346,257)
<b>TOTAL FUND BALANCE</b>	<b>\$ 32,881,371</b>	<b>\$ 27,440</b>	<b>\$ (3,767,364)</b>	<b>\$ 1,187,222</b>	<b>\$ 30,328,669</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 42,935,405</b>	<b>\$ 27,440</b>	<b>\$ 4,547,459</b>	<b>\$ 2,499,197</b>	

**Amounts reported for governmental activities in the Statement of Net Assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 71,144,828
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(112,808)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(24,150,000)
OPEB	(32,184,079)
Compensated absences	(2,799,160)
<b>Net Assets of Governmental Activities</b>	<b>\$ 42,227,450</b>

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For Year Ended June 30, 2011**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>2008-09 Renovation Capital Project</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes and tax items	\$ 50,312,206	\$ -	\$ -	\$ 1,318,771	\$ 51,630,977
Non-property taxes	1,101,356	-	-	-	1,101,356
Charges for services	141,816	-	-	37,646	179,462
Use of money and property	176,794	-	-	1,616	178,410
Sale of property and compensation for loss	160,891	-	-	-	160,891
Miscellaneous	455,429	-	-	104,160	559,589
State sources	34,179,696	-	-	571,472	34,751,168
Federal sources	2,191,803	-	-	3,706,349	5,898,152
Sales	-	-	-	1,072,800	1,072,800
Premium on obligations issued	-	643,885	-	-	643,885
<b>TOTAL REVENUES</b>	<b>\$ 88,719,991</b>	<b>\$ 643,885</b>	<b>\$ -</b>	<b>\$ 6,812,814</b>	<b>\$ 96,176,690</b>
<b>EXPENDITURES</b>					
General support	\$ 10,141,430	\$ 84,214	\$ -	\$ -	\$ 10,225,644
Instruction	45,433,620	-	-	3,675,962	49,109,582
Pupil transportation	5,783,990	-	-	19,075	5,803,065
Community services	-	-	-	1,259,908	1,259,908
Employee benefits	21,077,123	-	-	386,139	21,463,262
Debt service - principal	-	4,095,000	-	-	4,095,000
Debt service - interest	-	1,007,419	-	-	1,007,419
Cost of sales	-	-	-	738,431	738,431
Other expenses	-	-	-	632,482	632,482
Capital outlay	-	-	5,127,553	53,367	5,180,920
<b>TOTAL EXPENDITURES</b>	<b>\$ 82,436,163</b>	<b>\$ 5,186,633</b>	<b>\$ 5,127,553</b>	<b>\$ 6,765,364</b>	<b>\$ 99,515,713</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 6,283,828</b>	<b>\$ (4,542,748)</b>	<b>\$ (5,127,553)</b>	<b>\$ 47,450</b>	<b>\$ (3,339,023)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers - in	\$ -	\$ 5,077,068	\$ -	\$ 151,059	\$ 5,228,127
Operating transfers - out	(5,184,759)	-	-	(43,368)	(5,228,127)
Payment to refunded bond escrow agent	-	(6,932,231)	-	-	(6,932,231)
Proceeds from advanced refunding	-	6,410,000	-	-	6,410,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (5,184,759)</b>	<b>\$ 4,554,837</b>	<b>\$ -</b>	<b>\$ 107,691</b>	<b>\$ (522,231)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 1,099,069</b>	<b>\$ 12,089</b>	<b>\$ (5,127,553)</b>	<b>\$ 155,141</b>	<b>\$ (3,861,254)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>31,782,302</b>	<b>15,351</b>	<b>1,360,189</b>	<b>1,032,081</b>	<b>34,189,923</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 32,881,371</b>	<b>\$ 27,440</b>	<b>\$ (3,767,364)</b>	<b>\$ 1,187,222</b>	<b>\$ 30,328,669</b>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities**

**For Year Ended June 30, 2011**

**NET CHANGE IN FUND BALANCES -  
TOTAL GOVERNMENTAL FUNDS**

\$ (3,861,254)

Amounts reported for governmental activities in the Statement of Activities are different because:

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 following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:

Capital Outlay	\$ 5,180,920	
Addition of Assets, Net	653,561	
Depreciation	<u>(2,674,649)</u>	
		3,159,832

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Assets. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 4,095,000	
Proceeds from advanced refunding	(6,410,000)	
Deceased bonds	<u>6,410,000</u>	
		4,095,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (18,316)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (9,763,365)

In the Statement of Activities, vacation pay, teachers' retirement incentives and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>276,753</u>
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**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES**

\$ (6,111,350)

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**General Fund Statement of Revenues, Expenditures and Changes in Fund Equity**

**Budget and Actual**

**For Year Ended June 30, 2011**

	<b>Original Budget (Incl. Carryover Encumbrances)</b>	<b>Budget (Amended)</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Real property taxes and tax items	\$ 50,752,126	\$ 50,752,126	\$ 50,312,206	\$ (439,920)
Non-property taxes	1,250,000	1,250,000	1,101,356	(148,644)
Charges for services	118,500	118,500	141,816	23,316
Use of money and property	170,000	170,000	176,794	6,794
Sale of property and compensation for loss	8,000	8,000	160,891	152,891
Miscellaneous	180,000	180,000	455,429	275,429
State sources	34,469,184	34,469,184	34,179,696	(289,488)
Federal sources	2,400,000	2,400,000	2,191,803	(208,197)
<b>TOTAL REVENUES</b>	<b>\$ 89,347,810</b>	<b>\$ 89,347,810</b>	<b>\$ 88,719,991</b>	<b>\$ (627,819)</b>
<b>EXPENDITURES</b>				
General support	\$ 9,378,089	\$ 11,340,958	\$ 10,141,430	\$ 1,199,528
Instruction	49,041,639	48,525,002	45,433,620	3,091,382
Pupil transportation	6,406,779	6,417,773	5,783,990	633,783
Employee benefits	23,974,925	25,019,831	21,077,123	3,942,708
Debt service - interest	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 88,901,432</b>	<b>\$ 91,403,564</b>	<b>\$ 82,436,163</b>	<b>\$ 8,967,401</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 446,378</b>	<b>\$ (2,055,754)</b>	<b>\$ 6,283,828</b>	<b>\$ 8,339,582</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers - out	\$ (5,860,667)	\$ (5,870,667)	\$ (5,184,759)	\$ 685,908
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (5,860,667)</b>	<b>\$ (5,870,667)</b>	<b>\$ (5,184,759)</b>	<b>\$ 685,908</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (5,414,289)</b>	<b>\$ (7,926,421)</b>	<b>\$ 1,099,069</b>	<b>\$ 9,025,490</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>31,782,302</b>	<b>31,782,302</b>	<b>31,782,302</b>	<b>-</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 26,368,013</b>	<b>\$ 23,855,881</b>	<b>\$ 32,881,371</b>	<b>\$ 9,025,490</b>

Note: Since Budgets for the Special Revenue Funds are not legally adopted, they are not presented in this statement.

BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	<b>Scholarship Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 82,120	\$ 924,679
Receivables	-	20,585
<b>TOTAL ASSETS</b>	<b><u>\$ 82,120</u></b>	<b><u>\$ 945,264</u></b>
<b>LIABILITIES</b>		
Extraclassroom activity balances	\$ -	\$ 729,044
Other liabilities	-	216,220
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 945,264</u></b>
<b>NET ASSETS</b>		
Restricted for scholarships	<u>\$ 82,120</u>	
<b>TOTAL NET ASSETS</b>	<b><u>\$ 82,120</u></b>	

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

**For Year Ended June 30, 2011**

	<b>Scholarship Trust</b>
<b>ADDITIONS</b>	
Miscellaneous	\$ 98,666
<b>TOTAL ADDITIONS</b>	<b>\$ 98,666</b>
<b>DEDUCTIONS</b>	
Scholarships and donations	\$ 132,145
<b>TOTAL DEDUCTIONS</b>	<b>\$ 132,145</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (33,479)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>115,599</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 82,120</b>

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Notes To The Basic Financial Statements**

**June 30, 2011**

**I. Summary of Significant Accounting Policies:**

The financial statements of the Baldwinsville Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The Baldwinsville Central School 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 nine 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 have primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. 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 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 review 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. The cash and investment balances are reported in the Statement of Fiduciary Net Assets – Agency Funds of the District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office.

**2. Public Library**

The Public Library jointly shares the services of the District Treasurer, appoints trustees for library purposes, and has title to real property used by the Library.

**(I.) (Continued)**

**B. Joint Venture**

The District is a component of the Onondaga, Cortland-Madison Counties Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which 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 §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 §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §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 school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

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

**C. Basis of Presentation**

**1. Districtwide Statements**

The Statement of Net Assets 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 non-exchange 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 direct expenses and program 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. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.



2. **Fund Financial 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. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following funds:

a. **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.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

**2008-09 Renovation Capital Project** - Used to account for the acquisition construction or major repair of capital facilities.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

**Special Aid Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

**Public Library Fund** - Used to account for transactions of a library governed by a library Board of Trustees and supported by the general tax levy.

**Other Capital Projects** - Used to account for the acquisition construction or major repair of capital facilities.

c. **Fiduciary** - 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:

(I.) (Continued)

**Private Purpose Trust Funds** - These funds are used to account for trust arrangements in which principal and income benefits 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**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**1. Measurement Focus**

On the district-wide Statement of Net Assets and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net assets.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

**2. Basis of Accounting**

In the district -wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

( I. ) (Continued)

3. **Changes in Accounting Standards**

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District has implemented this statement as of July 1, 2010.

4. **Pending GASB Statements**

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which will be effective for the year ending June 30, 2012.

The GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 63, *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions- an amendment of GASB Statement No. 53*, which will be effective for the year ending June 30, 2012.

The District is currently studying these statements and plans on adoption as required.

E. **Assets, Liabilities, and Equity**

1. **Cash and Cash Equivalents / Investments**

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

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Investments are stated at cost, which approximates market value.

( I. ) (Continued)

2. **Receivables**

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.

3. **Inventory and Prepaid Items**

Inventories of food and/or supplies for school lunch 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 for other purposes are recorded as expenditures at the time of purchase.

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 are recorded as assets on the statement of net assets 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.

4. **Capital Assets - Property, Plant and Equipment**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the district-wide or fund financial statements.

a. **Government-Wide Statements**

In the district-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

b. **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**5. Deferred Revenue**

The District reports deferred revenue in its basic financial statements. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to resources, the liability for deferred revenue is removed and revenue is recognized.

**6. Short-Term Debt**

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 a BAN issued for capital purposes be converted to long-term financing within five years after the original issue date.

**7. 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 payable and compensated absences that will be paid from governmental funds are reported as a liability in the funds financial statements only to the extent that 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 Assets.

**8. Compensated Absences**

The 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.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

**(I.) (Continued)**

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.

**9. 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 coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

**10. Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general and school lunch funds and restricted fund balance in the capital fund. Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, district-wide capital improvement project and nonmajor funds.

**11. Equity Classifications**

**a. District-Wide Statements**

Equity is classified as net assets and displayed in three components:

- 1. Invested in capital assets, net of related debt** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2. Restricted net assets** - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- 3. Unrestricted net assets** - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

b. **Financial Statements – Fund Balance**

Beginning with the fiscal year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board delegates the authority.
4. **Unassigned fund balance** – Amounts that are available for school purposes pursuant to any Education Law restrictions. Any positive amounts are reported only in the general fund.

c. The following policies relate to GASB No. 54:

1. **Assigned fund balance** – The purchasing agent is responsible for all of the purchasing activities of the District and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (At year end, open purchase orders will therefore be designated as a component of the assigned fund balance.)

The Board of Education has the authority to assign fund balance for the purpose of tax reduction on an annual basis.

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the Board of Education and/or District voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.
3. **Order of fund balance** – The District’s policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.





**G. Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the district-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

**1. Fund Financial Statements**

Interfund activity, if any, within and among the governmental fund categories is reported as follows in the fund financial statements:

- a. **Interfund loan** – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- b. **Interfund transfers** – flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

**2. District-Wide Financial Statements**

Interfund activity and balances, if any, are eliminated or reclassified in the district-wide financial statements as follows:

- a. **Internal balances** – amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental columns of the Statement of Net Assets, except for the net residual amounts due between governmental funds.
- b. **Internal activities** – amounts reported as interfund transfers in the fund financial statements are eliminated in the district-wide Statement of Activities.

**H. Use of 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. Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

## **II. Stewardship, Compliance and Accountability:**

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

### **A. Budgetary Data**

#### **1. Budget Policies**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which 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 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 restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2010-11 fiscal year, the budget was increased by a \$2,512,132 appropriation from the tax certiorari reserve.

Budgets are established and used for individual capital projects fund 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.

New York State 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.

Budget(s) are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

### **B. Deposit and Investment Laws and Regulations**

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 the 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.

( II. ) (Continued)

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 Districts.

**C. Deficit Fund Balance – Capital Projects Fund**

The 2008-09 Renovation Capital Project had a deficit unassigned fund balance of \$3,767,364 at June 30, 2011, which is a result of bond anticipation notes which are used as a temporary means of financing capital projects. These proceeds are not recognized as revenue but merely serve to provide cash to meet expenditures. This results in the creation of a fund deficit which will remain until the notes are replaced by permanent financing (i.e., bonds, grants-in-aid, or redemption from current appropriations).

**III. Detail Notes on All Funds and Account Groups:**

**A. Cash and Cash Equivalents**

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		1,215,207
Collateralized within Trust department or agent		41,821,344
<b>Total</b>	<b>\$</b>	<b><u>43,036,551</u></b>

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 included \$4,571,126 within the governmental funds and \$82,120 in the fiduciary funds.

**B. Investments**

The District adopted the provisions of SFAS No. 157, *Fair Value Measurements*, which establishes a fair value hierarchy that defines three discrete "levels" of valuation techniques to determine the fair value of investments. Level 1 inputs consist of quoted (unadjusted) prices in active markets for identical assets at the measurement date, Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly, and Level 3 inputs are unobservable inputs and are to be used only if observable inputs are not available.

The District values investments in securities and securities sold short that are freely tradable and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

( III. ) ( Continued )

1. Investments – Fair Value Measurement

The District's investments are recorded at fair value and have been categorized based upon a fair value hierarchy in accordance with SFAS 157.

The following table presents information about the District's investments measured at fair value as of June 30, 2011:

	<u>2011</u>
	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>
MBIA NYCLASS	<u>\$ 768,956</u>

The following schedule summarizes the investment return and its classification for the year:

<u>Type</u>	<u>2011</u>
Interest/Dividends	<u>\$ 1,339</u>
<b>Total</b>	<u><b>\$ 1,339</b></u>

C. Receivables

Receivables at June 30, 2011 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Nonmajor Funds</u>	
Accounts Receivable	\$ 110,838	\$ -	\$ 9,925	\$ 120,763
Due From State and Federal	1,204,900	1,138,481	37,165	2,380,546
Due From Other Governments	1,690,507	79,330	-	1,769,837
<b>Total</b>	<u><b>\$ 3,006,245</b></u>	<u><b>\$ 1,217,811</b></u>	<u><b>\$ 47,090</b></u>	<u><b>\$ 4,271,146</b></u>

D. Participation in BOCES

During the year, the District was billed \$7,125,862 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,331,718.

( III. ) ( Continued )

**D. Interfund Receivables, Payables, Revenues and Expenditures**

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2011 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,213,912	\$ -	\$ -	\$ 5,184,759
Special Aid Fund	-	1,188,777	97,692	-
Library Fund	-	5,138	-	43,368
Debt Service Fund	27,440	-	5,077,068	-
Capital Fund	5,138	52,575	53,367	-
<b>Total government activities</b>	<b>\$ 1,246,490</b>	<b>\$ 1,246,490</b>	<b>\$ 5,228,127</b>	<b>\$ 5,228,127</b>

**E. Changes In Capital Assets**

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2011</u>
<b><u>Governmental Activities:</u></b>				
<b><u>Capital assets that are not depreciated -</u></b>				
Land	\$ 1,833,691	\$ -	\$ -	\$ 1,833,691
<i>Total Nondepreciable</i>	<u>\$ 1,833,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,833,691</u>
<b><u>Capital assets that are depreciated -</u></b>				
Buildings and improvements	\$ 90,083,654	\$ 5,180,020	\$ -	\$ 95,263,674
Machinery and equipment	12,695,442	654,461	(893,347)	12,456,556
<i>Total Depreciable</i>	<u>\$ 102,779,096</u>	<u>\$ 5,834,481</u>	<u>\$ (893,347)</u>	<u>\$ 107,720,230</u>
<b><u>Less accumulated depreciation -</u></b>				
Buildings and improvements	\$ 28,461,629	\$ 1,681,871	\$ -	\$ 30,143,500
Machinery and equipment	8,166,162	992,778	(893,347)	8,265,593
<i>Total accumulated depreciation</i>	<u>\$ 36,627,791</u>	<u>\$ 2,674,649</u>	<u>\$ (893,347)</u>	<u>\$ 38,409,093</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 66,151,305</u>	<u>\$ 3,159,832</u>	<u>\$ -</u>	<u>\$ 69,311,137</u>
<b>Total Capital Assets</b>	<b>\$ 67,984,996</b>	<b>\$ 3,159,832</b>	<b>\$ -</b>	<b>\$ 71,144,828</b>

Depreciation expense for the period was charged to functions/programs as follows:

**Governmental Activities:**

General government support	\$ 175,975
Instruction	1,572,640
Pupil transportation	917,760
School lunch	8,274
<b>Total Depreciation Expense</b>	<b>\$ 2,674,649</b>

( III. ) ( Continued )

F. Short-Term Debt

1. Bond Anticipation Notes

Liabilities for bond anticipation notes (BAN) are generally accounted for in the capital projects fund. The notes or renewal thereof may not extend more than two years beyond the original date of issue unless a portion is redeemed within two years and within each 12 month period thereafter.

State law requires that a BAN issued for capital purposes be retired or converted to a long-term obligation within five years after the original issue date. However, a BAN issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

2. Interest Reconciliation

A summary of the short-term interest expense as of June 30, 2011 is as follows:

Interest paid	\$ -
Plus: interest accrued in the current year	28,700
<b>Total interest expense</b>	<b>\$ 28,700</b>

3. Transactions in short-term debt for the year are summarized below:

	<u>Balance</u> <u>7/1/2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>6/30/2011</u>
BAN maturing 10/14/2011 at 1.00%	\$ -	\$ 7,000,000	\$ -	\$ 7,000,000
<b>Total Short-Term Debt</b>	<b>\$ -</b>	<b>\$ 7,000,000</b>	<b>\$ -</b>	<b>\$ 7,000,000</b>

G. Long-Term Debt

At June 30, 2011 the total outstanding obligations of the District aggregated \$59,133,239 as follows:

1. Serial Bonds

The District, borrows money in order to acquire land, high cost equipment, to construct buildings and improvements, and for infrastructure development and maintenance. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are supported by the full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

( III. ) (Continued)

2. Interest Reconciliation

A summary of the long-term interest expense as of June 30, 2011 is as follows:

Interest paid	\$ 1,007,419
<u>Less: interest accrued in the prior year</u>	<u>(94,492)</u>
<u>Plus: interest accrued in the current year</u>	<u>84,108</u>
<b>Total interest expense</b>	<b><u><u>\$ 997,035</u></u></b>

3. Other Long-Term Obligations

In addition to long-term bonded debt the District had the following other obligations:

Compensated Absences - represents the value of earned and unused vacation leave and compensatory time.

OPEB Liability- represents health insurance benefits provided to employees upon retirement.

4. Summary of Debt

The following is a summary of obligations outstanding at June 30, 2011:

	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Due Within</u> <u>One Year</u>	<u>Due Within</u> <u>More Than</u> <u>One Year</u>
<u>Governmental Activities:</u>						
<u>Bonds and Notes Payable -</u>						
Serial Bonds	\$ 28,245,000	\$ 6,410,000	\$ 10,505,000	\$ 24,150,000	\$ 4,110,000	\$ 20,040,000
<u>Other Liabilities -</u>						
Compensated Absences	\$ 3,075,913	\$ -	\$ 276,753	\$ 2,799,160	\$ -	\$ 2,799,160
OPEB	22,420,714	9,763,365	-	32,184,079	-	32,184,079
<b>Total Long-Term Obligations</b>	<b><u><u>\$ 53,741,627</u></u></b>	<b><u><u>\$ 16,173,365</u></u></b>	<b><u><u>\$ 10,781,753</u></u></b>	<b><u><u>\$ 59,133,239</u></u></b>	<b><u><u>\$ 4,110,000</u></u></b>	<b><u><u>\$ 55,023,239</u></u></b>

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

( III. ) (Continued)

5. Debt Maturity Schedule

The following is a statement of bonds with corresponding maturity schedules:

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2011</u>
<b>Serial Bonds -</b>				
Construction	2004	2014	2.50%-3.50%	\$ 570,000
Construction	2002	2014	2.25%-4.37%	3,480,000
Construction	2003	2019	3.375%-4.000%	7,385,000
Construction	2004	2019	3.00%-5.00%	7,110,000
Refunding	2010	2018	2.50%-5.00%	5,605,000
<b>Total Serial Bonds</b>				<b><u>\$ 24,150,000</u></b>

6. The following table summarizes the District's future debt service requirements as of June 30, 2011:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2011-12	\$ 4,110,000	\$ 975,625
2012-13	3,475,000	825,494
2013-14	3,585,000	699,281
2014-15	2,560,000	556,525
2015-16	2,670,000	456,375
2016-19	7,750,000	669,700
<b>Total</b>	<b><u>\$ 24,150,000</u></b>	<b><u>\$ 4,183,000</u></b>

On November 4, 2010, the District issued \$6,410,000 in general obligation bonds with an average interest rate of 3.66% to advance refund \$6,420,000 of outstanding serial bonds with an average interest rate of 3.98%. The net proceeds of \$6,932,231 (including a premium of \$616,445 and after payment of \$94,214 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The District advance refunded the bonds to revise its payment schedules due to changes in New York State's aid payment schedules. The economic gain (loss on the transaction (the difference between the present value of the debt service payments on the old and new debt) is approximately \$134,717.

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$2,450,000 of bonds outstanding are considered defeased.



( III. ) (Continued)

H. **Fund Balances/Net Assets**

1. **Fund Balances**

a. **Nonspendable**

The District has the following nonspendable funds:

**Nonspendable Inventory** - is used to restrict that portion of fund balance which is not available for appropriation because the funds are in nonspendable form.

**Nonspendable Prepaid Items** - The District has prepaid various items and the cash is no longer available therefore those funds are nonspendable.

**Nonspendable Long-Term Receivable** – The District has loaned funds to the school lunch for operations. It is unlikely that those funds will be repaid in this next fiscal year therefore those funds are considered to be nonspendable.

b. **Restricted**

Currently, New York State laws still use the terminology reserves and Districts are only allowed to use reserves authorized by law. The District currently utilizes the following reserves which are classified as restricted funds:

**Unemployment Insurance Reserve** - as allowed by General Municipal Law Section 6-m, is 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 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. This reserve is accounted for in the General Fund.

**Retirement Contribution Reserve** - as allowed by General Municipal Law Section 6-ris used for the purpose of 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.

**Tax Certiorari Reserve** - as allowed by Education Law Section 3651.1-a is used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which 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 proceeding 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. The reserve is accounted for in the General Fund.

**Capital Reserve** - 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 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. The Reserve is accounted for in the General Fund.

- A. Established pursuant to voter authorization in May 2000 with a probable term of twenty years and ultimate funding which shall not exceed \$4,000,000. The ultimate funding was increased by the voters in May 2003 to \$5,000,000. As of June 30, 2011 the District has fully funded this reserve. The reserve is accounted for in the General Fund. The balance at June 30, 2011 is \$2,238,709 (inclusive of interest).

**Liability Reserve** - as allowed by Education Law Sections 1709.8-c and 1950.4cc, is used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except a city school district with a population greater than 125,000. This reserve is accounted for in the General Fund.

**Reserve for Debt** - as allowed by General Municipal Law Section 6-1, is used for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

( III. ) (Continued)

**Employee Benefit Accrued Liability Reserve** - as allowed by General Municipal Law Section 6-p, is used to reserve funds for the payment of accrued employee benefits due to 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. The reserve is accounted for in the General Fund.

**c. Assigned**

The District has the following assigned funds:

- |                     |                           |
|---------------------|---------------------------|
| General Fund –      | 1. Appropriated for Taxes |
|                     | 2. Encumbrances           |
| School Lunch Fund – | 1. Year End Equity        |
| Library Fund –      | 1. Year End Equity        |

Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Significant encumbrances for the general fund, management has determined that amounts in excess of \$52,000 are considered significant and are summarized below:

- Computer equipment at \$55,800 and estimated retroactive pay costs of \$200,000.

The remaining funds do not have encumbrances that are considered significant.

**d. Unassigned**

Unassigned funds include the residual classification for the District's general fund and all spendable amounts not contained in other classifications.

( III. ) (Continued)

The following table summarizes the District's fund balance according to the descriptions above:

	<u>General</u> <u>Fund</u>	<u>2008-09</u> <u>Renovation</u> <u>Capital</u> <u>Project</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>School</u> <u>Lunch</u> <u>Fund</u>	<u>Library</u> <u>Fund</u>	<u>Other</u> <u>Capital</u> <u>Projects</u>	<u>Total</u>
<b>FUND BALANCE:</b>							
<u>Nonspendable -</u>							
Inventory	\$ -	\$ -	\$ -	\$ 49,116	\$ -	\$ -	\$ 49,116
Prepaid Items	489,400	-	-	-	-	-	489,400
Long-Term Receivable	1,672,526	-	-	-	-	-	1,672,526
<b>Total Nonspendable</b>	<b>\$ 2,161,926</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 49,116</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,211,042</b>
<u>Restricted -</u>							
Construction of Capital Assets	\$ 2,238,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,238,709
Transportation	-	-	-	-	-	23,667	23,667
Unemployment Costs	827,116	-	-	-	-	-	827,116
Retirement Contribution	7,218,372	-	-	-	-	-	7,218,372
Tax certiorari	2,520,754	-	-	-	-	-	2,520,754
Debt Liability	-	-	27,440	-	-	-	27,440
2,810,994	-	-	-	-	-	-	2,810,994
Employee Benefits Accrued Liability	4,804,186	-	-	-	-	-	4,804,186
<b>Total Restricted</b>	<b>\$ 20,420,131</b>	<b>\$ -</b>	<b>\$ 27,440</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,667</b>	<b>\$ 20,471,238</b>
<u>Assigned -</u>							
Appropriated for Taxes	\$ 6,364,790	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,364,790
Board of Education	1,910	-	-	-	-	-	1,910
Central Administration	1,770	-	-	-	-	-	1,770
Finance	14,222	-	-	-	-	-	14,222
Staff	9,160	-	-	-	-	-	9,160
Central Services	28,258	-	-	-	-	-	28,258
Special Items	3,994	-	-	-	-	-	3,994
Instruction, Administration, and Improvement	400	-	-	-	-	-	400
Teaching-Regular School Programs for Children with Handicapped Conditions	51,370	-	-	-	-	-	51,370
Occupational Education	70,766	-	-	-	-	-	70,766
Instructional Media	1,250	-	-	-	-	-	1,250
Pupil Services	82,428	-	-	-	-	-	82,428
Pupil Transportation	27,651	-	-	-	-	-	27,651
Benefits	18,429	-	-	-	-	-	18,429
Library	201,809	-	-	-	-	-	201,809
School Lunch	-	-	-	-	511,577	-	511,577
602,862	-	-	-	602,862	-	-	602,862
<b>Total Assigned</b>	<b>\$ 6,878,207</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 602,862</b>	<b>\$ 511,577</b>	<b>\$ -</b>	<b>\$ 7,992,646</b>
<u>Unassigned -</u>	<u>\$ 3,421,107</u>	<u>\$ (3,767,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (346,257)</u>
<b>TOTAL FUND BALANCE</b>	<b>\$ 32,881,371</b>	<b>\$ (3,767,364)</b>	<b>\$ 27,440</b>	<b>\$ 651,978</b>	<b>\$ 511,577</b>	<b>\$ 23,667</b>	<b>\$ 30,328,669</b>

( III. ) (Continued)

2. Net Assets - Restricted for Other Purposes

Represents those amounts which have been restricted by enabling legislation or Board of Education Resolutions.

	<u>Total</u>
Unemployment Costs	\$ 827,116
Transportation	23,667
Retirement Contribution	7,218,372
Tax Certiorari	2,520,754
Liability	2,810,994
Employee Benefits Accrued Liability	4,804,186
<b>Total Net Assets - Restricted for Other Purposes</b>	<b><u>\$ 18,205,089</u></b>

The District appropriated \$4,864,790 from the above reserves for the 2011-12 budget.

IV. Other Notes:

A. Employee Pension and Other Benefit Plans

1. Pension Plans

a. General Information

The District participates in the New York State and Local Employees' Retirement System (NYSERS), and the New York State Teachers' Retirement System (NYSTRS). These Systems 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.

b. 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, Albany, NY 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

**c. Funding Policies**

The Systems are noncontributory for the employee, except for those who joined the systems after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. 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 an actuarially determined rate. The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2011	\$ 3,094,436	\$ 1,301,401
2010	\$ 2,249,700	\$ 889,340
2009	\$ 2,910,970	\$ 833,818

**2. Other Postemployment Benefits – District-Wide**

*Plan Description*

In addition to providing pension benefits described in Note IV, the District provides post-employment medical and prescription drug benefits (OPEB) for retirees, spouses, and their covered dependents through the District's Postemployment Health Care Benefits Program (Plan). The benefits, benefit levels, employee contributions and employer contributions are governed by the District and can be amended by the District through its union contracts. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan.

*Funding Policy*

The District currently pays for health care benefits on a pay-as-you-go basis. Once New York State Law allows for the establishment of a trust to fund and invest assets necessary to pay for the accumulated liability, the District will study the establishment of such a trust. These financial statements assume that pay-as-you-go funding will continue.

*Annual OPEB Cost and Net OPEB Obligation*

The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and 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 actuarial 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 by governmental activities:

( IV. ) (Continued)

Annual required contribution	\$ 13,957,735
Interest on net OPEB obligation	896,829
Adjustment to annual required contribution	<u>(1,293,782)</u>
Annual OPEB cost (expense)	\$ 13,560,782
Contributions made	<u>3,797,417</u>
Increase in net OPEB obligation	\$ 9,763,365
Net OPEB obligation - beginning of year	<u>22,420,714</u>
<b>Net OPEB obligation - end of year</b>	<b><u><u>\$ 32,184,079</u></u></b>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2011 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2009	\$ 13,439,725	17.50%	\$ 11,109,769
6/30/2010	\$ 14,164,392	20.15%	\$ 22,420,714
6/30/2011	\$ 13,560,782	28.00%	\$ 32,184,079

*Funded Status and Funding Progress*

As of June 30, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$129,754,652, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$129,754,652. The covered payroll (annual payroll of active employees covered by the plan) was \$48,366,213, and the ratio of the UAAL to the covered payroll was 268.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the 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 is presented as required supplemental information following the notes to the financial statements.

*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 includes 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.

( IV. ) (Continued)

<b>Actuarial Valuation Date June 30,</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability (AAL) Entry-Age Normal</b>	<b>(3) Funded Ratio (1) / (2)</b>	<b>(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)</b>	<b>(5) Active Members Covered Payroll</b>	<b>(6) UAAL As a Percentage of Covered Payroll (4) / (5)</b>
2009	\$ -	\$ 119,173,175	0.00%	\$ 119,173,175	\$ 48,957,042	243.4%
2010	\$ -	\$ 127,997,176	0.00%	\$ 127,997,176	\$ 49,476,187	258.7%
2011	\$ -	\$ 129,754,652	0.00%	\$ 129,754,652	\$ 48,366,213	268.3%

In the June 30, 2011 actuarial valuation, the projected unit credit method was used. The discount rate used was 4%. Because the plan is unfunded, reference to the general assets was considered in the selections of the four percent rate. The valuation assumes a 7% medical cost trend for 2011, reduced by decrements to a rate of 6.60% after five years. The remaining amortization period at June 30, 2011 was twenty-seven years.

**B. Risk Management**

**1. General Information**

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. 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 three years.

**2. Workers' Compensation**

The District is a member of the Onondaga Cortland-Madison Workers' Compensation Consortium (the Plan). Current membership of the Plan includes participants from various municipal entities. The Plan is administered by Onondaga Cortland-Madison BOCES and utilizes a third party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2011, the District incurred premiums or contribution expenditures totaling \$498,172.



(IV.) (Continued)

3. **Major Medical**

The District self insures for major medical coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. They have also purchased stop-loss insurance for any major medical claims which exceed 125% of expected total claims. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic social factors.

A reconciliation of the claims recorded for 2011 is as follows:

		<b><u>2011</u></b>
Beginning liabilities	\$	-
Incurred claims		8,798,050
Claims payments		<u>(5,948,050)</u>
Ending liabilities	\$	<u><u>2,850,000</u></u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2011	\$ 8,798,050	\$ 5,948,050

4. **Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2010-11 fiscal year totaled \$153,232. The balance of the fund at June 30, 2011 was \$827,116 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2011, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

C. **Commitments and Contingencies**

1. **Litigation**

There are tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims are undeterminable at this time.

**( IV. ) ( Continued )**

**2.     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.

**D.     Subsequent Events**

On September 1, 2011, the District issued bus Serial Bonds in the amount of \$881,108 with interest rates of 1.25% to 2.00% which will mature September 1, 2016.

**BALDWINSVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Combining Balance Sheet - Nonmajor Governmental Funds**

**June 30, 2011**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Aid Fund	School Lunch Fund	Library Fund	Other Capital Projects	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,287	\$ 293,950	\$ 89,182	\$ 23,667	\$ 411,086
Investments	-	302,761	466,195	-	768,956
Receivables	1,217,811	37,165	9,925	-	1,264,901
Inventories	-	49,116	-	-	49,116
Due from other funds	-	-	-	5,138	5,138
<b>TOTAL ASSETS</b>	<b><u>\$ 1,222,098</u></b>	<b><u>\$ 682,992</u></b>	<b><u>\$ 565,302</u></b>	<b><u>\$ 28,805</u></b>	<b><u>\$ 2,499,197</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b><u>Liabilities -</u></b>					
Accounts payable	\$ 16,162	\$ -	\$ 28,059	\$ 5,138	\$ 49,359
Accrued liabilities	11,509	4,528	20,528	-	36,565
Due to other funds	1,188,777	-	5,138	-	1,193,915
Due to other governments	-	1,807	-	-	1,807
Deferred revenues	5,650	24,679	-	-	30,329
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,222,098</u></b>	<b><u>\$ 31,014</u></b>	<b><u>\$ 53,725</u></b>	<b><u>\$ 5,138</u></b>	<b><u>\$ 1,311,975</u></b>
<b><u>Fund Balances -</u></b>					
Nonspendable	\$ -	\$ 49,116	\$ -	\$ -	\$ 49,116
Restricted	-	-	-	23,667	23,667
Assigned	-	602,862	511,577	-	1,114,439
<b>TOTAL FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ 651,978</u></b>	<b><u>\$ 511,577</u></b>	<b><u>\$ 23,667</u></b>	<b><u>\$ 1,187,222</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,222,098</u></b>	<b><u>\$ 682,992</u></b>	<b><u>\$ 565,302</u></b>	<b><u>\$ 28,805</u></b>	<b><u>\$ 2,499,197</u></b>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**For Year Ended June 30, 2011**

	<u>Special Revenue Funds</u>				<b>Total Nonmajor Governmental Funds</b>
	<b>Special Aid Fund</b>	<b>School Lunch Fund</b>	<b>Library Fund</b>	<b>Other Capital Projects</b>	
<b>REVENUES</b>					
Real property taxes and tax items	\$ -	\$ -	\$ 1,318,771	\$ -	\$ 1,318,771
Charges for services	-	-	37,646	-	37,646
Use of money and property	-	599	1,017	-	1,616
Miscellaneous	30,416	12,508	61,236	-	104,160
State sources	520,038	34,547	16,887	-	571,472
Federal sources	3,046,891	574,890	84,568	-	3,706,349
Sales	-	1,072,800	-	-	1,072,800
<b>TOTAL REVENUES</b>	<b>\$ 3,597,345</b>	<b>\$ 1,695,344</b>	<b>\$ 1,520,125</b>	<b>\$ -</b>	<b>\$ 6,812,814</b>
<b>EXPENDITURES</b>					
Instruction	\$ 3,675,962	\$ -	-	\$ -	\$ 3,675,962
Pupil transportation	19,075	-	-	-	19,075
Community services	-	-	1,259,908	-	1,259,908
Employee benefits	-	199,418	186,721	-	386,139
Cost of sales	-	738,431	-	-	738,431
Other expenses	-	632,482	-	-	632,482
Capital outlay	-	-	-	53,367	53,367
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,695,037</b>	<b>\$ 1,570,331</b>	<b>\$ 1,446,629</b>	<b>\$ 53,367</b>	<b>\$ 6,765,364</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (97,692)</b>	<b>\$ 125,013</b>	<b>\$ 73,496</b>	<b>\$ (53,367)</b>	<b>\$ 47,450</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers - in	\$ 97,692	\$ -	\$ -	\$ 53,367	\$ 151,059
Operating transfers - out	-	-	(43,368)	-	(43,368)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 97,692</b>	<b>\$ -</b>	<b>\$ (43,368)</b>	<b>\$ 53,367</b>	<b>\$ 107,691</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ -</b>	<b>\$ 125,013</b>	<b>\$ 30,128</b>	<b>\$ -</b>	<b>\$ 155,141</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>-</b>	<b>526,965</b>	<b>481,449</b>	<b>23,667</b>	<b>1,032,081</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 651,978</b>	<b>\$ 511,577</b>	<b>\$ 23,667</b>	<b>\$ 1,187,222</b>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**GENERAL FUND**

**Analysis of Change from Original Budget to Revised Budget**

**For Year Ended June 30, 2011**

<b>Original Budget</b>		\$ 93,669,512
<b>Additions:</b>		
Budget revisions	\$ 2,512,132	
Encumbrances	<u>1,092,587</u>	
<b>Total Additions</b>		<u>3,604,719</u>
<b>Revised Budget</b>		<u><u>\$ 97,274,231</u></u>

**GENERAL FUND**

**Analysis of Use of Fund Balance as of the**

**Beginning of Year Ended June 30, 2011**

<b>A909 Fund Balance as of Beginning of Year (Unreserved)</b>		\$ 5,246,781
<b>Less:</b>		
A599 appropriated fund balance used for levy of taxes	<u>\$ 1,500,000</u>	
<b>Total A599 Appropriated Fund Balance</b>		<u>1,500,000</u>
<b>Fund Balance (Undesignated)</b>		<u><u>\$ 3,746,781</u></u>

BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

Schedule of Project Expenditures

June 30, 2011

Project Title	Original Appropriation	Revised Appropriation	Prior Year's	Expenditures		Unexpended Balance	Obligations	Methods of Financing		Fund Balance
				Current Year	Total			Local Sources	Total	
Bus Purchase 2007-08	\$ 1,226,000	\$ 1,224,105	\$ 1,224,105	\$ -	\$ 1,224,105	\$ -	\$ -	\$ 1,226,000	\$ 1,226,000	\$ 1,895
Bus Purchase 2008-09	1,100,000	1,078,228	1,078,228	-	1,078,228	-	1,100,000	-	1,100,000	21,772
2010-11 Library Project	50,000	53,367	-	53,367	53,367	-	-	53,367	53,367	-
2008-09 Renovation	26,000,000	26,000,000	1,639,811	5,127,553	6,767,364	19,232,636	-	3,000,000	3,000,000	(3,767,364)
<b>TOTAL</b>	<b>\$ 28,376,000</b>	<b>\$ 28,355,700</b>	<b>\$ 3,942,144</b>	<b>\$ 5,180,920</b>	<b>\$ 9,123,064</b>	<b>\$ 19,232,636</b>	<b>\$ 1,100,000</b>	<b>\$ 4,279,367</b>	<b>\$ 5,379,367</b>	<b>\$ (3,743,697)</b>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of General Fund Revenues and Expenditures - Budget and Actual**

**For Year Ended June 30, 2011**

	<u>Original</u>	<u>Amended</u>	<u>Current</u>	<u>Over (Under)</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Revised</u>
			<u>Revenues</u>	<u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 39,757,714	\$ 39,757,714	\$ 39,692,622	\$ (65,092)
Real property tax items	10,994,412	10,994,412	10,619,584	(374,828)
Non-property taxes	1,250,000	1,250,000	1,101,356	(148,644)
Charges for services	118,500	118,500	141,816	23,316
Use of money and property	170,000	170,000	176,794	6,794
Sale of property and compensation for loss	8,000	8,000	160,891	152,891
Miscellaneous	180,000	180,000	455,429	275,429
<b>State Sources -</b>				
Basic formula	24,704,561	24,704,561	21,568,315	(3,136,246)
Lottery aid	6,000,000	6,000,000	8,373,538	2,373,538
BOCES	3,265,167	3,265,167	3,331,718	66,551
Textbooks	370,063	370,063	357,422	(12,641)
<b>All Other Aid -</b>				
Computer software	90,512	90,512	191,100	100,588
Library loan	38,881	38,881	37,481	(1,400)
Sound basic aid	-	-	305,360	305,360
Other aid	-	-	14,762	14,762
<b>Federal Sources</b>	<u>2,400,000</u>	<u>2,400,000</u>	<u>2,191,803</u>	<u>(208,197)</u>
<b>TOTAL REVENUES</b>	<u>\$ 89,347,810</u>	<u>\$ 89,347,810</u>	<u>\$ 88,719,991</u>	<u>\$ (627,819)</u>
 Appropriated Fund Balance	 <u>\$ 4,321,702</u>	 <u>\$ 7,926,421</u>		
 <b>TOTAL REVENUES AND</b>				
<b>APPROPRIATED FUND BALANCE</b>	<u><u>\$ 93,669,512</u></u>	<u><u>\$ 97,274,231</u></u>		

BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of General Fund Revenues and Expenditures - Budget and Actual

For Year Ended June 30, 2011

	Original <u>Budget</u>	Amended <u>Budget</u>	Current Year's <u>Expenditures</u>	<u>Encumbrances</u>	Unencumbered <u>Balances</u>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	\$ 33,900	\$ 42,029	\$ 34,447	\$ 1,910	\$ 5,672
Central administration	258,384	258,384	242,688	1,770	13,926
Finance	856,687	866,422	729,207	14,222	122,993
Staff	740,974	795,500	739,793	9,160	46,547
Central services	6,584,298	6,144,678	5,274,959	28,258	841,461
Special items	846,813	3,233,945	3,120,336	3,994	109,615
<b>Instructional</b>					
Instruction, administration and improvement	3,891,055	3,379,714	2,968,133	400	411,181
Teaching - regular school	29,139,928	29,224,245	27,679,585	51,370	1,493,290
Programs for children with handicapping conditions	8,634,190	8,575,397	8,051,425	70,766	453,206
Occupational education	787,028	787,456	786,206	1,250	-
Teaching - special schools	106,430	110,149	96,828	-	13,321
Instructional media	2,214,075	2,384,162	2,098,614	82,428	203,120
Pupil services	3,893,501	4,063,879	3,752,829	27,651	283,399
<b>Pupil transportation</b>	<b>5,746,657</b>	<b>6,417,773</b>	<b>5,783,990</b>	<b>18,429</b>	<b>615,354</b>
<b>Employee benefits</b>	<b>23,974,925</b>	<b>25,019,831</b>	<b>21,077,123</b>	<b>201,809</b>	<b>3,740,899</b>
<b>Debt service - interest</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 87,808,845</b>	<b>\$ 91,403,564</b>	<b>\$ 82,436,163</b>	<b>\$ 513,417</b>	<b>\$ 8,453,984</b>
<b>Other Uses</b>					
Interfund transfers - out	\$ 5,860,667	\$ 5,870,667	\$ 5,184,759	\$ -	\$ 685,908
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$ 93,669,512</b>	<b>\$ 97,274,231</b>	<b>\$ 87,620,922</b>	<b>\$ 513,417</b>	<b>\$ 9,139,892</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>					
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,099,069</b>		



**BALDWINVILLE CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
Title IV - Drug Free Schools	84.186	N/A	0180-11-2130	\$ 6,496
Title IV - Drug Free Schools	84.186	N/A	0180-10-2130	10,271
Title IIA - Teacher Training	84.367	N/A	0147-11-2130	127,945
Title IIA - Teacher Training	84.367	N/A	0147-10-2130	123,799
<b><u>Educational Technology State Grants Cluster -</u></b>				
Education Technology State Grants (Enhancing Education through Technology Program)	84.318	N/A	0292-10-2130	3,415
<b><u>State Fiscal Stabilization Fund Cluster -</u></b>				
SFSF - Mentor Program - ARRA	84.397	N/A	5663-11-0051	12,914
SFSF - Education State Grants - ARRA	84.394	N/A	5000-11-2130	2,185,227
<b><u>Title I, Part A Cluster -</u></b>				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-11-2130	495,550
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-10-2130	4,681
Title I - Grants to Local Educational Agencies - ARRA	84.389	N/A	5021-11-2130	222,564
Title I - Grants to Local Educational Agencies - ARRA	84.389	N/A	5021-10-2130	2,138
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-11-0648	1,173,736
Special Education - Grants to States (IDEA, Part B) - ARRA	84.391	N/A	5032-11-0648	788,036
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-11-0648	48,053
Special Education - Preschool Grants (IDEA Preschool) - ARRA	84.392	N/A	5033-11-0648	27,293
<b>Total U.S. Department of Education</b>				<b><u>\$ 5,232,118</u></b>
<b><u>U.S. Department of Agriculture:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department (Child Nutrition Services) -</u></b>				
<b><u>Nutrition Cluster -</u></b>				
National School Lunch Program	10.555	N/A	006720	\$ 403,809
National School Breakfast Program	10.553	N/A	006720	40,177
Summer Food Service Program	10.559	N/A	006720	12,607
<b><u>Non-Cash Assistance -</u></b>				
<b><u>Passed Through NYS Office of General Services (Division of Donated Foods) -</u></b>				
Surplus Food Distribution	10.550	N/A	L007	118,297
<b>Total U.S. Department of Agriculture</b>				<b><u>\$ 574,890</u></b>
<b><u>U.S. Department of Commerce:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
Broadband Tech Opportunity - ARRA	11.557	N/A	5603-10-1003	\$ 84,568
<b>Total U.S. Department of Commerce</b>				<b><u>\$ 84,568</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 5,891,576</u></b>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of Investment in Capital Assets, Net of Related Debt**

**For Year Ended June 30, 2011**

<b>Capital assets, net</b>		<b>\$ 71,144,828</b>
<b>Add:</b>		
Unspent bond proceeds	<u>\$ 21,772</u>	21,772
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ 4,110,000	
Long-term portion of bonds payable	20,040,000	
Assets purchased with short-term financing	<u>3,767,364</u>	<u>27,917,364</u>
Investment in capital assets, net of related debt		<u><u>\$ 43,249,236</u></u>

**BALDWINVILLE CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of Certain Revenues and Expenditures Compared to ST-3 Data**

**For Year Ended June 30, 2011**

	<b>Account</b>		<b>ST-3</b>		<b>Audited</b>
<b><u>REVENUES</u></b>	<b><u>Code</u></b>		<b><u>Amount</u></b>		<b><u>Amount</u></b>
Property Taxes	A-1001	\$	39,692,622	\$	39,692,622
Non-Property Taxes	AT-1199	\$	1,101,356	\$	1,101,356
State Sources	AT-3999	\$	34,179,696	\$	34,179,696
Federal Sources	AT-4999	\$	2,191,803	\$	2,191,803
Total Revenues and Other Sources	AT-5999	\$	88,719,991	\$	88,719,991
<b><u>EXPENDITURES</u></b>					
General Support	AT-1999	\$	10,141,430	\$	10,141,430
Pupil Transportation	AT-5599	\$	5,783,990	\$	5,783,990
Total Expenditures and Other Uses	AT-9999	\$	87,620,922	\$	87,620,922

**Raymond F. Wager, CPA, P.C.**  
**Certified Public Accountants**

**Shareholders:**

**Raymond F. Wager, CPA**  
**Thomas J. Lauffer, CPA**  
**Thomas C. Zuber, CPA**

Members of  
American Institute of  
Certified Public Accountants  
and  
New York State Society of  
Certified Public Accountants

**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  
Baldwinsville Central School District, New York

We have audited the financial statements of Baldwinsville Central School District as of and for the year ended June 30, 2011, and have issued our report thereon dated October 3, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

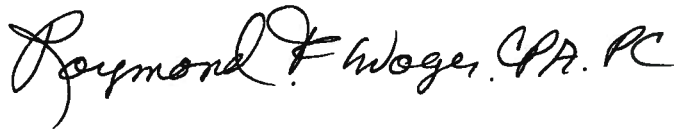
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

## Compliance and Other Matters

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

We noted certain matters that we reported to the management of Baldwinsville Central School District in a separate letter dated October 3, 2011.

This report is intended solely for the information and use of the audit committee, management, Board of Education and the Federal Awarding Agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive style.

October 3, 2011