

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2012

WITH INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education of the
Mount Pleasant 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 Mount Pleasant Central School District, New York ("School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

O'CONNOR DAVIES, LLP

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

September 27, 2012

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

Introduction

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

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2012 are as follows:

- At the end of the last fiscal year 2010-2011, the total fund balance of the General Fund was \$6,898,778 and the restricted fund balance was \$3,565,662, the assigned fund balance was \$1,280,118, and the unassigned fund balance was \$2,052,998. At the end of the current fiscal year the fund balance was \$8,105,398 and the restricted balance was \$5,869,590, the assigned fund balance was \$198,418, and the unassigned fund balance was \$2,037,390. New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated from the subsequent year's budget. The increase in fund balance, \$1,206,620, was primarily due to controlling expenditures while maintaining revenues. Expenditures overall were \$2.2 million less than the final budget.

There were significant savings in central services, special items, special education instruction, transportation, employee benefits and debt service. In central services, the District was able to significantly reduce legal fees and the cost of plant operations. Specifically, efficiencies were realized in custodial overtime and utilities. In the area of special items, refunds of tax certioraris which were anticipated to be settled in the 2011-2012 fiscal year have been deferred to subsequent years, for which reserves have been established. In special education, we continued several programs within our curriculum so that we did not incur the planned tuition and transportation costs of outside programs. In transportation, we continued to redesign bus routes to create greater efficiency, which resulted in substantial savings in contract transportation and fuel costs. In employee benefits, we realized savings in unemployment benefits and other miscellaneous employee fringe benefits costs. Finally, we refinanced serial bonds to obtain lower interest rates which generated significant savings for the District.

Our revenues exceeded the anticipated amount due to an increase in tuition received from other districts. Several districts participate in a consortium with a reduced tuition rate. There were a greater number of students attending our programs in the current year from districts not participating in this consortium, therefore paying a higher tuition rate.

As a result of controlling expenditures and increased revenues, the fund balance was significantly improved for the sixth year in a row, which in turn allowed the District to increase the reserves for future tax certiorari settlements.

- On the district-wide financial statements, the liabilities of the School District exceeded assets by \$2,127,636. Of this amount, the unrestricted portion is a deficit of \$16,758,977. This deficit results from the payment of tax certioraris that were financed through long-term borrowings and the recognition of the other post employment benefit obligations ("OPEB") as required under the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45. The GASB is charged with developing the accounting rules that apply to governments, including school districts and BOCES. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. GASB Statement No. 45 establishes standards for an accrual based measurement and recognition of OPEB expenses over periods that approximate employees' years of active service, as well as the required note disclosures. For the year ending June 30, 2012, the School District's OPEB obligations of \$10,169,684 are reflected as a liability on the district-wide financial statements, and accordingly were a major factor in the decrease in total net assets.

Overview of the Financial Statements

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

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.
 - The *statement of net assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
 - The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
 - The *governmental activities* of the School District include instruction, pupil transportation, cost of food sales, interest, other and general administrative support.

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

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains five individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, and Capital Projects Fund. The General and Capital Projects funds are considered major funds and 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 these funds. The remaining funds are non-major and their information is aggregated and presented in a single column as other governmental funds.
- The School District adopts 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 respective budget.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

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

Notes to the Financial Statements

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

District-Wide Financial Analysis

This is the sixth year for district-wide financial statements using the full accrual basis of accounting; therefore a comparison with prior years is available.

As noted earlier, net assets may serve over time as a useful indicator of the School District's financial position. In the case of the Mount Pleasant Central School District, New York, liabilities exceeded assets by \$2,127,636 at the close of the current fiscal year.

Net Assets

	June 30,	
	2012	2011
Current Assets	\$ 12,210,077	\$ 10,511,301
Capital Assets, net	26,159,559	26,515,242
Total Assets	38,369,636	37,026,543
Current Liabilities	3,455,145	3,039,696
Long-term Liabilities	37,028,726	36,323,899
Total Liabilities	40,483,871	39,363,595
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	8,492,332	7,630,242
Restricted for:		
Capital Projects	386,957	470,299
Tax Certiorari	4,679,777	2,387,629
Debt service	542,853	537,478
Unemployment Benefits	166,635	164,985
Retirement Contribution	177,497	175,740
Special Purposes	55,180	57,278
School Lunch	130,110	120,545
Unrestricted	(16,758,977)	(13,881,248)
Total Net Assets	\$ (2,127,636)	\$ (2,337,052)

Those assets subject to external restrictions constitute \$6,139,009 of the total net assets. The balance of unrestricted net assets, a deficit of (\$16,758,977) is related to financed tax certioraris and recognition of OPEB expenses in accordance with GASB Statement No. 45.

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Changes in Net Assets

	Year Ended June 30,	
	2012	2011
Revenues:		
Program Revenues:		
Charges for Services	\$ 819,563	\$ 721,017
Operating Grants and Contributions	1,256,980	1,313,459
Capital Grants and Contributions	19,617	5,322
Total Program Revenues	2,096,160	2,039,798
General Revenues:		
Real Property Taxes	38,528,609	36,935,726
Other Tax Items	5,578,366	5,592,905
Non-Property Taxes	617,419	635,863
Unrestricted Use of Money and Property	21,084	40,350
Sale of Property and Compensation for Loss	802	17,194
Unrestricted State Aid	4,353,390	4,891,364
Unrestricted Federal aid	-	212,223
Miscellaneous	278,772	252,779
Total General Revenues	49,378,442	48,578,404
Total Revenues	51,474,602	50,618,202
Program Expenses:		
General Support	6,572,172	6,503,283
Instruction	40,778,634	40,518,826
Pupil Transportation	2,406,921	2,493,481
Community Services	12,889	-
Cost of Food Sales	431,713	359,884
Other	6,945	7,353
Interest	1,055,912	1,243,035
Total Expenses	51,265,186	51,125,862
Change in Net Assets	209,416	(507,660)
Net Assets - Beginning	(2,337,052)	(1,829,392)
Net Assets - Ending	\$ (2,127,636)	\$ (2,337,052)

The major changes are as follows:

Revenues:

- Real property taxes increased by \$1,592,883. This was a result of a higher tax levy associated with the 2011-12 school budget.
- Other tax items include the reimbursement received from the School Tax Relief Reimbursement Program (STAR). The STAR Program provides tax relief to homeowners through New York State reimbursement to the District.
- The previous year \$212,223 of Unrestricted Federal Aid represented a one-time allocation of Education Stabilization Funds through the ARRA program.

Expenses:

- Instruction expenses increased \$259,808 due primarily to increased contractual salary obligations.
- Interest expense decreased due to the refunding of a bond in the current year.

Financial Analysis of the School District's Funds

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

Governmental Funds

The focus of the School District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the School District's financing requirements.

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$8,105,398. The fund balance includes \$2,037,390 for the unassigned fund balance. For the sixth year in a row, the District has managed both 2011-2012 budget revenues and expenditures (excluding certioraris) to be better than budgeted. For the 2011-2012 fiscal year, revenues exceeded budgetary estimates by \$102,581 and expenditures were \$2,107,849 less than the final budget, inclusive of encumbrances of \$198,418. This budgetary control contributed to the increase in fund balance.

Capital Assets

At June 30, 2012, the School District had \$26,159,559 net of accumulated depreciation invested in capital assets, including land, improvements other than buildings, buildings and improvements and machinery and equipment. The change in capital assets is reflected below.

	June 30,	
	2012	2011
Land	\$ 1,632,800	\$ 1,632,800
Improvements Other than Buildings	6,262	7,402
Buildings and Improvements	24,286,170	24,625,158
Machinery and Equipment	234,327	249,882
Total Capital Assets, net of Accumulated Depreciation	<u>\$ 26,159,559</u>	<u>\$ 26,515,242</u>

The statement of capital assets reflects the asset categories net of accumulated depreciation. More detailed information about the School District's capital assets is presented in the notes to the financial statements.

Long-Term Debt

At June 30, 2012, the School District has \$37,028,726 in general obligation and other debt outstanding, as follows:

	June 30,	
	2012	2011
Bonds Payable	\$ 26,516,633	\$ 28,275,000
Compensated Absences	342,409	333,662
Other Post Employment benefit Obligations Payable	10,169,684	7,715,237
	<u>\$ 37,028,726</u>	<u>\$ 36,323,899</u>

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

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Mt. Pleasant Central School District
Attn: Lisa Sanfilippo
Director of Business Administration
825 Westlake Drive
Thornwood, New York 10594**

Results for information

The financial report is designed to provide a general overview of the School District's financial position for all those with an interest in the School District's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mr. Pleasant Central School District
Attn: Lisa Sembrino
Director of Business Administration
325 Westlake Drive
Thermon, New York 10984

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MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Cash and equivalents	\$ 10,531,914
Receivables:	
Accounts	19,756
State and Federal aid	1,197,717
Due from other governments	332,009
Inventories	276
Deferred charges	128,405
Capital assets (net of accumulated depreciation):	
Not being depreciated	1,914,270
Being depreciated, net	24,245,289
	<hr/>
Total Assets	38,369,636

LIABILITIES

Accounts payable	230,614
Accrued liabilities	137,268
Due to other governments	246
Retainages payable	13,400
Unearned revenues	58,866
Due to retirement systems	2,963,633
Accrued interest payable	64,519
Non-current liabilities:	
Due within one year:	2,019,000
Due in more than one year:	35,009,726
	<hr/>
Total Liabilities	40,497,272

NET ASSETS (DEFICIENCY)

Invested in capital assets, net of related debt	8,492,331
Restricted for:	
Tax certiorari	4,679,777
Unemployment benefits	166,635
Debt service	542,853
Retirement contribution	177,497
Capital projects	386,957
School lunch	130,110
Special purposes	55,180
Unrestricted	(16,758,976)
	<hr/>
Total Net Deficiency	\$ (2,127,636)

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

STATEMENT OF NET ASSETS

JUNE 30, 2012

ASSETS	
Current investments	1,000,000
Receivables	10,000
Accounts	10,000
State and Federal aid	10,000
Due from other governments	10,000
Investments	10,000
Deferred charges	10,000
Grants, assets (net of accumulated depreciation)	10,000
Prepaid expenses	10,000
Other assets	10,000
Total Assets	1,250,000
LIABILITIES	
Accounts payable	10,000
Accrued liabilities	10,000
Due to other governments	10,000
Refundable deposits	10,000
Unearned revenues	10,000
Due to other systems	10,000
Accrued interest payable	10,000
Long-term liabilities	10,000
Due within one year	10,000
Due in more than one year	10,000
Total Liabilities	1,000,000
NET ASSETS (DEFICIT)	
Unrestricted capital assets	10,000
Restricted capital assets	10,000
Restricted -	10,000
Tax revenues	10,000
Unrestricted revenues	10,000
Gifts	10,000
Retention of funds	10,000
Capital projects	10,000
School fund	10,000
Other purposes	10,000
Unrestricted	10,000
Total Net Assets	250,000

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General support	\$ 6,572,172	\$ 11,596	\$ 87,863	\$ 14,242	\$ (6,458,471)
Instruction	40,778,634	435,732	1,214,592	-	(39,128,310)
Pupil transportation	2,406,921	-	-	-	(2,406,921)
Community services	12,889	-	-	-	(12,889)
Cost of food sales	431,713	372,235	81,296	-	21,818
Other	6,945	-	4,847	-	(2,098)
Interest	1,055,912	-	-	5,375	(1,050,537)
Total Governmental Activities	<u>\$ 51,265,186</u>	<u>\$ 819,563</u>	<u>\$ 1,388,598</u>	<u>\$ 19,617</u>	<u>(49,037,408)</u>

General Revenues:

Real property taxes	38,528,609
Other tax items -	
School tax relief reimbursement	5,578,366
Non-property taxes -	
Non-property tax distribution from County	617,419
Unrestricted use of money and property	21,084
Sale of property and compensation for loss	802
Unrestricted State aid	4,221,772
Miscellaneous	278,772

Total General Revenues 49,246,824

Change in Net Assets 209,416

Net Assets - Beginning of Year (2,337,052)

Net Assets - Ending \$ (2,127,636)

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General	Capital Projects
ASSETS		
Cash and Equivalents	\$ 10,363,003	\$ -
Receivables:		
Accounts	18,758	-
State and Federal aid	385,890	14,242
Due from other governments	332,009	-
Due from other funds	723,651	393,107
Inventories	-	-
Total Assets	<u>\$ 11,823,311</u>	<u>\$ 407,349</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 199,897	\$ 6,992
Accrued liabilities	134,143	-
Retainage payable	-	13,400
Due to other governments	-	-
Due to other funds	412,170	-
Deferred revenues	8,070	-
Due to retirement systems	2,963,633	-
Total Liabilities	<u>3,717,913</u>	<u>20,392</u>
Fund Balances:		
Nonspendable	-	-
Restricted	5,869,590	386,957
Assigned	198,418	-
Unassigned	2,037,390	-
Total Fund Balances	<u>8,105,398</u>	<u>386,957</u>
Total Liabilities and Fund Balances	<u>\$ 11,823,311</u>	<u>\$ 407,349</u>

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

Special Aid	Other Governmental	Total Governmental Funds
\$ -	\$ 168,911	\$ 10,531,914
-	998	19,756
795,068	2,517	1,197,717
-	-	332,009
36,605	19,063	1,172,426
-	276	276
<u>\$ 831,673</u>	<u>\$ 191,765</u>	<u>\$ 13,254,098</u>

\$ 21,418	\$ 2,307	\$ 230,614
3,125	-	137,268
-	-	13,400
-	246	246
760,256	-	1,172,426
46,874	3,922	58,866
-	-	2,963,633
<u>831,673</u>	<u>6,475</u>	<u>4,576,453</u>

-	276	276
-	55,180	6,311,727
-	129,834	328,252
-	-	2,037,390
-	185,290	8,677,645
<u>\$ 831,673</u>	<u>\$ 191,765</u>	<u>\$ 13,254,098</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

Fund Balances - Total Governmental Funds

\$ 8,677,645

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.

26,159,559

Governmental funds report the effects of issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.

128,405

Deferred charges

Long-term liabilities that are not due and payable in the current
period are not reported in the funds.

Accrued interest payable

(64,519)

Bonds payable

(26,516,633)

Compensated absences

(342,409)

Other post employment benefit obligations payable

(10,169,684)

(37,093,245)

Net Assets of Governmental Activities

\$ (2,127,636)

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

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

	General	Capital Projects	Special Aid	Other Governmental
REVENUES				
Real property taxes	\$ 38,528,609	\$ -	\$ -	\$ -
Other tax items	5,578,366	-	-	-
Non-property taxes	617,419	-	-	-
Charges for services	435,732	-	-	-
Use of money and property	68,336	-	-	142
Sale of property and compensation for loss	802	-	-	-
State aid	4,519,264	14,242	129,026	5,173
Federal aid	42,699	-	681,502	76,018
Food sales	-	-	-	372,235
Miscellaneous	336,354	-	63,873	4,810
Total Revenues	50,127,581	14,242	874,401	458,378
EXPENDITURES				
Current:				
General support	5,041,593	-	-	-
Instruction	28,102,422	-	926,511	-
Pupil transportation	2,406,921	-	-	-
Community services	12,889	-	-	-
Employee benefits	10,129,453	-	-	-
Cost of food sales	-	-	-	443,966
Other	-	-	-	6,945
Debt service:				
Principal	1,915,000	-	-	-
Interest	1,060,573	-	-	-
Refunding bond issuance costs	-	134,520	-	-
Capital outlay	-	297,584	-	-
Total Expenditures	48,668,851	432,104	926,511	450,911
Excess (Deficiency) of Revenues Over Expenditures	1,458,730	(417,862)	(52,110)	7,467
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	7,145,000	-	-
Issuance premium	-	190,004	-	-
Payment to refunded bond escrow agent	-	(7,200,484)	-	-
Transfers in	100,000	300,000	52,110	-
Transfers out	(352,110)	(100,000)	-	-
Total Other Financing Sources (Uses)	(252,110)	334,520	52,110	-
Net Change in Fund Balances	1,206,620	(83,342)	-	7,467
Fund Balances - Beginning of Year	6,898,778	470,299	-	177,823
Fund Balances - End of Year	\$ 8,105,398	\$ 386,957	\$ -	\$ 185,290

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

Total
Governmental

\$ 38,528,609
5,578,366
617,419
435,732
68,478

802
4,667,705
800,219
372,235
405,037

51,474,602

5,041,593
29,028,933
2,406,921
12,889
10,129,453
443,966
6,945

1,915,000
1,060,573
134,520
297,584

50,478,377

996,225

7,145,000
190,004

(7,200,484)
452,110
(452,110)

134,520

1,130,745

7,546,900

\$ 8,677,645

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**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012**

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

Net Change in Fund Balances - Total Governmental Funds \$ 1,130,745

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since capital outlay includes amounts under the capitalization threshold. This is the amount by which depreciation expense exceeded capital outlay in the current period.

Capital outlay	304,200
Depreciation expense	<u>(659,883)</u>
	<u>(355,683)</u>

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

Refunding bonds issued	(7,145,000)
Issuance premium	(190,004)
Payment to refunded bond escrow agent	7,200,484
Refunding bond issuance costs	134,520
Principal paid on bonds	1,915,000
Amortization of issuance costs, premium and loss on refunding bonds	<u>(28,228)</u>
	<u>1,886,772</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest	10,776
Compensated absences	(8,747)
Other post employment benefit obligations	<u>(2,454,447)</u>
	<u>(2,452,418)</u>

Change in Net Assets of Governmental Activities \$ 209,416

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND SPECIAL AID FUNDS
YEAR ENDED JUNE 30, 2012

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 38,606,134	\$ 38,606,134	\$ 38,528,609	\$ (77,525)
Other tax items	5,578,366	5,578,366	5,578,366	-
Non-property taxes	600,000	600,000	617,419	17,419
Charges for services	270,000	270,000	435,732	165,732
Use of money and property	100,000	100,000	68,336	(31,664)
Sale of property and compensation for loss	5,500	5,500	802	(4,698)
State aid	4,600,000	4,600,000	4,519,264	(80,736)
Federal aid	10,000	10,000	42,699	32,699
Miscellaneous	255,000	255,000	336,354	81,354
Total Revenues	50,025,000	50,025,000	50,127,581	102,581
EXPENDITURES				
Current:				
General support	5,008,314	6,105,408	5,041,593	1,063,815
Instruction	29,502,007	28,954,772	28,102,422	852,350
Pupil transportation	2,603,664	2,550,092	2,406,921	143,171
Community services	-	13,100	12,889	211
Employee benefits	10,787,700	10,278,313	10,129,453	148,860
Debt service:				
Principal	1,860,000	1,915,038	1,915,000	38
Interest	1,213,433	1,158,395	1,060,573	97,822
Total Expenditures	50,975,118	50,975,118	48,668,851	2,306,267
Excess (Deficiency) of Revenues Over Expenditures	(950,118)	(950,118)	1,458,730	2,408,848
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
Transfers out	(430,000)	(430,000)	(352,110)	77,890
Total Other Financing Sources (Uses)	(330,000)	(330,000)	(252,110)	77,890
Net Change in Fund Balances	(1,280,118)	(1,280,118)	1,206,620	2,486,738
Fund Balances - Beginning of Year	1,280,118	1,280,118	6,898,778	5,618,660
Fund Balances - End of Year	\$ -	\$ -	\$ 8,105,398	\$ 8,105,398

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

Special Aid Fund			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
120,000	129,026	129,026	-
778,785	772,383	681,502	(90,881)
24,773	87,352	63,873	(23,479)
923,558	988,761	874,401	(114,360)
-	-	-	-
1,053,558	1,118,761	926,511	192,250
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,053,558	1,118,761	926,511	192,250
(130,000)	(130,000)	(52,110)	77,890
130,000	130,000	52,110	(77,890)
-	-	-	-
130,000	130,000	52,110	(77,890)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2012

ASSETS

Cash - Demand deposits

LIABILITIES

Accounts Payable

Deposits

Student Activity Funds

Total Liabilities

Agency
Fund

\$ 73,217

\$ 5,814

2,000

65,403

\$ 73,217

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies

The Mount Pleasant Central School District, New York ("School District") as presently constituted, was established in 1912 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

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

A. Financial Reporting Entity

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

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

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined by Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

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

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

C. Fund Financial Statements

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

Fund Categories

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

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

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

- b. **Fiduciary Funds** (Not Included in District-Wide Statements) - Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for payroll tax withholdings that are payable to other jurisdictions.

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. A ninety day availability period is used for revenue recognition for all other governmental fund revenues. Property taxes associated with the current fiscal period as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual

Note 1 - Summary of Significant Accounting Policies (Continued)

and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities and Net Assets or Fund Balances**Deposits and Risk Disclosure**

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

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

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

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

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are levied and payable in September and January. The towns included in the levy are responsible for the billing and collection of the taxes. The towns guarantee the full payment of the School District warrant and assume responsibility for uncollected taxes.

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2012, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

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

Deferred Charges - Deferred charges in government-wide financial statements represent the unamortized portion of the cost of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Improvements Other than Buildings	20
Buildings and Improvements	50
Machinery and Equipment	5-20

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

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Deferred revenues in fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported deferred revenues of \$8,070 for amounts received in advance for various programs in the General Fund, \$3,922 in the School Lunch Fund for prepaid lunch cards and \$46,874 for State and Federal aid received in advance in the Special Aid Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

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

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

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

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

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

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or

Note 1 - Summary of Significant Accounting Policies (Continued)

they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

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

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

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

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

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

F. Encumbrances

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

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 1 - Summary of Significant Accounting Policies (Continued)

G. Use of Estimates

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

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 27, 2012.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

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

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the voters reject the budget, the Board of Education may resubmit the budget to the voters only once in revised form or as originally issued. The Board may also elect to adopt a contingent budget without voter approval. The contingent budget includes all expenditures needed to provide the minimum services legally required. Total spending under a contingency budget cannot increase by more than 4% or 120% of the Consumer Price Index, whichever is lower. In addition, the administrative budget segment, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of either (1) the comparable percentage of the prior year's budget or (2) the comparable percentage of the last defeated budget (See Note 5).

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) Formal budgetary integration is employed during the year as a management control device for General and Special Aid funds.
- g) Budgets for General and Special Aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Special Purpose funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

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

B. Limitation on Unreserved Fund Balance

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

Note 3 - Detailed Notes on All Funds**A. Due From/To Other Funds**

The balances reflected as due from/to other funds at June 30, 2012 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 723,651	\$ 412,170
Capital Projects	393,107	-
Special Aid	36,605	760,256
Other Governmental	19,063	-
	<u>\$ 1,172,426</u>	<u>\$ 1,172,426</u>

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

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012**Note 3 - Detailed Notes on All Funds (Continued)****B. Capital Assets**

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

Class	Balance July 1, 2011	Additions	Balance June 30, 2012
Capital Assets, not being depreciated:			
Land	\$ 1,632,800	\$ -	\$ 1,632,800
Construction in Progress	-	281,470	281,470
Total Capital Assets, not being depreciated	\$ 1,632,800	\$ 281,470	\$ 1,914,270
Capital Assets, being depreciated:			
Improvements Other than Buildings	\$ 717,074	\$ -	\$ 717,074
Buildings and Improvements	33,780,142	-	33,780,142
Machinery and Equipment	848,434	22,730	871,164
Total Capital Assets, being depreciated	35,345,650	22,730	35,368,380
Less Accumulated Depreciation for:			
Improvements Other than Buildings	709,672	1,139	710,811
Buildings and Improvements	9,154,984	620,460	9,775,444
Machinery and Equipment	598,552	38,284	636,836
Total Accumulated Depreciation	10,463,208	659,883	11,123,091
Total Capital Assets, being depreciated, net	\$ 24,882,442	\$ (637,153)	\$ 24,245,289
Capital Assets, net	\$ 3,265,600	\$ (355,683)	\$ 26,159,559

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

General Support	\$ 614,554
Instruction	41,997
Cost of food sales	3,332
Total Depreciation Expense	\$ 659,883

C. Accrued Liabilities

Accrued liabilities at June 30, 2012 were as follows:

Payroll and Employee Benefits	\$ 137,268
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NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)**D. Pension Plans**

The School District participates in the New York State and Local Employees' Retirement System ("ERS") and the New York State Teachers' Retirement System ("TRS") ("Systems"). These Systems are cost-sharing multiple-employer defined benefit pension plans. The Systems provide retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by Education Law and the New York State Retirement and Social Security Law. The Systems issue publicly available financial reports that include financial statements and required supplementary information for the Systems. These reports may be obtained by writing to the New York State and Local Employee's Retirement System, 110 State Street, Albany, New York 12224 and the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

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

ERS		TRS	
Tier/Plan	Rate	Tiers	Rate
1 75I	25.4%	1-4	11.1%
3 A14	18.7		
4 A15	18.7		
5 A15	15.2		

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

	ERS	TRS
2012	\$ 568,997	\$ 2,549,109
2011	414,431	2,115,570
2010	230,521	1,455,146

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012**Note 3 - Detailed Notes on All Funds (Continued)****E. Short-Term Non-Capital Borrowings**

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes.

	Balance July 1, 2011	New Issues	Redemptions	Balance June 30, 2012
Tax Anticipation Note	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -

The tax anticipation note of \$2,000,000 was issued on July 27, 2011 and redeemed on November 4, 2011, with interest at 0.76%. Interest expenditures of \$4,096 were recorded in the fund financial statements in the General Fund and the government-wide financial statements.

F. Long-Term Liabilities

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

	Balance July 1, 2011	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2012	Due Within One-Year
Bonds Payable - Tax Certiorari	\$ 9,390,000	\$ -	\$ 665,000	\$ 8,725,000	\$ 650,000
Bonds Payable - Construction	18,885,000	7,145,000	7,770,000	18,260,000	1,335,000
Add - Deferred amounts on on refunding	-	(490,480)	22,113	(468,367)	-
	28,275,000	6,654,520	8,457,113	26,516,633	1,985,000
Other Non-Current Liabilities:					
Compensated Absences	333,662	41,747	33,000	342,409	34,000
Other Post Employment Benefit Obligations Payable	7,715,237	4,065,611	1,611,164	10,169,684	-
	8,048,899	4,107,358	1,644,164	10,512,093	34,000
Total Long-Term Liabilities	\$ 36,323,899	\$ 10,761,878	\$ 10,101,277	\$ 37,028,726	\$ 2,019,000

Each governmental fund's liability for bonds, compensated absences and other post employment benefit obligations is liquidated by the General Fund.

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Bonds Payable

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

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2012
Tax Certiorari Refunds	2004	\$ 453,651	June, 2014	4.500 %	\$ 100,000
Building Construction	2005	10,155,000	May, 2025	4.000-4.250	7,285,000
Building Construction	2005	10,000,000	June, 2024	4.250-4.625	900,000
Building Construction	2006	4,740,000	December, 2019	3.650-3.700	2,985,000
Tax Certiorari Refunds	2006	861,000	June, 2015	4.000	330,000
Tax Certiorari Refunds	2008	7,655,819	June, 2027	4.250-4.375	6,525,000
Tax Certiorari Refunds	2008	1,027,110	June, 2015	4.250-4.500	570,000
Tax Certiorari Refunds	2010	1,350,000	June, 2025	3.250-4.000	1,200,000
Refunding Bonds - Construction	2012	7,145,000	June, 2025	0.300-2.250	7,090,000
					<u>\$ 26,985,000</u>

Interest expenditures of \$1,056,477 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,051,816 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all outstanding bonded debt as of June 30, 2012 including interest payments of \$6,741,313 are as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,985,000	\$ 946,432	\$ 2,931,432
2014	2,070,000	869,213	2,939,213
2015	2,095,000	787,210	2,882,210
2016	2,050,000	715,096	2,765,096
2017	2,120,000	645,014	2,765,014
2018-2022	9,955,000	2,168,298	12,123,298
2023-2027	6,710,000	610,050	7,320,050
	<u>\$ 26,985,000</u>	<u>\$ 6,741,313</u>	<u>\$ 33,726,313</u>

The above general obligation bonds are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

Advance Refunding

During the 2012 fiscal year, the District issued \$7,145,000 in serial bonds with interest rates ranging from 0.3% to 2.25%, depending on maturity. The proceeds were used to advance refund \$6,520,000 of outstanding 2005 serial bonds bearing interest at rates ranging from 4.65% to 4.625%. The net proceeds of \$7,200,484 (net of a \$190,004 re-offering premium and after payment of \$134,520 in underwriting fees and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2005 serial bonds. As a result, the 2005 serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Assets. The reacquisition price exceeded the net carrying amount of the old debt by \$680,484 and the premium received was \$190,004. These amounts are being netted against the new debt and amortized over the remaining life of the refunded debt.

The District advance refunded the 2005 serial bonds to reduce its total debt service payments over 13 years by \$784,858 and to obtain a net present value economic gain of \$707,544.

As of June 30, 2012, the defeased bonds had their call provisions exercised and, as such, no amounts are outstanding.

Compensated Absences

Pursuant to collective bargaining agreements, upon separation of service, the School District is required to compensate administrators, clerical staff and custodians for unused vacation time. The District is required to make a contribution to a 403B Plan of up to \$12,000 for a maximum of 200 days to all teachers and administrators upon retirement in compensation for accumulated unused sick days. The School District is not required to compensate other employees for accumulated sick leave. The value of the compensated absences has been reflected in the district-wide financial statements.

Other Post Employment Benefit Obligations Payable

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

The School District's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution, ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees' medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the "pay-as-you-go" approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a "normal cost", an "actuarial accrued liability", and ultimately the ARC. The ARC represents a level of funding that, if paid on an

NOTES TO FINANCIAL STATEMENTS (Continued)
 JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

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

The School District is required to accrue on the government-wide financial statements the amounts necessary to finance the plan as actuarially determined, which is equal to the expected rate of return on the School District's general assets. Funding for the Plan has been established on a pay-as-you-go basis. The assumed increase in postretirement benefits are as follows:

<u>Year Ended June 30,</u>	<u>Medical</u>
2012	6.00 %
2013	6.00
2014	6.00
2015	6.00
2016	6.00
2017-2020+	6.00

The amortization basis is the level dollar method with a closed amortization approach with 26 years remaining in the amortization period. The actuarial assumptions included a 5.0% discount rate, 4.0% ultimate health care trend rate and a payroll growth rate of 4.0%. The School District currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the unit credit method.

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

Active Employees	262
Retired Employees	<u>144</u>
Total	<u><u>406</u></u>

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

Amortization Component:

Actuarial Accrued Liability as of July 1, 2011	\$ 47,374,388
Assets at Market Value	-
Unfunded Actuarial Accrued Liability ("UAAL")	\$ 47,374,388
Funded Ratio	0.00%
Covered Payroll (active plan members)	\$ 23,590,825
UAAL as a Percentage of Covered Payroll	200.82%
Annual Required Contribution	\$ 3,968,820
Interest on Net OPEB Obligation	385,762
Annual Required Contribution Adjustment	(288,971)
Annual OPEB Cost	4,065,611
Contributions Made	(1,611,164)
Increase in Net OPEB Obligation	2,454,447
Net OPEB Obligation - Beginning of Year	7,715,237
Net OPEB Obligation - End of Year	\$ 10,169,684

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligations for the current and two preceding years are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 4,519,962	37.6 %	\$ 5,406,112
2011	3,805,015	39.3	7,715,237
2012	4,065,611	39.6	10,169,684

The schedule of funding progress for the OPEB plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing relative to the actuarial accrued liability for the benefits over time.

G. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

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

Transfers Out	Transfers In			Total
	General Fund	Capital Projects Fund	Special Aid Fund	
General Fund	\$ -	\$ 300,000	\$ 52,110	\$ 352,110
Capital Projects Fund	100,000	-	-	100,000
	<u>\$ 100,000</u>	<u>\$ 300,000</u>	<u>\$ 52,110</u>	<u>\$ 452,110</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures and to move amounts from the Capital Projects Fund back to the General Fund as projects are completed.

H. Net Assets

The components of net assets are detailed below:

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

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

Restricted for Unemployment Benefits - the component of net assets established to set aside funds to be used for a specific purpose in accordance with Section 6m of General Municipal Law.

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

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

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

Restricted for School Lunch - the component of net assets that reports the difference between assets and liabilities in the School Lunch Fund with constraints placed on their use.

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

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2012

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2012				2011			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable - Inventories	\$ -	\$ -	\$ 276	\$ 276	\$ -	\$ -	\$ 1,426	\$ 1,426
Restricted:								
Tax certiorari	4,679,777	-	-	4,679,777	2,387,629	-	-	2,387,629
Employee benefit accrued liability	302,828	-	-	302,828	299,830	-	-	299,830
Unemployment benefits	166,635	-	-	166,635	164,985	-	-	164,985
Retirement contribution	177,497	-	-	177,497	175,740	-	-	175,740
Capital Projects	-	386,957	-	386,957	-	470,299	-	470,299
Debt service	542,853	-	-	542,853	537,478	-	-	537,478
Special purposes	-	-	55,180	55,180	-	-	57,278	57,278
Total Restricted	5,869,590	386,957	55,180	6,311,727	3,565,662	470,299	57,278	4,093,239
Assigned:								
Purchases on order:								
General government support	86,715	-	-	86,715	51,407	-	-	51,407
Instruction	111,703	-	-	111,703	28,711	-	-	28,711
Subsequent year's expenditures	198,418	-	-	198,418	80,118	-	-	80,118
School Lunch Fund	-	-	129,834	129,834	1,200,000	-	-	1,200,000
Total Assigned	198,418	-	129,834	328,252	1,280,118	-	119,119	1,399,237
Unassigned	2,037,390	-	-	2,037,390	2,052,998	-	-	2,052,998
Total Fund Balances	\$ 8,105,398	\$ 386,957	\$ 185,290	\$ 8,677,645	\$ 6,898,778	\$ 470,299	\$ 177,823	\$ 7,546,900

Note 3 - Detailed Notes on All Funds (Continued)

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

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

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to General Municipal Law to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination of or separation of services.

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

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

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Single Audit Act. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

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

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime

NOTES TO FINANCIAL STATEMENTS (Continued)

JUNE 30, 2012

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages from the Company to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million per occurrence and in the aggregate and an excess catastrophe liability policy with coverage up to \$12 million. The School District also maintains liability coverage for school board members up to \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon the participants' experience rating. The School District has transferred all related risk to the Plan.

The School District and neighboring school districts in Southern Westchester County participate in the State-Wide Schools Cooperative Health Plan. This Plan operates under an agreement, as amended, dated December 12, 1985. The purposes of the Plan are to effect cost savings in members' expenses for health coverage; to provide for centralized administration, funding and disbursements for health coverage; and to provide for such risk management services as may be appropriate to reduce future expense and liability for health coverage. The governance of the Plan shall be in all respects in the hands of the Board of Trustees. The Board of Trustees shall consist of seven trustees elected by the general membership of the Plan. No action may be taken by the Board of Trustees except by a vote of a majority of the total number of trustees. Billings to participants are based upon coverage provided to each participant's employees. The School District has transferred all related risk to the Plan.

Note 5 - Other Matters

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

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

NOTES TO FINANCIAL STATEMENTS (Concluded)

JUNE 30, 2012

Note 5 - Other Matters

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFITS
LAST THREE FISCAL YEARS

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
July 1, 2009	\$ -	\$ 53,907,140	\$ 53,907,140	- %	\$ 23,463,666	229.75 %
July 1, 2010	-	44,506,537	44,506,537	-	24,102,220	184.66
July 1, 2011	-	47,374,388	47,374,388	-	23,590,825	200.82

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND COMPARATIVE BALANCE SHEET JUNE 30, 2012 AND 2011

	2012	2011
ASSETS		
Cash:		
Demand deposits	\$ 9,535,414	\$ 7,559,516
Time deposits	827,589	826,347
	<u>10,363,003</u>	<u>8,385,863</u>
Receivables:		
Accounts	18,758	25,980
State and Federal aid	385,890	776,832
Due from other governments,	332,009	320,025
Due from other funds	723,651	786,169
	<u>1,460,308</u>	<u>1,909,006</u>
Total Assets	<u>\$ 11,823,311</u>	<u>\$ 10,294,869</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 199,897	\$ 253,702
Accrued liabilities	134,143	143,739
Due to other funds	412,170	476,299
Deferred revenues	8,070	28,602
Due to retirement systems	2,963,633	2,493,749
	<u>3,717,913</u>	<u>3,396,091</u>
Total Liabilities	<u>3,717,913</u>	<u>3,396,091</u>
Fund Balance:		
Restricted	5,869,590	3,565,662
Assigned	198,418	1,280,118
Unassigned	2,037,390	2,052,998
	<u>8,105,398</u>	<u>6,898,778</u>
Total Fund Balance	<u>8,105,398</u>	<u>6,898,778</u>
Total Liabilities and Fund Balance	<u>\$ 11,823,311</u>	<u>\$ 10,294,869</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

YEARS ENDED JUNE 30, 2012 AND 2011

	2012				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbrances	
Revenues:					
Real property taxes	\$ 38,606,134	\$ 38,606,134	\$ 38,528,609	\$	\$ (77,525)
Other tax items	5,578,366	5,578,366	5,578,366		-
Non-property taxes	600,000	600,000	617,419		17,419
Charges for services	270,000	270,000	435,732		165,732
Use of money and property	100,000	100,000	68,336		(31,664)
Sale of property and compensation for loss	5,500	5,500	802		(4,698)
State aid	4,600,000	4,600,000	4,519,264		(80,736)
Federal aid	10,000	10,000	42,699		32,699
Miscellaneous	255,000	255,000	336,354		81,354
Total Revenues	50,025,000	50,025,000	50,127,581		102,581
Expenditures:					
Current:					
General support:					
Board of education	114,860	125,953	119,753	3,021	3,179
Central administration	322,044	361,985	352,809	-	9,176
Finance	514,678	524,168	504,538	4,082	15,548
Staff	357,450	370,403	296,417	2,419	71,567
Central services	3,082,282	2,919,174	2,672,413	77,193	169,568
Special items	617,000	1,803,725	1,095,663	-	708,062
Total General Support	5,008,314	6,105,408	5,041,593	86,715	977,100
Instruction:					
Instruction, administration and improvement	1,668,725	1,847,465	1,760,488	-	86,977
Teaching - Regular school	16,452,078	16,154,445	15,952,762	27,020	174,663
Programs for children with handicapping conditions	7,137,222	6,478,880	6,267,073	2,562	209,245
Occupational education	507,920	503,920	359,459	-	144,461
Teaching - Special school	45,000	46,410	46,410	-	-
Instructional media	854,931	1,000,123	890,920	78,356	30,847
Pupil services	2,836,131	2,923,529	2,825,310	3,765	94,454
Total Instruction	29,502,007	28,954,772	28,102,422	111,703	740,647
Pupil transportation	2,603,664	2,550,092	2,406,921	-	143,171
Community services	-	13,100	12,889	-	211
Employee benefits	10,787,700	10,278,313	10,129,453	-	148,860
Debt service:					
Principal	1,860,000	1,915,038	1,915,000	-	38
Interest	1,213,433	1,158,395	1,060,573	-	97,822
Total Expenditures	50,975,118	50,975,118	48,668,851	198,418	2,107,849
Excess (Deficiency) of Revenues Over Expenditures	(950,118)	(950,118)	1,458,730	(198,418)	2,210,430
Other Financing Sources (Uses):					
Transfers in	100,000	100,000	100,000	-	-
Transfers out	(430,000)	(430,000)	(352,110)	-	77,890
Total Other Financing Uses	(330,000)	(330,000)	(252,110)	-	77,890
Net Change in Fund Balance	(1,280,118)	(1,280,118)	1,206,620	\$ (198,418)	\$ 2,288,320
Fund Balance - Beginning of Year	1,280,118	1,280,118	6,898,778		
Fund Balance - End of Year	\$ -	\$ -	\$ 8,105,398		

2011				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
\$ 37,014,734	\$ 37,014,734	\$ 36,935,726	\$	\$ (79,008)
5,653,732	5,653,732	5,592,905		(60,827)
400,000	400,000	635,863		235,863
320,000	320,000	345,245		25,245
110,000	110,000	101,852		(8,148)
5,500	5,500	17,194		11,694
5,482,034	5,482,034	5,033,568		(448,466)
40,000	40,000	213,033		173,033
155,000	155,000	343,037		188,037
<u>49,181,000</u>	<u>49,181,000</u>	<u>49,218,423</u>		<u>37,423</u>
158,000	160,270	152,294	335	7,641
321,778	345,540	330,270	-	15,270
558,502	534,879	498,409	-	36,470
323,200	440,388	428,536	-	11,852
2,773,927	2,762,763	2,597,001	51,072	114,690
506,861	1,050,338	1,050,338	-	-
<u>4,642,268</u>	<u>5,294,178</u>	<u>5,056,848</u>	<u>51,407</u>	<u>185,923</u>
1,892,312	1,906,927	1,792,436	26,956	87,535
16,202,603	16,116,168	15,831,225	-	284,943
7,094,150	6,865,867	6,240,333	-	625,534
548,246	627,886	626,756	-	1,130
-	-	-	-	-
1,044,667	1,089,828	1,072,013	-	17,815
2,838,756	2,979,969	2,932,082	1,755	46,132
<u>29,620,734</u>	<u>29,586,645</u>	<u>28,494,845</u>	<u>28,711</u>	<u>1,063,089</u>
2,939,270	2,750,809	2,497,663	-	253,146
-	-	-	-	-
9,687,802	9,765,712	9,512,454	-	253,258
1,840,000	1,850,000	1,850,000	-	-
1,340,060	1,264,060	1,247,458	-	16,602
<u>50,070,134</u>	<u>50,511,404</u>	<u>48,659,268</u>	<u>80,118</u>	<u>1,772,018</u>
(889,134)	(1,330,404)	559,155	(80,118)	1,809,441
-	-	-	-	-
(400,000)	(400,000)	(324,611)	-	75,389
(400,000)	(400,000)	(324,611)	-	75,389
(1,289,134)	(1,730,404)	234,544	\$ (80,118)	\$ 1,884,830
<u>1,289,134</u>	<u>1,730,404</u>	<u>6,664,234</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,898,778</u>		

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	\$ 38,606,134	\$ 38,606,134	\$ 38,528,609	\$ (77,525)
OTHER TAX ITEMS				
School tax relief reimbursement	5,578,366	5,578,366	5,578,366	-
NON-PROPERTY TAXES				
Non-property tax distribution from County	600,000	600,000	617,419	17,419
CHARGES FOR SERVICES				
Other student fees and charges	45,000	45,000	52,944	7,944
Day school tuition - Other districts	200,000	200,000	353,063	153,063
Other charges - Other governments	25,000	25,000	29,725	4,725
USE OF MONEY AND PROPERTY	270,000	270,000	435,732	165,732
Earnings on investments	75,000	75,000	56,740	(18,260)
Rental of real property - Individuals	25,000	25,000	11,596	(13,404)
	100,000	100,000	68,336	(31,664)

SALE OF PROPERTY AND COMPENSATION FOR LOSS

Insurance recoveries	5,000	5,000	-	(5,000)
Other	500	500	802	302

STATE AID

Basic formula	3,642,500	3,642,500	3,553,290	(89,210)
Textbooks	126,500	126,500	126,345	(155)
Lottery aid	154,000	154,000	136,540	(17,460)
Computer software	27,000	27,000	26,836	(164)
Library	13,000	13,000	12,693	(307)
Tuition aid	132,000	132,000	131,618	(382)
BOCES	505,000	505,000	531,942	26,942

FEDERAL AID

Medical assistance	10,000	10,000	42,699	32,699
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MISCELLANEOUS

Refund of prior year's expenditures	130,000	130,000	168,089	38,089
Gifts and donations	-	-	1,383	1,383
Refund of Metropolitan commuter transportation mobility tax	-	-	57,582	57,582
Other	125,000	125,000	109,300	(15,700)

TOTAL REVENUES

	50,025,000	50,025,000	50,127,581	102,581
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OTHER FINANCING SOURCES

Transfers in - Capital Projects Fund	100,000	100,000	100,000	-
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	\$ 50,125,000	\$ 50,125,000	\$ 50,227,581	\$ 102,581
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MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 40,260	\$ 42,285	\$ 41,353	\$ -	\$ 932
District clerk	64,900	76,268	72,172	3,021	1,075
District meeting	9,700	7,400	6,228	-	1,172
Total Board of Education	114,860	125,953	119,753	3,021	3,179
CENTRAL ADMINISTRATION					
Chief school administrator	322,044	361,985	352,809	-	9,176
FINANCE					
Business administration	353,678	358,908	352,353	4,082	2,473
Auditing	67,000	67,000	55,546	-	11,454
Treasurer	94,000	98,260	96,639	-	1,621
Total Finance	514,678	524,168	504,538	4,082	15,548
STAFF					
Legal	205,200	205,092	137,640	-	67,452
Personnel	97,500	101,646	101,357	-	289
Public information and services	54,750	63,665	57,420	2,419	3,826
Total Staff	357,450	370,403	296,417	2,419	71,567
CENTRAL SERVICES					
Operation of plant	2,258,849	2,068,976	1,914,421	5,453	149,102
Central data processing	244,450	244,450	237,890	-	6,560
Maintenance of plant	578,983	605,748	520,102	71,740	13,906
Total Central Services	3,082,282	2,919,174	2,672,413	77,193	169,568

SPECIAL ITEMS

Unallocated insurance	199,000	197,952	193,934	-	4,018
Taxes and assessments on school property	135,000	135,000	127,153	-	7,847
Refunds of real property taxes	-	1,230,027	535,254	-	694,773
Metropolitan commuter transportation mobility tax	100,000	57,746	57,582	-	164
Administrative charge - BOCES	183,000	183,000	181,740	-	1,260
Total Special Items	617,000	1,803,725	1,095,663	-	708,062
Total General Support	5,008,314	6,105,408	5,041,593	86,715	977,100

INSTRUCTION

INSTRUCTION, ADMINISTRATION AND IMPROVEMENT

Curriculum development and supervision	406,110	447,810	397,926	-	49,884
Supervision - Regular school	1,262,615	1,399,655	1,362,562	-	37,093
Total Instruction, Administration and Improvement	1,668,725	1,847,465	1,760,488	-	86,977
TEACHING - REGULAR SCHOOL	16,452,078	16,154,445	15,952,762	27,020	174,663

PROGRAMS FOR CHILDREN WITH HANDICAPPING CONDITIONS

Programs for students with disabilities	7,137,222	6,478,880	6,267,073	2,562	209,245
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TEACHING - SPECIAL SCHOOLS

	45,000	46,410	46,410	-	-
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OCCUPATIONAL EDUCATION

	507,920	503,920	359,459	-	144,461
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INSTRUCTIONAL MEDIA

School library and audiovisual	285,579	292,579	275,580	5,937	11,062
Computer assisted instruction	569,352	707,544	615,340	72,419	19,785
Total Instructional Media	854,931	1,000,123	890,920	78,356	30,847

(Continued)

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES COMPARED TO BUDGET (Continued)
YEAR ENDED JUNE 30, 2012

INSTRUCTION (Continued)	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget Positive (Negative)
PUPIL SERVICES					
Guidance - Regular school	\$ 847,626	\$ 828,871	\$ 818,105	\$ -	\$ 10,766
Health services - Regular school	393,553	435,823	427,064	-	8,759
Psychological services - Regular school	506,565	506,565	500,912	-	5,653
Social work services - Regular school	99,858	99,858	99,857	-	1
Co-curricular activities - Regular school	221,036	258,036	195,477	-	62,559
Interscholastic activities - Regular school	767,493	794,376	783,895	3,765	6,716
Total Pupil Services	2,836,131	2,923,529	2,825,310	3,765	94,454
Total Instruction	29,502,007	28,954,772	28,102,422	111,703	740,647
PUPIL TRANSPORTATION					
District transportation	83,426	83,854	74,808	-	9,046
Contract transportation	2,520,238	2,466,238	2,332,113	-	134,125
Total Pupil Transportation	2,603,664	2,550,092	2,406,921	-	143,171
COMMUNITY SERVICES					
Recreation	-	13,100	12,889	-	211
EMPLOYEE BENEFITS					
State retirement	630,000	570,000	568,997	-	1,003
Teachers' retirement	2,580,000	2,569,000	2,549,109	-	19,891
Social security	2,050,000	1,925,000	1,892,118	-	32,882
Workers' compensation benefits	126,000	134,803	132,707	-	2,096
Hospital, medical and dental insurance	4,505,000	4,436,324	4,433,041	-	3,283
Union welfare benefits	475,000	414,873	414,407	-	466
Unemployment benefits	195,000	195,000	116,326	-	78,674
Employee benefit fund	226,700	33,313	22,748	-	10,565
Total Employee Benefits	10,787,700	10,278,313	10,129,453	-	148,860

DEBT SERVICE

Principal -

Serial bonds

Interest:

Serial bonds

Tax anticipation notes

Total Debt Service

TOTAL EXPENDITURES

OTHER FINANCING USES

Transfers out:

Special Aid Fund

Capital Projects Fund

TOTAL OTHER FINANCING USES

TOTAL EXPENDITURES AND
OTHER FINANCING USES

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	2012	2011
<u>ASSETS</u>		
Receivables:		
State and Federal aid	\$ 14,242	\$ -
Due from other funds	393,107	470,299
	<hr/>	<hr/>
Total Assets	\$ 407,349	\$ 470,299
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 6,992	\$ -
Retainages payable	13,400	-
	<hr/>	<hr/>
Total Liabilities	20,392	-
	<hr/>	<hr/>
Fund Balance - Restricted	386,957	470,299
	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 407,349	\$ 470,299
	<hr/>	<hr/>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	2012	2011
Revenues - State aid	\$ 14,242	\$ -
Expenditures:		
Debt Service - Refunding bond issuance costs	134,520	-
Capital outlay	297,584	18,756
Total Expenditures	432,104	18,756
Deficiency of Revenues Over Expenditures	(417,862)	(18,756)
Other Financing Sources (Uses):		
Refunding bonds issued	7,145,000	-
Issuance premium	190,004	-
Payment to refunded bond escrow agent	(7,200,484)	-
Transfers in	300,000	300,000
Transfers out	(100,000)	-
Total Other Financing Sources	334,520	300,000
Net Change in Fund Balance	(83,342)	281,244
Fund Balance - Beginning of Year	470,299	189,055
Fund Balance - End of Year	\$ 386,957	\$ 470,299

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND
PROJECT-LENGTH SCHEDULE

INCEPTION OF PROJECT THROUGH JUNE 30, 2012

Project	Authoriza- tion	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
District-Wide Construction 2009-2010	\$ 328,312	\$ 141,507	\$ 1,872	\$ 143,379
High School/Middle School Library Renovations	613,039	300,000	14,242	314,242
Roof Project	600,000	16,506	381,470	397,976
Totals	<u>\$ 1,541,351</u>	<u>\$ 458,013</u>	<u>\$ 397,584</u>	<u>\$ 855,597</u>

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2012
	Interfund Transfers	State Aid	Totals	
\$ 184,933	\$ 328,312	\$ -	\$ 328,312	\$ 184,933
298,797	-	314,242	314,242	-
202,024	600,000	-	600,000	202,024
<u>\$ 685,754</u>	<u>\$ 928,312</u>	<u>\$ 314,242</u>	<u>\$ 1,242,554</u>	<u>\$ 386,957</u>

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Balance of 12-31-83	Methods of financing			Interest Expense	Total	Balance of 12-31-84
	State	Federal	Private			
184,833	328,833	4	328,833	3	184,833	
	314,833		314,833		314,833	
100,000	400,000		400,000		100,000	
314,833	1,043,666	4	1,043,666	3	314,833	

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MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	2012	2011
ASSETS		
Receivables:		
State and Federal aid	\$ 795,068	\$ 801,413
Due from other funds	36,605	9,356
Total Assets	\$ 831,673	\$ 810,769
LIABILITIES		
Accounts Payable	\$ 21,418	\$ 34,983
Accrued Liabilities	3,125	-
Due to Other Funds	760,256	766,430
Deferred Revenues	46,874	9,356
Total Liabilities	\$ 831,673	\$ 810,769

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SPECIAL AID FUND

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

	2012				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual		
Revenues:					
State aid	\$ 120,000	\$ 129,026	\$ 129,026	\$ -	
Federal aid	778,785	772,383	681,502	(90,881)	
Other	24,773	87,352	63,873	(23,479)	
Total Revenues	923,558	988,761	874,401	(114,360)	
Expenditures -					
Current -					
Instruction	1,053,558	1,118,761	926,511	192,250	
Deficiency of Revenues Over Expenditures	(130,000)	(130,000)	(52,110)	77,890	
Other Financing Sources -					
Transfers in	130,000	130,000	52,110	(77,890)	
Net Change in Fund Balance	-	-	-	-	
Fund Balance - Beginning of Year	-	-	-	-	
Fund Balance - End of Year	\$ -	\$ -	\$ -	\$ -	

2011			
Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 23,054	\$ 98,443	\$ 98,443	\$ -
866,544	949,341	821,521	(127,820)
55,432	56,432	46,896	(9,536)
945,030	1,104,216	966,860	(137,356)
1,045,030	1,204,216	991,471	212,745
(100,000)	(100,000)	(24,611)	75,389
100,000	100,000	24,611	(75,389)
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

			Total Non-Major Governmental Funds	
	School Lunch	Special Purpose	2012	2011
<u>ASSETS</u>				
Cash:				
Demand deposits	\$ 113,731	\$ -	\$ 113,731	\$ 132,439
Time deposits	-	55,180	55,180	63,113
Receivables:				
Accounts	998	-	998	-
State and Federal aid	2,517	-	2,517	4,210
Due from other funds	19,063	-	19,063	-
Inventories	276	-	276	1,426
Total Assets	<u>\$ 136,585</u>	<u>\$ 55,180</u>	<u>\$ 191,765</u>	<u>\$ 201,188</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,307	\$ -	\$ 2,307	\$ -
Due to other governments	246	-	246	270
Due to other funds	-	-	-	23,095
Deferred revenues	3,922	-	3,922	-
Total Liabilities	<u>6,475</u>	<u>-</u>	<u>6,475</u>	<u>23,365</u>
Fund Balances:				
Nonspendable	276	-	276	1,426
Restricted	-	55,180	55,180	57,278
Assigned	129,834	-	129,834	119,119
Total Fund Balances	<u>130,110</u>	<u>55,180</u>	<u>185,290</u>	<u>177,823</u>
Total Liabilities and Fund Balances	<u>\$ 136,585</u>	<u>\$ 55,180</u>	<u>\$ 191,765</u>	<u>\$ 201,188</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	School Lunch	Special Purpose	Total Non-Major Governmental Funds	
			2012	2011
Revenues:				
Use of money and property	\$ 105	\$ 37	\$ 142	\$ 283
State aid	5,173	-	5,173	4,823
Federal aid	76,018	-	76,018	71,143
Food sales	372,235	-	372,235	347,870
Miscellaneous	-	4,810	4,810	8,800
Total Revenues	453,531	4,847	458,378	432,919
Expenditures -				
Current:				
Cost of food sales	443,966	-	443,966	359,884
Other	-	6,945	6,945	7,353
Total Expenditures	443,966	6,945	450,911	367,237
Excess (Deficiency) of Revenues Over Expenditures	9,565	(2,098)	7,467	65,682
Fund Balances - Beginning of Year	120,545	57,278	177,823	112,141
Fund Balances - End of Year	\$ 130,110	\$ 55,180	\$ 185,290	\$ 177,823

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	2012	2011
<u>ASSETS</u>		
Cash - Demand deposits	\$ 113,731	\$ 132,439
Receivables:		
Accounts	998	-
State and Federal aid	2,517	4,210
Due from other funds	19,063	-
Inventories	276	1,426
Total Assets	\$ 136,585	\$ 138,075
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 2,307	\$ -
Due to other governments	246	270
Due to other funds	-	17,260
Deferred revenues	3,922	-
Total Liabilities	6,475	17,530
Fund Balance:		
Nonspendable	276	1,426
Assigned	129,834	119,119
Total Fund Balance	130,110	120,545
Total Liabilities and Fund Balance	\$ 136,585	\$ 138,075

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

SCHOOL LUNCH FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
Revenues:		
Use of money and property	\$ 105	\$ 185
State aid	5,173	4,823
Federal aid	76,018	71,143
Food sales	372,235	347,870
Total Revenues	453,531	424,021
Expenditures - Current - Cost of food sales	443,966	359,884
Excess of Revenues Over Expenditures	9,565	64,137
Fund Balance - Beginning of Year	120,545	56,408
Fund Balance - End of Year	\$ 130,110	\$ 120,545

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	2012	2011
<u>ASSETS</u>		
Cash - Time deposits	\$ 55,180	\$ 63,113
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities - Due to other funds	\$ -	\$ 5,835
Fund Balance - Restricted	55,180	57,278
Total Liabilities and Fund Balance	\$ 55,180	\$ 63,113

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

	2012	2011
Revenues:		
Use of money and property	\$ 37	\$ 98
Miscellaneous	4,810	8,800
Total Revenues	4,847	8,898
Expenditures - Current - Other	6,945	7,353
Excess (Deficiency) of Revenues Over Expenditures	(2,098)	1,545
Fund Balance - Beginning of Year	57,278	55,733
Fund Balance - End of Year	\$ 55,180	\$ 57,278

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

ANALYSIS OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

YEAR ENDED JUNE 30, 2012

Adopted Budget	\$ 51,325,000
Additions - Encumbrances	<u>80,118</u>
Original Budget/Final Budget	<u>\$ 51,405,118</u>

GENERAL FUND

ANALYSIS OF USE OF FUND BALANCE

AS OF THE BEGINNING OF THE YEAR ENDED JUNE 30, 2012

Assigned and Unassigned Fund Balance (less encumbrances) - Beginning of Year	\$ 3,252,998
Less - Appropriated Fund Balance Used for Levy of Taxes	<u>1,200,000</u>
Unassigned Fund Balance	<u>\$ 2,052,998</u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED
TO ST-3 DATA

YEAR ENDED JUNE 30, 2012

	<u>Account Code</u>	<u>Amount Per ST-3</u>	<u>Audited Amount</u>
REVENUES			
Real Property Taxes	A - 1001	\$ 38,528,609	\$ 38,528,609
Non-Property Taxes	AT-1199	617,419	617,419
State Aid	AT-3999	4,519,264	4,519,264
Federal Aid	AT-4999	42,699	42,699
Total Revenues and Other Financing Sources	AT-5999	50,227,581	50,227,581
EXPENDITURES			
General Support	AT-1999	5,041,593	5,041,593
Pupil Transportation	AT-5599	2,406,921	2,406,921
Debt Service - Principal	AT-9798.6	1,915,000	1,915,000
Debt Service - Interest	AT-9798.7	1,060,573	1,060,573
Total Expenditures and Other Financing Uses	AT-9999	\$ 49,020,961	\$ 49,020,961

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

Capital Assets, net		\$ 26,159,559
Less:		
Bonds payable - Capital construction	(18,260,000)	
Unamortized portion of premium on refunding bonds	(185,186)	(18,445,186)
Plus:		
Unamortized portion of issuance costs on refunding bonds	128,405	
Unamortized portion of loss on refunding bonds	649,553	777,958
Invested in Capital Assets, net of Related Debt		<u>\$ 8,492,331</u>

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

To the Board of Education of the
Mount Pleasant Central School District, New York:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mount Pleasant Central School District, New York ("School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School District is responsible for establishing and maintaining effective internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

O'CONNOR DAVIES, LLP

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Compliance and Other Matters

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
September 27, 2012

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

To the Board of Education of the
Mount Pleasant Central School District, New York:

Compliance

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

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

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Internal Control Over Compliance

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

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

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

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

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

September 27, 2012

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

<u>Federal Grantor Program Title</u>	<u>Federal CFDA Number (1)</u>	<u>Non- ARRA</u>	<u>ARRA (2)</u>	<u>Federal Program Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Indirect Programs - Passed through New York State Department of Education:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	\$ 2,358	\$	\$ 2,358
National School Lunch Program - Commodities	10.555	18,014		18,014
National School Lunch Program - Cash	10.555	55,646		55,646
Total U.S. Department of Agriculture				<u>76,018</u>
<u>U.S. Department of Education</u>				
Indirect Programs - Passed through New York State Department of Education:				
<i>Special Education - Cluster (IDEA):</i>				
Special Education - Grants to States (IDEA, Part B)	84.027	415,133		415,133
Special Education - Preschool Grants (IDEA Preschool)	84.173	12,188		<u>12,188</u>
Subtotal Special Education Cluster				427,321
<i>State Fiscal Stabilization Fund:</i>				
State Fiscal Stabilization Fund (SFSF) - Education Jobs Fund Grant, Recovery Act (ARRA)	84.410		180,237	180,237
Race to Top, Recovery Act (ARRA)	84.413		2,838	2,838
Title I Grants - Local Educational Agencies	84.010	50,194		50,194
Improving Teacher Quality State Grants	84.367	20,912		<u>20,912</u>
Total U.S. Department of Education				<u>681,502</u>
Total		<u>\$ 574,445</u>	<u>\$ 183,075</u>	<u>\$ 757,520</u>

(1) Catalog of Federal Domestic Assistance number

(2) American Reinvestment and Recovery Act

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2012

NOTE A - SUMMARY OF ACCOUNTING POLICIES

1. *General*

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

2. *Basis of Accounting*

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

3. *Relationship to Financial Statements*

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

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting {unqualified
qualified, adverse, or disclaimer}:

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance
for major programs {unqualified, qualified,
adverse, or disclaimer}:

Unqualified

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

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027

Special Education Cluster:

84.173

Special Education – State Grants

Special Education – Preschool Grants

84.410

State Fiscal Stabilization Fund (SFSF) – Education
Job Fund

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT, NEW YORK

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

None

None