

BRIGHTON CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2012

TABLE OF CONTENTS

	Pages
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Unaudited)	3 - 11
Basic Financial Statements:	
District-wide Financial Statements -	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements -	
Balance Sheet - Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	15 - 16
Statement of Fiduciary Net Assets	17
Statement of Changes in Fiduciary Net Assets	18
Notes to the Basic Financial Statements -	19 - 45
Required Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) And Actual - General Fund (Unaudited)	46 - 47
Schedule of Funding Progress of Postemployment Benefit Plan (Unaudited)	48
Supplemental Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	50
General Fund - Analysis of Change from Original Budget to Revised Budget	51
General Fund - Analysis of Use of Fund Balance	51
Capital Projects Fund - Schedule of Project Expenditures	52
Schedule of Expenditures of Federal Awards	53
Schedule of Investment in Capital Assets, Net of Related Debt	54
Schedule of Certain Revenues and Expenditures Compared to ST-3 Data	55
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	56 - 57

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

INDEPENDENT AUDITORS' REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2012 on our consideration of the Brighton Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress postemployment benefit plan on pages 3 through 11 and 46 through 48 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 supplemental 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 Brighton Central School District's financial statements as a whole. The accompanying supplemental information as listed in the table of contents, 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 accompanying supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raymond F. Wager, CPA P.C.

October 2, 2012

Brighton Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2012. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$66,918,349 (net assets).

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$25,443,019, an increase of \$2,397,045 in comparison with the prior year. The contributing factors to the increase in the fund balance are: conservative estimates for budgeted revenues, an increase in state aid and lower than budgeted expenditures in the areas of utilities, health insurance, and retirement benefits.

Overview of the Financial Statements

These basic financial statements consists of three parts: Management's Discussion and Analysis (this section) the basic financial statements, and required supplementary information.

The Management's Discussion and Analysis is intended to serve as an introduction to the School District's basic financial statements.

The basic financial statements include two kinds of statements that present different views of the School District:

- The first statements are government-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the government-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds consolidated in one column.

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

The major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain are shown below. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Feature of the District-Wide and Fund Financial Statements			
	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net assets Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net assets statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

Financial Analysis of the School District As A Whole

Net Assets

The District's combined net assets were slightly larger on June 30, 2012, than they were the year before, increasing by .12% to \$66,918,349 as shown in table below.

Net Assets	Explanation	Governmental Activities		Total Percentage Change
		2012	2011	
ASSETS:				
Current and Other Assets	Represents the cash and cash equivalents that the District possesses	\$ 31,741,387	\$ 29,509,448	7.56%
Capital Assets	Represents the land, work in progress, and buildings (net of depreciation)	61,636,102	63,025,957	-2.21%
Total Assets		\$ 93,377,489	\$ 92,535,405	0.91%
LIABILITIES:				
Long-Term Debt Outstanding	Represents what District owes for serial bonds, post-employment benefits, and compensated absences	\$ 20,608,100	\$ 19,914,827	3.48%
Other Liabilities	Represents obligations to teacher and employee retirement systems, accounts payable, and accrued liabilities	5,851,040	5,780,964	1.21%
Total Liabilities		\$ 26,459,140	\$ 25,695,791	2.97%
NET ASSETS:				
Invested in Capital Assets,				
Net of Related Debt	What the District owes less any related outstanding debt	\$ 49,906,102	\$ 49,570,957	0.68%
Restricted For:				
Capital Projects	Funds restricted for capital projects	3,597,859	2,949,385	21.99%
Debt Service	Funds restricted to pay debt service	402,508	401,970	0.13%
Capital Reserve	Funds restricted for capital repair and capital improvement	9,887,632	10,233,389	-3.38%
Other Purposes	Funds restricted by enabling legislation or Board of Education resolutions	5,590,976	4,000,179	39.77%
Unrestricted	Represents net assets not restricted for specific purposes	(2,466,728)	(316,266)	679.95%
Total Net Assets		\$ 66,918,349	\$ 66,839,614	0.12%

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

By far, the largest component of the School District's net assets (75%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

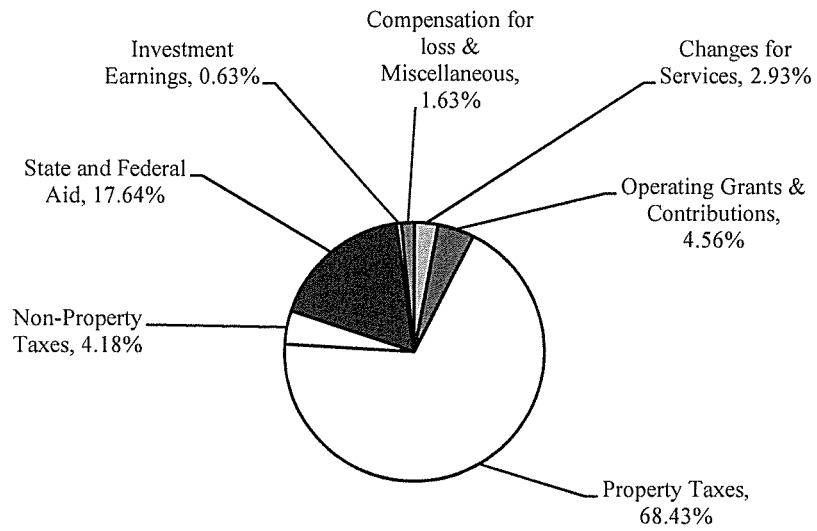
There are four restricted net asset balances, Capital Projects, Debt Service, Capital Reserve, and Other Purposes, which constitute 29% of total net assets. The remaining balance of unrestricted net assets is a deficit of (\$2,466,728).

Changes in Net Assets

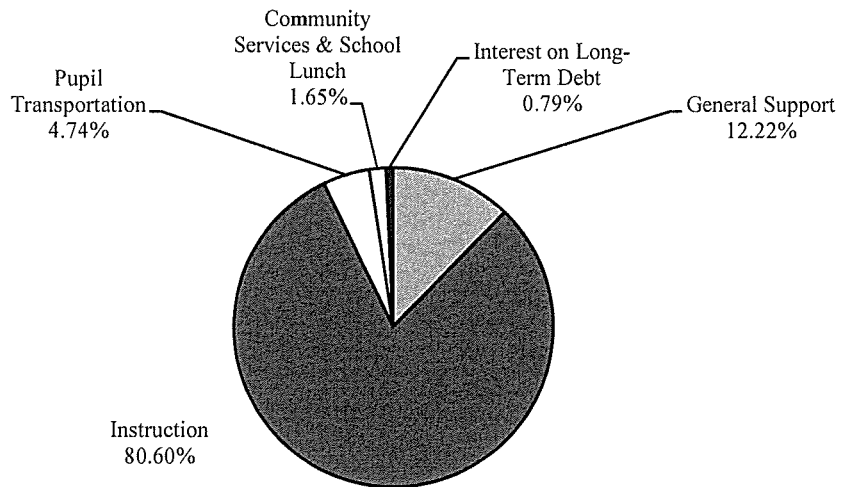
The District's total revenue decreased by .4% to \$66,096,950. State and federal aid (17%) and property taxes (68%) accounted for most of the District's revenue. The remaining 15% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues. In 2010, the district recorded the four remaining installments for the sales tax settlement with Monroe County. See table below:

Change in Net Assets	Governmental Activities		Total Percentage Change
	2012	2011	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Services	\$ 1,938,300	\$ 1,456,832	33.05%
Operating Grants & Contributions	3,013,622	3,802,613	-20.75%
Total Program	<u>\$ 4,951,922</u>	<u>\$ 5,259,445</u>	-5.85%
<u>General -</u>			
Property Taxes	\$ 45,240,828	\$ 44,799,055	0.99%
Non-Property Taxes	2,761,671	2,822,518	-2.16%
State and Federal Aid	11,656,739	11,617,454	0.34%
Investment Earnings	413,882	554,067	-25.30%
Compensation for Loss	2,671	2,137	24.99%
Miscellaneous			
Total General	<u>1,069,237</u>	<u>1,342,813</u>	-20.37%
TOTAL REVENUES	<u>\$ 61,145,028</u>	<u>\$ 61,138,044</u>	0.01%
<u>EXPENSES:</u>			
General Support	\$ 8,064,408	\$ 8,077,898	-0.17%
Instruction	53,212,300	53,598,846	-0.72%
Pupil Transportation	3,132,290	3,212,574	-2.50%
Community Services	125	235	-100.00%
School Lunch	1,087,724	1,081,734	0.55%
Interest on Long-Term Debt	521,368	608,156	-14.27%
TOTAL EXPENSES	<u>\$ 66,018,215</u>	<u>\$ 66,579,443</u>	-0.84%
CHANGES IN NET ASSETS	<u>\$ 78,735</u>	<u>\$ (181,954)</u>	-143.27%

Sources of Revenue for 2011-12



Sources of Expenditures for 2011-2012



The total cost of all the programs and services decreased by .84% to \$66,018,215. The District's expenses, which are predominately related to education and caring for the students (Instruction) accounted for 81%. General support, which included expenses associated with the operation, maintenance and administration of the District accounted for 12% of the total costs. The remaining 7% are expenses related to pupil transportation, school lunch program, community services and expenses related to long-term debt.

The increase in instructional cost is attributed to an increase in student special education needs and staffing requirements for those students.

Fund Financial Statements

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The 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

All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending.

The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

This information does not encompass the additional-long-term focus of the governmental-wide statements, therefore, additional information at the bottom of the governmental funds statements explains the relationship or differences between them.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* for the general fund, and the special aid fund reported as major funds. Data for the school lunch fund, the debt service fund and the capital projects fund are combined into a single, aggregated presentation called non-major funds. Individual fund data for each of these non-major governmental funds is provided in a combining statement format as a supplemental schedule in this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities fund.

The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The District excludes activities from the government-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$25,443,019 which is an increase of 10.5% over last year's ending fund balance of \$23,045,974

A reserve fund balance indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts and/or purchase orders or restricted for other purposes. The additional reserves and the increase in the amounts in various reserves demonstrate the continuing growth in the District's financial strength.

One of the most important pieces of information reported in the governmental fund financial statements is available fund balance. The fund balances represent the availability of various governmental fund resources for future use.

	<u>2012</u>	<u>2011</u>
<u>Unreserved:</u>		
Designated	<u>\$ 2,500,000</u>	<u>\$ 1,920,000</u>
<u>Unassigned:</u>		
General	<u>\$ 2,634,731</u>	<u>\$ 2,542,423</u>
Total Unassigned	<u>\$ 2,634,731</u>	<u>\$ 2,542,423</u>

At the end of this year, the \$21,340,324 fund balance in the general fund was divided between \$15,478,608 in restricted fund balance, \$3,226,985 in assigned fun balance, and \$2,634,731 in unassigned-undesignated fund balance.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget one time. During the 2011-12 fiscal year, the budget was increased by a \$400,000 voter approved transfer from the technology capital reserve and a \$1,400,000 voter approved transfer from the capital reserve for the 2012-13 project.

While the District's final budget for the general fund anticipated that revenues and expenditures would be equal, the actual results for the year show a \$1,752,202 surplus in expenditures as described below:

- There were retirements at the end of previous year, which resulted in staff replacements at a lower salary.
- Utility costs were less than budgeted
- Some expenditures normally located within the general fund were redistributed because of the receipt of Jobs Education Funding in the Special Aid Fund.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2011-12 fiscal year, the District had invested \$61,636,102 in a broad range of capital assets, including school buildings, athletic facilities, vehicles, and equipment.

	<u>2012</u>	<u>2011</u>
Land	\$ 1,966,018	\$ 1,966,018
Work in Progress	4,910,081	4,158,555
Buildings and Improvements	54,210,574	56,181,260
Machinery and Equipment	549,429	720,124
Total	<u>\$ 61,636,102</u>	<u>\$ 63,025,957</u>

Long-Term Debt

At year end, the District had \$20,608,100 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>Purpose</u>	<u>2012</u>	<u>2011</u>
Serial Bonds	To finance the District's capital improvements.	\$ 11,730,000	\$ 13,455,000
Employee Benefit Reserve	To fund accrued liability at time of separation	613,021	613,021
Compensated Absences	To report the liability of the District's value of accumulated leave, such as vacation leave and sick leave, that is to be paid when employment is terminated.	437,693	398,310
OPEB	Post Employment Benefits	7,827,386	5,448,496
Total Long-Term Obligations		<u>\$ 20,608,100</u>	<u>\$ 19,914,827</u>

Obligations

At the end of the year, the District had a total outstanding long-term debt of \$20,608,100. The debt includes \$11,730,000 in serial bonds that are used to finance the various capital construction projects.

During the year, the District continued to pay down its debt, retiring \$1.725 million in outstanding bonds.

Factors Bearing on the District's Future

1. The District continues to improve its Buildings and Grounds by asking for voter permission to make capital repairs to its physical plant using the Capital Reserve Fund as authorized by the District residents.
2. Enrollment in the District is relatively stable.

3. The State Comptroller has advised that all participating employers be aware that the estimated contribution rate for retirement purposes will continue to increase due to the downward performance of capital markets since July, 2008.
4. In the current teacher's retirement budget, an allowance has been made in anticipation of the estimated increase in the contribution rate. The district has also established a Reserve for Retirement Contributions for the Employees' Retirement System to help mitigate an increase in contributions.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Brighton Central School District
Attn: Lou Alaimo
Business Office
2035 Monroe Ave.
Rochester, NY 14618
585-242-5089

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Assets

June 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 27,029,736
Accounts receivable	4,671,536
Inventories	40,115
Capital Assets:	
Land	1,966,018
Work in progress	4,910,081
Other capital assets (net of depreciation)	54,760,003
TOTAL ASSETS	\$ 93,377,489
LIABILITIES	
Accounts payable	\$ 633,760
Accrued liabilities	1,723,573
Deferred revenue	245,684
Due to other governments	586
Due to teachers' retirement system	2,966,336
Due to employees' retirement system	281,101
Long-Term Obligations:	
Due in one year	2,042,679
Due in more than one year	18,565,421
TOTAL LIABILITIES	\$ 26,459,140
NET ASSETS	
Invested in capital assets, net of related debt	\$ 49,906,102
Restricted For:	
Capital projects	3,597,859
Debt service	402,508
Capital reserves	9,887,632
Other purposes	5,590,976
Unrestricted	(2,466,728)
TOTAL NET ASSETS	\$ 66,918,349

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities

For Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
<u>Primary Government -</u>				<u>Governmental</u>
				<u>Activities</u>
General support	\$ 8,064,408	\$ -	\$ -	\$ (8,064,408)
Instruction	53,212,300	1,209,813	2,761,088	(49,241,399)
Pupil transportation	3,132,290	-	-	(3,132,290)
Community services	125	-	-	(125)
School lunch	1,087,724	728,487	252,534	(106,703)
Interest	521,368	-	-	(521,368)
Total Primary Government	\$ 66,018,215	\$ 1,938,300	\$ 3,013,622	\$ (61,066,293)

General Revenues:

Property taxes	\$ 45,240,828
Non property taxes	2,761,671
State and federal aid	11,656,739
Investment earnings	413,882
Compensation for loss	2,671
Miscellaneous	1,069,237
Total General Revenues	\$ 61,145,028
Changes in Net Assets	\$ 78,735
Net Assets, Beginning of Year	66,839,614
Net Assets, End of Year	\$ 66,918,349

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2012

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Aid</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 22,767,419	\$ 82,990	\$ 4,179,327	\$ 27,029,736
Receivables	2,794,205	1,367,302	16,314	4,177,821
Inventories	-	-	40,115	40,115
Due from other funds	857,915	-	-	857,915
TOTAL ASSETS	<u>\$ 26,419,539</u>	<u>\$ 1,450,292</u>	<u>\$ 4,235,756</u>	<u>\$ 32,105,587</u>
LIABILITIES AND FUND BALANCE				
<u>Liabilities</u> -				
Accounts payable	\$ 133,760	\$ 500,000	\$ -	\$ 633,760
Accrued liabilities	1,667,379	2,453	7,354	1,677,186
Due to other funds	1,500	765,996	90,419	857,915
Due to other governments	-	-	586	586
Due to TRS	2,966,336	-	-	2,966,336
Due to ERS	281,101	-	-	281,101
Deferred revenues	29,139	181,843	34,702	245,684
TOTAL LIABILITIES	<u>\$ 5,079,215</u>	<u>\$ 1,450,292</u>	<u>\$ 133,061</u>	<u>\$ 6,662,568</u>
<u>Fund Balances</u> -				
Nonspendable	\$ -	\$ -	\$ 40,115	\$ 40,115
Restricted	15,478,608	-	4,000,367	19,478,975
Assigned	3,226,985	-	62,213	3,289,198
Unassigned	2,634,731	-	-	2,634,731
TOTAL FUND BALANCE	<u>\$ 21,340,324</u>	<u>\$ -</u>	<u>\$ 4,102,695</u>	<u>\$ 25,443,019</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,419,539</u>	<u>\$ 1,450,292</u>	<u>\$ 4,235,756</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 61,636,102
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(46,387)
Monroe County sales tax agreement	493,715
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(11,730,000)
OPEB	(7,827,386)
Compensated absences	(1,050,714)
Net Assets of Governmental Activities	<u>\$ 66,918,349</u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For Year Ended June 30, 2012

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real property taxes and tax items	\$ 45,240,828	\$ -	\$ -	\$ 45,240,828
Non-property taxes	3,008,529	-	-	3,008,529
Charges for services	1,209,813	-	-	1,209,813
Use of money and property	413,258	-	624	413,882
Sale of property and compensation for loss	2,671	-	-	2,671
Miscellaneous	1,069,155	111,619	82	1,180,856
State sources	11,638,228	778,636	15,036	12,431,900
Federal sources	18,511	1,870,833	237,498	2,126,842
Sales	-	-	728,487	728,487
TOTAL REVENUES	\$ 62,600,993	\$ 2,761,088	\$ 981,727	\$ 66,343,808
EXPENDITURES				
General support	\$ 6,440,641	\$ -	\$ -	\$ 6,440,641
Instruction	32,857,863	2,686,379	-	35,544,242
Pupil transportation	2,946,576	94,186	-	3,040,762
Community services	125	-	-	125
Employee benefits	14,771,793	154,272	154,304	15,080,369
Debt service - principal	1,725,000	-	-	1,725,000
Debt service - interest	533,044	-	-	533,044
Cost of sales	-	-	466,167	466,167
Other expenses	-	-	364,887	364,887
Capital outlay	-	-	751,526	751,526
TOTAL EXPENDITURES	\$ 59,275,042	\$ 2,934,837	\$ 1,736,884	\$ 63,946,763
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,325,951	\$ (173,749)	\$ (755,157)	\$ 2,397,045
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	\$ -	\$ 173,749	\$ 1,400,000	\$ 1,573,749
Operating transfers - out	(1,573,749)	-	-	(1,573,749)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,573,749)	\$ 173,749	\$ 1,400,000	\$ -
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 1,752,202	\$ -	\$ 644,843	\$ 2,397,045
FUND BALANCE, BEGINNING OF YEAR	19,588,122	-	3,457,852	23,045,974
FUND BALANCE, END OF YEAR	\$ 21,340,324	\$ -	\$ 4,102,695	\$ 25,443,019

(See accompanying notes to financial statements)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

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

For Year Ended June 30, 2012

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

\$ 2,397,045

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets exceeded depreciation in the current period:

Capital Outlay	\$ 751,526	
Addition of Assets, Net	26,706	
Depreciation	<u>(2,168,087)</u>	
		(1,389,855)

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

Debt Repayments	1,725,000
-----------------	-----------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 11,676

Monroe County sales tax agreement (246,858)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (2,378,890)

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

Compensated Absences	<u>(39,383)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 78,735

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	Scholarship Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 105,400	\$ 393,323
Receivable from general fund	-	372,718
TOTAL ASSETS	<u>\$ 105,400</u>	<u>\$ 766,041</u>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 197,982
Other liabilities	-	568,059
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 766,041</u>
NET ASSETS		
Restricted for scholarships	<u>\$ 105,400</u>	
TOTAL NET ASSETS	<u>\$ 105,400</u>	

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For Year Ended June 30, 2012

	Scholarship <u>Trust</u>
ADDITIONS	
Miscellaneous	\$ 10,780
Investment earnings	<u>208</u>
TOTAL ADDITIONS	<u>\$ 10,988</u>
DEDUCTIONS	
Scholarships and donations	<u>\$ 2,700</u>
TOTAL DEDUCTIONS	<u>\$ 2,700</u>
CHANGE IN NET ASSETS	\$ 8,288
NET ASSETS, BEGINNING OF YEAR	<u>97,112</u>
NET ASSETS, END OF YEAR	<u><u>\$ 105,400</u></u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2012

I. Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Statement of Fiduciary Net Assets – Agency Funds of the District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office.

B. Joint Venture

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

(I.) (Continued)

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

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

During the year, the District was billed \$6,261,220 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,530,132.

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

C. Basic Financial Statements

1. Districtwide Statements

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

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

2. Fund Financial Statements

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

(I.) (Continued)

The District reports the following funds:

a. **Major Governmental Funds**

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

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

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

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

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

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

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

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

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

(I.) (Continued)

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

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the time 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property and sales taxes together with state and federal aid and tuition are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

E. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents / Investments

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

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

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

2. Receivables

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method.

(I.) (Continued)

3. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items for other purposes are recorded as expenditures at the time of purchase.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the statement of net assets or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

4. Capital Assets - Property, Plant and Equipment

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

a. Government-Wide Statements

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

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

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

b. Fund Financial Statements

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

(I.) (Continued)

5. Deferred Revenue

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

6. Accrued Liabilities and Long-Term Obligations

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

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

7. Compensated Absences

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

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

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

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

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

8. Other Benefits

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

(I.) (Continued)

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

9. **Encumbrances**

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

10. **Equity Classifications**

a. **District-Wide Statements**

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

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

b. **Financial Statements – Fund Balance**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

(I.) (Continued)

3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board delegates the authority.
4. **Unassigned fund balance** – Amounts that have not been assigned to another fund or are not restricted, committed or assigned to specific purposes within the General Fund.

c. The District has adopted the following policies:

1. **Assigned fund balance** – The purchasing agent is responsible for all of the purchasing activities of the District and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (At year end, open purchase orders will therefore be designated as a component of the assigned fund balance.)
2. **Order of fund balance** – When fund balance resources are available for a specific purpose in more than one classification, it is the District’s practice to use the most restrictive funds first in the following order: restricted, assigned, and unassigned as they are needed.

F. **Revenues, Expenditures/Expenses**

1. **Revenues**

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 5, 2011. Taxes were collected during the period September 1, through October 1, 2011. Taxpayers may also elect to pay in three equal installments due September 15, October 15, and November 15.

Uncollected real property taxes are subsequently enforced by the County of Monroe, in which the District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than the forthcoming April 1.

The County of Monroe currently imposes a *sales and use tax*. Based upon a complex formula, a portion of the total revenue collected is allocated annually to the District in four quarterly installments.

Amounts reported as *program revenues* include 1) Charges for tuition for non-resident students 2) Charges for school lunches 3) State, federal, and local revenues in support of the school lunch program and the programs reported in the Special Aid Fund.

General revenues are those items without specific restrictions that are available to support overall operations of the District, including all taxes and general operating state and federal aids.

(I.) (Continued)

2. **Expenditures/Expenses**

In the district-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function)
 Debt Service
 Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources. District-wide financial statements report expenses relating to use of economic resources.

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

In the process of aggregating the financial information for the district-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. Advances between funds, as reported in the fund financial statements, can be offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

1. **Fund Financial Statements**

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

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

2. **District-Wide Financial Statements**

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

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

(I.) (Continued)

H. Use of Estimates

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

II. Stewardship, Compliance and Accountability:

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

A. Budgetary Information

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2011-12 fiscal year, the budget was increased by a \$400,000 appropriation from the technology capital reserve and a \$1,400,000 appropriation from the capital reserve.

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

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

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

III. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

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

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

Uncollateralized	\$ -
Collateralized within Trust department or agent	<u>27,442,599</u>
Total	<u><u>\$ 27,442,599</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$19,479,426 within the governmental funds and \$105,400 in the fiduciary funds.

B. Receivables

Receivables at June 30, 2012 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Non-Major Funds</u>	
Accounts Receivable	\$ 684,893	\$ 8,609	\$ -	\$ 693,502
Due From State and Federal	375,793	1,358,693	16,314	1,750,800
Due From Other Governments	1,859,650	-	-	1,859,650
Allowance for Uncollectible Accounts	(126,131)	-	-	(126,131)
Total	<u><u>\$ 2,794,205</u></u>	<u><u>\$ 1,367,302</u></u>	<u><u>\$ 16,314</u></u>	<u><u>\$ 4,177,821</u></u>

C. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2012 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 857,915	\$ 1,500	\$ -	\$ 1,573,749
Special Aid Fund	-	765,996	173,749	-
School Lunch Fund	-	89,968	-	-
Capital Fund	-	451	1,400,000	-
Total government activities	<u><u>\$ 857,915</u></u>	<u><u>\$ 857,915</u></u>	<u><u>\$ 1,573,749</u></u>	<u><u>\$ 1,573,749</u></u>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Assets.

(III.) (Continued)

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

All interfund payables are not necessarily expected to be repaid within one year.

D. Changes In Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2012</u>
<u>Governmental Activities:</u>				
<u>Capital assets that are not depreciated -</u>				
Land	\$ 1,966,018	\$ -	\$ -	\$ 1,966,018
Work in progress	4,158,555	751,526	-	4,910,081
<i>Total Nondepreciable</i>	<u>\$ 6,124,573</u>	<u>\$ 751,526</u>	<u>\$ -</u>	<u>\$ 6,876,099</u>
<u>Capital assets that are depreciated -</u>				
Buildings and improvements	\$ 88,805,819	\$ -	\$ -	\$ 88,805,819
Machinery and equipment	3,379,769	34,982	(90,378)	3,324,373
<i>Total Depreciable</i>	<u>\$ 92,185,588</u>	<u>\$ 34,982</u>	<u>\$ (90,378)</u>	<u>\$ 92,130,192</u>
<u>Less accumulated depreciation -</u>				
Buildings and improvements	\$ 32,546,411	\$ 2,048,834	\$ -	\$ 34,595,245
Machinery and equipment	2,737,793	119,253	(82,102)	2,774,944
<i>Total accumulated depreciation</i>	<u>\$ 35,284,204</u>	<u>\$ 2,168,087</u>	<u>\$ (82,102)</u>	<u>\$ 37,370,189</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 56,901,384</u>	<u>\$ (2,133,105)</u>	<u>\$ (8,276)</u>	<u>\$ 54,760,003</u>
Total Capital Assets	<u><u>\$ 63,025,957</u></u>	<u><u>\$ (1,381,579)</u></u>	<u><u>\$ (8,276)</u></u>	<u><u>\$ 61,636,102</u></u>

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

<u>Governmental Activities:</u>	
General government support	\$ 32,091
Instruction	2,057,971
School lunch	78,025
Total Depreciation Expense	<u><u>\$ 2,168,087</u></u>

E. Long-Term Debt

At June 30, 2012 the total outstanding obligations of the District aggregated \$20,608,100 as follows:

1. Serial Bonds

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

(III.) (Continued)

2. Interest Reconciliation

A summary of the long-term interest expense as of June 30, 2012 is as follows:

Interest paid	\$ 533,044
<u>Less: interest accrued in the prior year</u>	<u>(58,063)</u>
<u>Plus: interest accrued in the current year</u>	<u>46,387</u>
Total interest expense	\$ <u>521,368</u>

3. Other Long-Term Obligations

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

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

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

4. Summary of Debt

The following is a summary of obligations outstanding at June 30, 2012:

<u>Governmental Activities:</u>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within</u>	<u>Due Within</u>
<u>Bonds and Notes Payable -</u>	<u>7/1/2011</u>	<u>6/30/2012</u>	<u>One Year</u>	<u>One Year</u>	<u>More Than</u>	<u>One Year</u>
Serial Bonds	\$ 13,455,000	\$ -	\$ 1,725,000	\$ 11,730,000	\$ 1,780,000	\$ 9,950,000
<u>Other Liabilities -</u>						
Compensated Absences	\$ 1,011,331	\$ 39,383	\$ -	\$ 1,050,714	\$ 262,679	\$ 788,035
OPEB	5,448,496	2,378,890	-	7,827,386	-	7,827,386
Total Long-Term Obligations	\$ <u>19,914,827</u>	\$ <u>2,418,273</u>	\$ <u>1,725,000</u>	\$ <u>20,608,100</u>	\$ <u>2,042,679</u>	\$ <u>18,565,421</u>

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

(III.) (Continued)

5. **Debt Maturity Schedule**

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2012</u>
<u>Serial Bonds -</u>				
Refunding Bonds	2011	2021	2.00%-5.00%	\$ 4,155,000
Refunding Bonds	2002	2014	4.14%	2,000,000
Refunding Bonds	2005	2024	3.75%-4.00%	5,575,000
Total Serial Bonds				<u>\$ 11,730,000</u>

6. The following table summarizes the District's future debt service requirements as of June 30, 2012:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2012-13	\$ 1,780,000	\$ 466,000
2013-14	1,825,000	395,350
2014-15	810,000	323,506
2015-16	845,000	294,244
2016-17	850,000	262,056
2017-22	4,075,000	804,063
2022-25	1,545,000	125,200
Total	<u>\$ 11,730,000</u>	<u>\$ 2,670,419</u>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$10,180,000 of bonds outstanding are considered defeased.

F. **Fund Balances/Net Assets**

1. **Fund Balances**

a. **Nonspendable**

The District has reported nonspendable fund balance for inventory in the School Lunch Fund.

b. **Restricted**

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

(III.) (Continued)

Capital Reserve - The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund.

- A. On May 16, 2005, the voters of the District authorized a technology capital reserve with an ultimate funding amount of \$7,500,000 plus accrued interest and a probable term of 10 years. The District has funded this reserve \$7,500,000 as of June 30, 2012. The balance at June 30, 2012 totals \$3,508,155.
- B. On May 19, 2009, the voters of the District authorized a technology capital reserve with an ultimate funding amount of \$5,000,000 plus accrued interest and a probable term of 6 years. The District has funded this reserve \$6,036 as of June 30, 2012. The balance at June 30, 2012 totals \$6,036.
- C. On May 19, 2009, the voters of the District authorized a building capital reserve to finance future site work, construction or reconstruction and equipping of our school buildings with an ultimate funding amount of \$10,000,000 plus accrued interest and a probable term of 6 years. The District has funded this reserve \$6,560,867 as of June 30, 2012. The balance at June 30, 2012 totals \$6,373,441.

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

Retirement Contribution Reserve - as allowed by General Municipal Law Section 6-r, is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board.

(III.) (Continued)

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

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

Employee Benefit Accrued Liability Reserve - as allowed by General Municipal Law Section 6-p, is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

c. **Assigned**

The District has the following assigned funds:

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

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

Significant encumbrances for the general fund, management has determined that amounts in excess of \$35,000 are considered significant and are summarized below:

- \$38,729 for wireless upgrades, \$100,000 for private placement tuition, \$35,000 for private school Title IIA funding, \$39,114 for textbooks and supplies, and \$50,000 for roof replacement.

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

(III.) (Continued)

d. Unassigned

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

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

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects</u>	<u>Total</u>
FUND BALANCE:					
<u>Nonspendable -</u>					
Inventory	\$ -	\$ -	\$ 40,115	\$ -	\$ 40,115
Total Nonspendable	\$ -	\$ -	\$ 40,115	\$ -	\$ 40,115
<u>Restricted -</u>					
Construction of					
Capital Assets	\$ 6,373,441	\$ -	\$ -	\$ 3,597,859	\$ 9,971,300
Technology	3,514,191	-	-	-	3,514,191
Unemployment Costs	552,381	-	-	-	552,381
Retirement Contribution	3,825,574	-	-	-	3,825,574
Tax certiorari	600,000	-	-	-	600,000
Debt	-	402,508	-	-	402,508
Employee Benefits					
Accrued Liability	613,021	-	-	-	613,021
Total Restricted	\$ 15,478,608	\$ 402,508	\$ -	\$ 3,597,859	\$ 19,478,975
<u>Assigned -</u>					
Appropriated for Taxes	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 2,500,000
Board of Education	1,304	-	-	-	1,304
Central Administration	510	-	-	-	510
Finance	19,876	-	-	-	19,876
Staff	28,282	-	-	-	28,282
Cental Services	222,306	-	-	-	222,306
Instruction, Administration, and Improvement	94,771	-	-	-	94,771
Teaching-Regular School	98,452	-	-	-	98,452
Programs for Children with Handicapped Conditions	142,081	-	-	-	142,081
Teaching-Special School	534	-	-	-	534
Instructional Media	92,271	-	-	-	92,271
Pupil Services	18,899	-	-	-	18,899
Transportation	7,699	-	-	-	7,699
School Lunch	-	-	62,213	-	62,213
Total Assigned	\$ 3,226,985	\$ -	\$ 62,213	\$ -	\$ 3,289,198
Unassigned -	\$ 2,634,731	\$ -	\$ -	\$ -	\$ 2,634,731
TOTAL FUND BALANCE	\$ 21,340,324	\$ 402,508	\$ 102,328	\$ 3,597,859	\$ 25,443,019

(III.) (Continued)

2. **Net Assets - Restricted for Other Purposes**

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

	<u>Total</u>
Unemployment Costs	\$ 552,381
Retirement Contribution	3,825,574
Tax Certiorari	600,000
Employee Benefits Accrued Liability	613,021
Total Net Assets - Restricted for Other Purposes	<u>\$ 5,590,976</u>

It should be noted that the District has appropriated \$800,000 from the retirement contribution reserve for the 2012-13 budget.

IV. **Other Notes:**

A. **Employee Pension and Other Benefit Plans**

1. **Pension Plans**

a. **General Information**

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

b. **Provisions and Administration**

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

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

(III.) (Continued)

c. **Funding Policies**

The Systems are noncontributory for the employee, except for those who joined the systems after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. For NYSERS the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate, currently 11.11% of the annual covered payroll for the fiscal year ended June 30, 2012. Rates applicable to the fiscal years ended June 30, 2011 and 2010 were respectively 8.62% and 6.19%. The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. The required contributions for the current year and two preceding years were::

	<u>NYSTRS</u>	<u>NYSERS</u>
2012	\$ 2,787,214	\$ 759,011
2011	\$ 2,113,293	\$ 731,689
2010	\$ 1,619,222	\$ 354,729

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

Plan Description

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

Funding Policy

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

(IV.) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation by governmental activities:

Annual required contribution	\$ 4,553,905
Interest on net OPEB obligation	138,132
Adjustment to annual required contribution	<u>(127,026)</u>
Annual OPEB cost (expense)	\$ 4,565,011
Contributions made	<u>2,186,121</u>
Increase in net OPEB obligation	\$ 2,378,890
Net OPEB obligation - beginning of year	<u>5,448,496</u>
Net OPEB obligation - end of year	<u><u>\$ 7,827,386</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 3,515,464	55.13%	\$ 1,577,260
6/30/2010	\$ 3,515,464	57.55%	\$ 3,069,606
6/30/2011	\$ 4,565,011	47.89%	\$ 5,448,496
6/30/2012	\$ 4,565,011	47.89%	\$ 7,827,386

Funded Status and Funding Progress.

As of June 30, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$54,973,293, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$54,973,293. The covered payroll (annual payroll of active employees covered by the plan) was \$31,091,382, and the ratio of the UAAL to the covered payroll was 176.81%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplemental information following the notes to the financial statements.

(IV.) (Continued)

Actuarial Methods and Assumptions

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

In the June 30, 2011 actuarial valuation, the entry age normal method was used. The discount rate used was 4.5%. Because the plan is unfunded, reference to the general assets, which are short-term in nature, was considered in the selections of the 4.5% rate. The valuation assumes an 8.5% medical cost trend, reduced by decrements to a rate of 5% after seven years. The remaining amortization period at June 30, 2012 was twenty-six years.

B. Risk Management

1. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

2. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plans objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plans may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plans year. Plan members bear an equal proportionate share of the Plans assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plans are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

a. Plan I

This Plan's members include seventeen districts with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

(IV.) (Continued)

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2012, the District incurred premiums or contribution expenditures totaling \$30,127.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2011, revealed that the Plan was fully funded.

b. Plan II

This Plan's members include eighteen districts with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

The Plan arrangement includes a pooling point to limit its exposure. The pooling point provides additional protection in the form of an experience credit in the subsequent year.

During the term of the agreement with the Insurer, the Insurer will determine whether there is a deficit or a surplus for the Plan year. If a deficit occurs in a Plan year, the Insurer will fund payment of the deficit. If there is a surplus in the Plan year, the surplus may not be applied to off-set a deficit in a subsequent Plan year or Plan years. If a surplus occurs in a Plan year that follows the year in which a deficit occurred, the surplus may be applied to fund the deficit.

Any medical claims expenses that are not paid by the Insurer (either with Plan money representing the net premium or with the Insurer's money if a deficit occurred) during the term of the agreement with the Insurer, will be the financial responsibility of the Plan. If the Insurer is processing medical claims expenses during part or all of the 12-month period referred to above, it will pay those medical claims expenses provided that the Plan provides adequate funding for the medical claims expenses.

(IV.) (Continued)

The administrative services that will be provided by the Insurer during the 12-month period referred to above will be provided for an additional charge determined by first dividing the Insurer administrative fee paid in the last Plan year by the total of the medical claims expenses paid during the last Plan year to determine an administrative cost percentage (the "Admin Percentage"). Then, for each medical claims expense paid during the subsequent 12-month period, the Plan will pay the Insurer an additional charge determined by multiplying the amount of the medical claims expense by the admin percentage. During the year ended June 30, 2012, the District incurred premiums or contribution expenditures totaling \$5,196,904.

The Plan is audited on an annual basis and is available at the BOCES' administrative offices. The most recent audit available for the year ended June 30, 2011, revealed that the Plan was fully funded.

3. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of eighteen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

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

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

(IV.) (Continued)

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2012, the District incurred premiums or contribution expenditures totaling \$179,987.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2011, revealed that the Plan was fully funded.

4. **Major Medical**

The District self insures for major medical coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. They have also purchased stop-loss insurance for any major medical claims which exceed 125% of expected total claims or approximately \$1,228,760 as of June 30, 2012. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic social factors.

A reconciliation of the claims recorded for 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning liabilities	\$ 808,392	\$ 885,757
Incurred claims	687,795	507,647
Claims payments	(513,180)	(585,012)
Ending liabilities	<u>\$ 983,007</u>	<u>\$ 808,392</u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2012	\$ 687,795	\$ 513,180
2011	\$ 507,647	\$ 585,012
2010	\$ 739,668	\$ 525,832
2009	\$ 778,282	\$ 704,025
2008	\$ 774,556	\$ 693,818
2007	\$ 725,233	\$ 697,960
2006	\$ 772,400	\$ 654,986
2005	\$ 727,738	\$ 644,878
2004	\$ 800,397	\$ 784,078
2003	\$ 744,967	\$ 643,685

5. **Dental Coverage**

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The District records expenditures as claims are presented for payment with a cap of \$1,000 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

(IV.) (Continued)

A reconciliation of the claims recorded for 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Beginning liabilities	\$ 343,815	\$ 432,943
Incurred claims	702,456	501,720
Claims payments	(621,385)	(590,848)
Ending liabilities	<u><u>\$ 424,886</u></u>	<u><u>\$ 343,815</u></u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2012	\$ 702,456	\$ 621,385
2011	\$ 501,720	\$ 590,848
2010	\$ 698,367	\$ 667,037
2009	\$ 663,643	\$ 608,522
2008	\$ 637,109	\$ 575,856
2007	\$ 569,096	\$ 547,763
2006	\$ 536,900	\$ 506,466
2005	\$ 514,968	\$ 497,683
2004	\$ 500,659	\$ 452,803
2003	\$ 436,815	\$ 403,996
2002	\$ 396,777	\$ 379,326

6. Medical Reimbursement Plan

The District has established a Medical Reimbursement Plan for any employee group whose eligibility may be designated by the Board of Education. The sole purpose of the Plan is to provide employees with certain health care and medical expense benefits in addition to the basic hospital coverage.

The Plan stipulates the specific employer contributions to be made annually for each eligible employee. The total cost to the District for this Plan was \$132,775 and the claims paid during 2011-12 totaled \$119,572.

As of June 30, 2012 the accumulated balance of the Plan recorded in Trust and Agency which was available for benefits totaled \$381,529.

7. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2011-12 fiscal year totaled \$106,682. The balance of the fund at June 30, 2012 was \$552,381 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2012, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

(IV.) (Continued)

C. Commitments and Contingencies

1. Litigation

- a. There are two discrimination suits against the District and a suit seeking reimbursement for tuition from the District outstanding at year end for which the outcome cannot be determined as of June 30, 2012. There are claims that have been turned over to District insurance carriers for which the District does not anticipate any potential loss above insurance coverage. In addition, there are pending tax certiorari claims requesting reduction of assessments which are undeterminable at this time.
- b. In March 2009, the Appellate Division of the State Supreme Court, Fourth Department, declared that “Monroe County is obligated to allocate to (the Monroe County School Districts) their full statutory share of sales tax collections undiminished by the election of the sales tax intercept option” by the County back in 2007. The school districts negotiated a settlement agreement with the County to obtain reimbursement for the amounts previously withheld. The first payment was received in January 2010. Two more annual payments are now remaining which will total approximately \$494,000.

2. Lease Obligations (Operating Leases)

The District has entered into several lease agreements covering several buildings within the District as follows:

<u>Leased To</u>	<u>Building</u>	<u>Terms</u>	<u>Rent Collected</u>
BOCES #1	Twelve Corners Elementary School	9/11-6/12	\$ 47,500
Town of Brighton	Use of Pool	9/97-6/12	68,089
Monroe County School Boards	Brookside	6/11-6/12	12,959
The Montessori School of Rochester	Brookside (5 Classrooms)	7/11-6/13	66,204
Verizon	BHS-Cell Tower	6/11-6/14	14,981
Chinese School of Rochester	TCMS Rooms	9/11-6/12	7,013
Chinese Institute	TCMS Rooms	9/11-6/12	1,107
AT&T	TCMS Cell Tower	7/11-6/12	9,606
Total			<u>\$ 227,459</u>

3. Grants

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

(IV.) (Continued)

D. Related Party

The Benefits Clerk for the District is related to the Payroll Clerk of the District.

V. Pending GASB Statements

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

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

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

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

The GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the year ending June 30, 2014.

The GASB has issued Statement No. 66, *Technical Corrections – an Amendment of GASB Statements No. 10 and No. 62*, which will be effective for the year ending June 30, 2014.

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

Required Supplemental Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2012

	<u>Original</u>	<u>Amended</u>	<u>Current</u>	<u>Over (Under)</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Revised</u>
			<u>Revenues</u>	<u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 44,027,291	\$ 38,996,613	\$ 38,989,415	\$ (7,198)
Real property tax items	1,215,000	6,245,678	6,251,413	5,735
Non-property taxes	2,700,000	2,700,000	3,008,529	308,529
Charges for services	1,030,000	830,000	1,209,813	379,813
Use of money and property	338,000	338,000	413,258	75,258
Sale of property and compensation for loss	-	-	2,671	2,671
Miscellaneous	300,000	300,000	1,069,155	769,155
State Sources -				
Basic formula	7,830,000	9,580,000	5,893,701	(3,686,299)
Lottery aid	-	-	3,509,624	3,509,624
BOCES	1,300,000	1,300,000	1,530,132	230,132
Textbooks	-	-	156,201	156,201
All Other Aid -				
Computer software	80,000	80,000	93,833	13,833
Library loan	230,000	230,000	35,918	(194,082)
Handicapped students	1,750,000	200,000	343,819	143,819
Other aid	-	-	75,000	75,000
Federal Sources	<u>40,000</u>	<u>340,000</u>	<u>18,511</u>	<u>(321,489)</u>
TOTAL REVENUES	<u>\$ 60,840,291</u>	<u>\$ 61,140,291</u>	<u>\$ 62,600,993</u>	<u>\$ 1,460,702</u>
Other Sources -				
Interfund transfer - in	<u>\$ 800,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 61,640,291</u>	<u>\$ 61,640,291</u>	<u>\$ 62,600,993</u>	<u>\$ 960,702</u>
Appropriated Fund Balance	<u>\$ 1,920,000</u>	<u>\$ 4,612,131</u>		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	<u>\$ 63,560,291</u>	<u>\$ 66,252,422</u>		

(See Independent Auditors' Report)

Required Supplemental Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2012

	<u>Original</u>	<u>Amended</u>	<u>Current</u>		<u>Unencumbered</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
			<u>Expenditures</u>		
EXPENDITURES					
General Support					
Board of education	\$ 58,600	\$ 72,887	\$ 67,583	\$ 1,304	\$ 4,000
Central administration	228,240	237,558	237,048	510	-
Finance	803,569	828,773	794,955	19,876	13,942
Staff	349,301	544,754	505,264	28,282	11,208
Central services	4,037,015	4,484,513	4,010,739	222,306	251,468
Special items	872,416	851,416	825,052	-	26,364
Instructional					
Instruction, administration and improvement	2,392,676	2,559,709	2,212,431	94,771	252,507
Teaching - regular school	17,481,578	17,956,652	17,363,937	98,452	494,263
Programs for children with handicapping conditions	9,758,850	10,016,314	7,552,294	142,081	2,321,939
Occupational education	508,274	454,860	402,660	-	52,200
Teaching - special schools	109,004	108,322	88,005	534	19,783
Instructional media	1,214,295	1,872,894	1,718,843	92,271	61,780
Pupil services	3,653,616	3,673,383	3,519,693	18,899	134,791
Pupil transportation	3,140,664	3,161,514	2,946,576	7,699	207,239
Community services	2,000	2,000	125	-	1,875
Employee benefits	16,616,567	15,595,080	14,771,793	-	823,287
Debt service - principal	1,725,000	1,725,000	1,725,000	-	-
Debt service - interest	533,044	533,044	533,044	-	-
TOTAL EXPENDITURES	<u>\$ 63,484,709</u>	<u>\$ 64,678,673</u>	<u>\$ 59,275,042</u>	<u>\$ 726,985</u>	<u>\$ 4,676,646</u>
Other Uses					
Interfund transfers - out	\$ 75,582	\$ 1,573,749	\$ 1,573,749	\$ -	\$ -
TOTAL EXPENDITURES AND					
OTHER USES	<u>\$ 63,560,291</u>	<u>\$ 66,252,422</u>	<u>\$ 60,848,791</u>	<u>\$ 726,985</u>	<u>\$ 4,676,646</u>
EXCESS (DEFICIENCY) OF REVENUE AND					
OTHER FINANCING SOURCES OVER					
EXPENDITURES AND OTHER FINANCING USES					
	\$ -	\$ -	\$ 1,752,202		
FUND BALANCE, BEGINNING OF YEAR	<u>19,588,122</u>	<u>19,588,122</u>	<u>19,588,122</u>		
FUND BALANCE, END OF YEAR	<u>\$ 19,588,122</u>	<u>\$ 19,588,122</u>	<u>\$ 21,340,324</u>		

Required Supplemental Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Funding Progress
of Post Employment Benefit Plan
(Unaudited)
For Year Ended June 30, 2012

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded Ratio (1)/(2)	(4) Unfunded Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
June 30, 2009	\$ -	\$ 42,219,424	0.00%	\$ 42,219,424	\$ 30,787,528	137.13%
2011	\$ -	\$ 54,973,293	0.00%	\$ 54,973,293	\$ 31,510,593	174.46%

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2012

	<u>Special</u> <u>Revenue Fund</u>			<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Lunch</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	
ASSETS				
Cash and cash equivalents	\$ 178,509	\$ 402,508	\$ 3,598,310	\$ 4,179,327
Receivables	16,314	-	-	16,314
Inventories	40,115	-	-	40,115
TOTAL ASSETS	<u>\$ 234,938</u>	<u>\$ 402,508</u>	<u>\$ 3,598,310</u>	<u>\$ 4,235,756</u>
LIABILITIES AND FUND BALANCE				
<u>Liabilities -</u>				
Accrued liabilities	\$ 7,354	\$ -	\$ -	\$ 7,354
Due to other funds	89,968	-	451	90,419
Due to other governments	586	-	-	586
Deferred revenues	34,702	-	-	34,702
TOTAL LIABILITIES	<u>\$ 132,610</u>	<u>\$ -</u>	<u>\$ 451</u>	<u>\$ 133,061</u>
<u>Fund Balances -</u>				
Nonspendable	\$ 40,115	\$ -	\$ -	\$ 40,115
Restricted	-	402,508	3,597,859	4,000,367
Assigned	62,213	-	-	62,213
TOTAL FUND BALANCE	<u>\$ 102,328</u>	<u>\$ 402,508</u>	<u>\$ 3,597,859</u>	<u>\$ 4,102,695</u>
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 234,938</u>	<u>\$ 402,508</u>	<u>\$ 3,598,310</u>	<u>\$ 4,235,756</u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2012

	<u>Special</u> <u>Revenue Fund</u>			<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Lunch</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	
REVENUES				
Use of money and property	\$ 86	\$ 538	\$ -	\$ 624
Miscellaneous	82	-	-	82
State sources	15,036	-	-	15,036
Federal sources	237,498	-	-	237,498
Sales	728,487	-	-	728,487
TOTAL REVENUES	<u>\$ 981,189</u>	<u>\$ 538</u>	<u>\$ -</u>	<u>\$ 981,727</u>
EXPENDITURES				
Employee benefits	\$ 154,304	\$ -	\$ -	\$ 154,304
Cost of sales	466,167	-	-	466,167
Other expenses	364,887	-	-	364,887
Capital outlay	-	-	751,526	751,526
TOTAL EXPENDITURES	<u>\$ 985,358</u>	<u>\$ -</u>	<u>\$ 751,526</u>	<u>\$ 1,736,884</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (4,169)</u>	<u>\$ 538</u>	<u>\$ (751,526)</u>	<u>\$ (755,157)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	\$ -	\$ -	\$ 1,400,000	\$ 1,400,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (4,169)</u>	<u>\$ 538</u>	<u>\$ 648,474</u>	<u>\$ 644,843</u>
FUND BALANCE, BEGINNING OF YEAR	<u>106,497</u>	<u>401,970</u>	<u>2,949,385</u>	<u>3,457,852</u>
FUND BALANCE, END OF YEAR	<u>\$ 102,328</u>	<u>\$ 402,508</u>	<u>\$ 3,597,859</u>	<u>\$ 4,102,695</u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
GENERAL FUND
Analysis of Change from Original Budget to Revised Budget
For Year Ended June 30, 2012

Original Budget		\$ 63,560,291
Additions:		
Budget revisions	\$ 1,800,000	
Encumbrances	<u>892,131</u>	
Total Additions		<u>2,692,131</u>
Revised Budget		<u><u>\$ 66,252,422</u></u>

GENERAL FUND
Analysis of Use of Fund Balance as of the
Beginning of Year Ended June 30, 2012

A909 Fund Balance as of Beginning of Year (Unreserved)		\$ 4,462,423
Less:		
A599 appropriated fund balance used for levy of taxes	<u>\$ 1,920,000</u>	
Total A599 Appropriated Fund Balance		<u>1,920,000</u>
Fund Balance (Undesignated)		<u><u>\$ 2,542,423</u></u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND

Schedule of Project Expenditures

June 30, 2012

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Methods of Financing</u>			<u>Fund Balance</u>	
			<u>Prior Year's</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended Balance</u>	<u>Local Sources</u>	<u>State Sources</u>		<u>Total</u>
2007-08 Capital Reserve	\$ 1,287,600	\$ 1,287,600	\$ 1,226,089	\$ -	\$ 1,226,089	\$ 61,511	\$ 1,287,600	\$ -	\$ 1,287,600	\$ 61,511
2008-09 Capital Reserve	1,476,000	1,476,000	1,156,915	2,993	1,159,908	316,092	1,476,000	-	1,476,000	316,092
2009-10 Capital Reserve	1,440,000	1,440,000	1,221,128	1,200	1,222,328	217,672	1,440,000	60,344	1,500,344	278,016
2010-11 Capital Reserve	1,428,000	1,428,000	491,030	658,149	1,149,179	278,821	1,428,000	-	1,428,000	278,821
2011-12 Capital Reserve	1,416,000	1,416,000	63,397	89,184	152,581	1,263,419	1,416,000	-	1,416,000	1,263,419
2012-13 Capital Reserve	1,400,000	1,400,000	-	-	-	1,400,000	1,400,000	-	1,400,000	1,400,000
TOTAL	\$ 8,447,600	\$ 8,447,600	\$ 4,158,559	\$ 751,526	\$ 4,910,085	\$ 3,537,515	\$ 8,447,600	\$ 60,344	\$ 8,507,944	\$ 3,597,859

BRIGHTON CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
Title IIA - Teacher Training	84.367	N/A	0147-11-1330	\$ 80,853
Title IIA - Teacher Training	84.367	N/A	0147-12-1330	4,074
Title IID - Technology	84.318	N/A	0292-11-1330	977
Title IIIA - Immigrant Education	84.365	N/A	0149-11-1330	20,897
Title IIIA - LEP	84.365	N/A	0293-12-1330	12,216
Title IV - Drug Free Schools	84.186	N/A	0180-11-1330	2,680
Race to the Top - ARRA	84.395	N/A	5500-12-1330	10,202
Education JOBS Fund - ARRA	84.410	N/A	5400-12-1330	620,709
<u>Title I, Part A Cluster -</u>				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-11-1330	35,617
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-12-1330	147,015
Title I - Grants to Local Educational Agencies - ARRA	84.389	N/A	5021-12-1330	742
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-11-0355	1,889
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-12-0355	863,847
Special Education - Grants to States (IDEA, Part B) - ARRA	84.391	N/A	5032-11-0355	50,493
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-11-0355	1,851
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-12-0355	16,771
Total U.S. Department of Education				\$ 1,870,833
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	005539	\$ 183,841
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005539	53,657
Total U.S. Department of Agriculture				\$ 237,498
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,108,331

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Investment in Capital Assets, Net of Related Debt

For Year Ended June 30, 2012

Capital assets, net		\$	61,636,102
Deduct:			
Short-term portion of bonds payable	\$	1,780,000	
Long-term portion of bonds payable		<u>9,950,000</u>	
			<u>11,730,000</u>
Investment in capital assets, net of related debt		\$	<u><u>49,906,102</u></u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

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

For Year Ended June 30, 2012

	Account		ST-3		Audited
<u>REVENUES</u>	<u>Code</u>		<u>Amount</u>		<u>Amount</u>
Property Taxes	A-1001	\$	38,989,415	\$	38,989,415
Non-Property Taxes	AT-1199	\$	3,008,529	\$	3,008,529
State Sources	AT-3999	\$	11,638,228	\$	11,638,228
Federal Sources	AT-4999	\$	18,511	\$	18,511
Total Revenues and Other Sources	AT-5999	\$	62,600,993	\$	62,600,993
<u>EXPENDITURES</u>					
General Support	AT-1999	\$	6,440,641	\$	6,440,641
Pupil Transportation	AT-5599	\$	2,946,576	\$	2,946,576
Debt Service - Principal	AT-9798.6	\$	1,725,000	\$	1,725,000
Debt Service - Interest	AT-9798.7	\$	533,044	\$	533,044
Total Expenditures and Other Uses	AT-9999	\$	60,848,791	\$	60,848,791

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

Shareholders:

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregated remaining fund information of Brighton Central School District, New York as of and for the year ended June 30, 2012, which collectively comprise the Brighton Central School District's basic financial statements, and have issued our report thereon dated October 2, 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

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

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

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

Compliance and Other Matters

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

We noted certain other matters that we reported to the management of Brighton Central School District in a separate letter dated October 2, 2012.

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

Raymond F. Wager, CPA P.C.

October 2, 2012