

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
COLD SPRING HARBOR, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
IN CONNECTION WITH OMB CIRCULAR A-133
FOR THE YEAR ENDED JUNE 30, 2013

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
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**INDEPENDENT AUDITOR'S REPORT ON
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District, as of June 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

NawrockiSmith

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress for the retiree health plan, on pages 3-13, 44 and 45 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the New York State Education Department. The 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 basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Melville, New York
August 22, 2013



COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

FINANCIAL HIGHLIGHTS

- Revenues increased by 2.1% as a result of increased real property taxes offset by decreased operating grants;
- The District continued to offer all programs, without reducing services, while maintaining adequate fund balances;
- The District funded the Capital Reserve with a current appropriation of \$1,278,413 to the Reserve.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Table A-1: Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position decreased by 58.7% from the year before to a net position balance of \$2,766,559, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$10,915,897 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2013, the District has an unrestricted net deficit position of \$19,519,389. This deficit is primarily driven by the District's required recognition of its obligation for post-employment benefits which currently totals \$22,270,613. This obligation will continue to grow into the future (see Note 11 to the accompanying financial statements) resulting in a greater unrestricted net deficit position.

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

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
Current and other assets	\$ 21,388,268	\$ 18,400,045	16.2
Capital assets, net	<u>38,484,809</u>	<u>38,135,443</u>	0.9
Total assets	<u>\$ 59,873,077</u>	<u>\$ 56,535,488</u>	5.9
Current liabilities	\$ 6,715,192	\$ 6,521,903	3.0
Long-term liabilities	<u>48,937,406</u>	<u>41,874,192</u>	16.9
Total liabilities	55,652,598	48,396,095	15.0
Deferred inflows	<u>1,453,920</u>	<u>1,448,593</u>	0.4
Total liabilities and deferred inflows	<u>\$ 57,106,518</u>	<u>\$ 49,844,688</u>	14.6
Net position:			
Net investment in capital assets	\$ 11,370,051	\$ 12,931,871	(12.1)
Restricted	10,915,897	8,719,654	25.2
Unrestricted (deficit)	<u>(19,519,389)</u>	<u>(14,960,725)</u>	30.5
Total net position	<u>\$ 2,766,559</u>	<u>\$ 6,690,800</u>	(58.7)

As of June 30, 2013, the District had positive working capital of \$14,673,076 as compared to \$11,878,142 as of June 30, 2012, due to an increase in cash of approximately \$3.2 million, offset by an increase in due to teachers' retirement system of approximately \$200,000.

As of June 30, 2013, the District had an investment in capital assets of \$38,484,809 as compared to \$38,135,443. The increase is due to current year outlay for ongoing capital projects offset by depreciation charges.

Long-term liabilities increased \$7,063,214 due to the continued recognition of the other-post employment benefits obligation liability, with a current year charge of \$4,984,113, and the addition of installment purchase debt in the amount of \$3,939,400.

Changes in Net Position

The District's fiscal year 2013 revenues totaled \$60,386,219 (See Table A-3). Property and other taxes and state sources accounted for most of the District's revenue by contributing 89 cents and 5 cents, respectively, of every dollar raised (See Table A-4). The remainder came from other charges for services, operating grants, miscellaneous, and use of money and property.

Revenues increased 2.1%, or \$1,266,995, primarily as a direct result of an increase in real property taxes of \$1,392,555 (based on assessed valuation).

The District's fiscal year 2013 expenses totaled \$64,310,460 (See Table A-3). These expenses (85 percent) are predominantly related to instruction and transporting students (See Table A-6). The District's administrative and business activities accounted for 13 percent of total costs.

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

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
Revenues			
Program revenues:			
Charges for services	\$ 1,060,650	\$ 957,734	10.7
Operating grants	641,012	858,090	(25.3)
General revenues:			
Real property taxes	53,656,760	52,264,205	2.7
Other tax items	1,738,330	1,827,962	(4.9)
State sources	2,948,961	2,763,441	6.7
Federal sources - Medicaid	21,587	-	100.0
Use of money and property	33,301	43,863	(24.1)
Miscellaneous	285,618	403,929	(29.3)
Total revenues	<u>60,386,219</u>	<u>59,119,224</u>	2.1
Expenses			
General support	8,041,957	8,901,422	(9.7)
Instruction	50,253,772	47,934,872	4.8
Pupil transportation	4,198,089	4,089,036	2.7
Community services	607	483	25.7
Debt service - interest	1,038,323	1,213,833	(14.5)
School lunch program	777,712	749,004	3.8
Total expenses	<u>64,310,460</u>	<u>62,888,650</u>	2.3
Decrease in net position	<u>\$ (3,924,241)</u>	<u>\$ (3,769,426)</u>	4.1

Table A-4: Sources of Revenues for Fiscal Year 2013

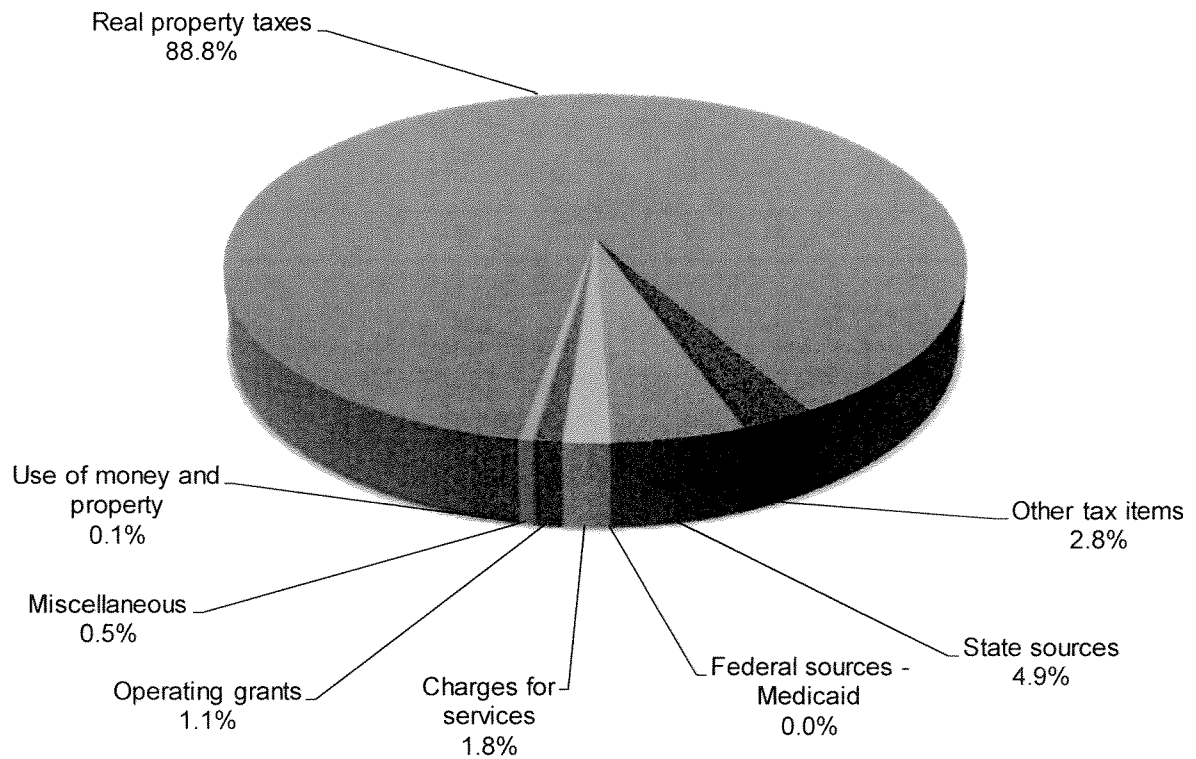


Table A-5: Sources of Revenues for Fiscal Year 2012

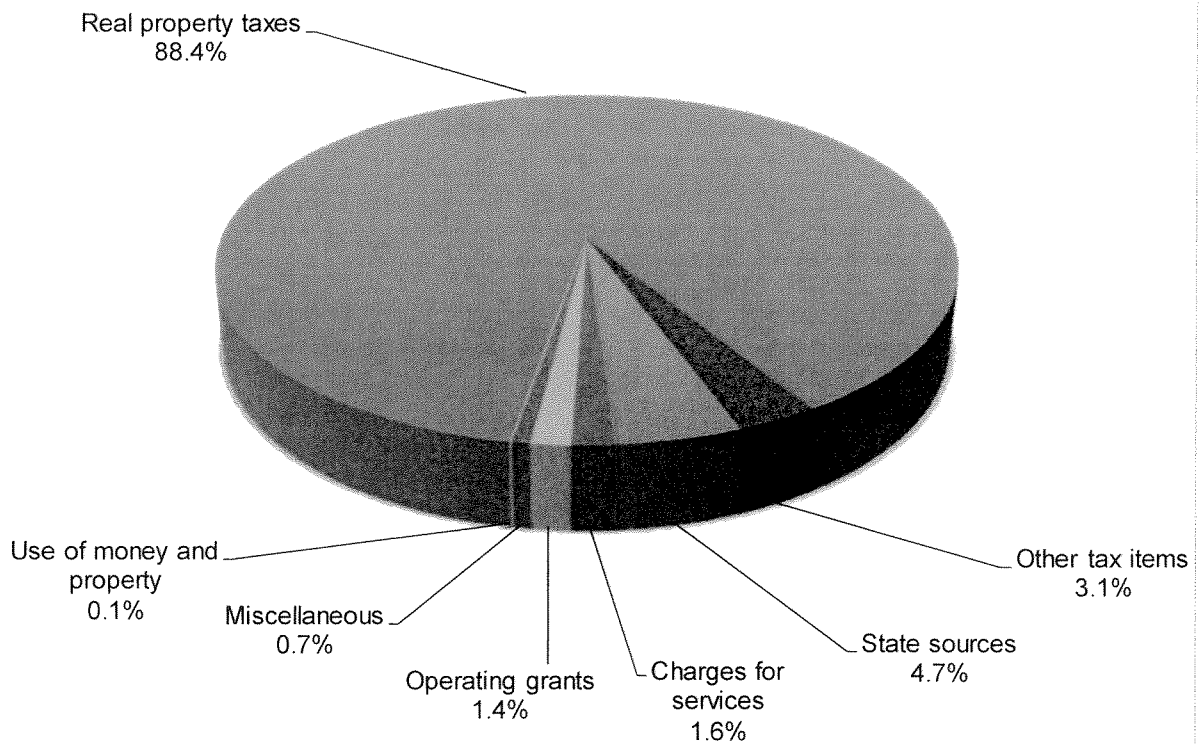


Table A-6: Expenses for Fiscal Year 2013

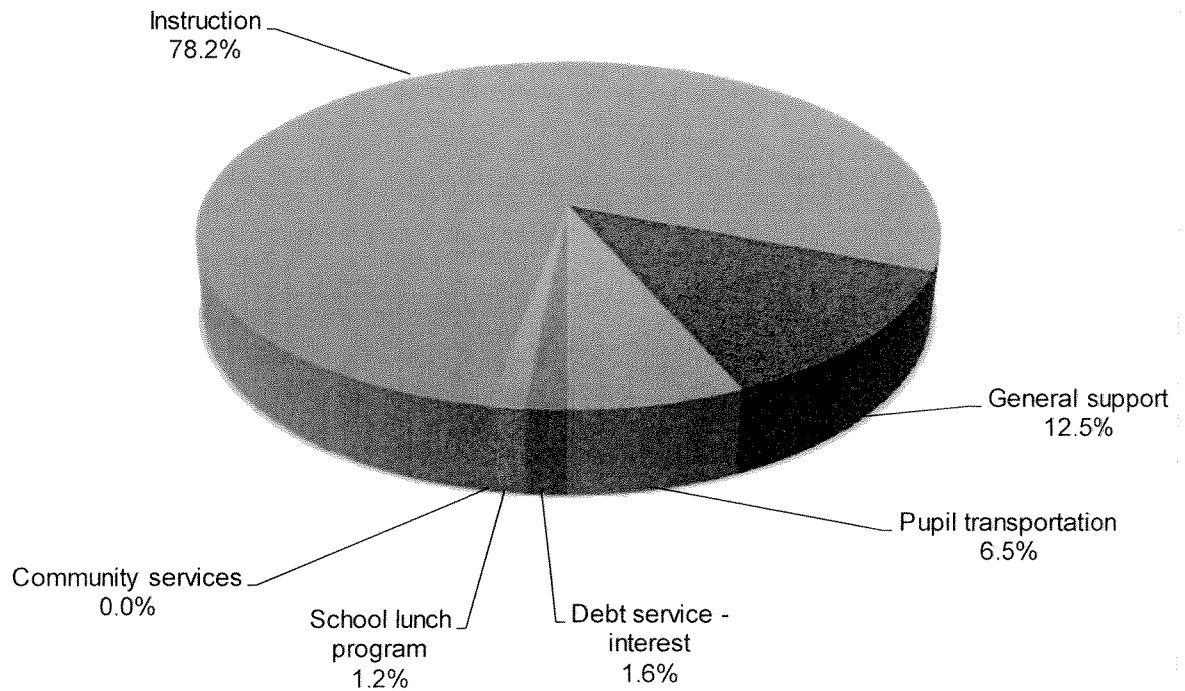
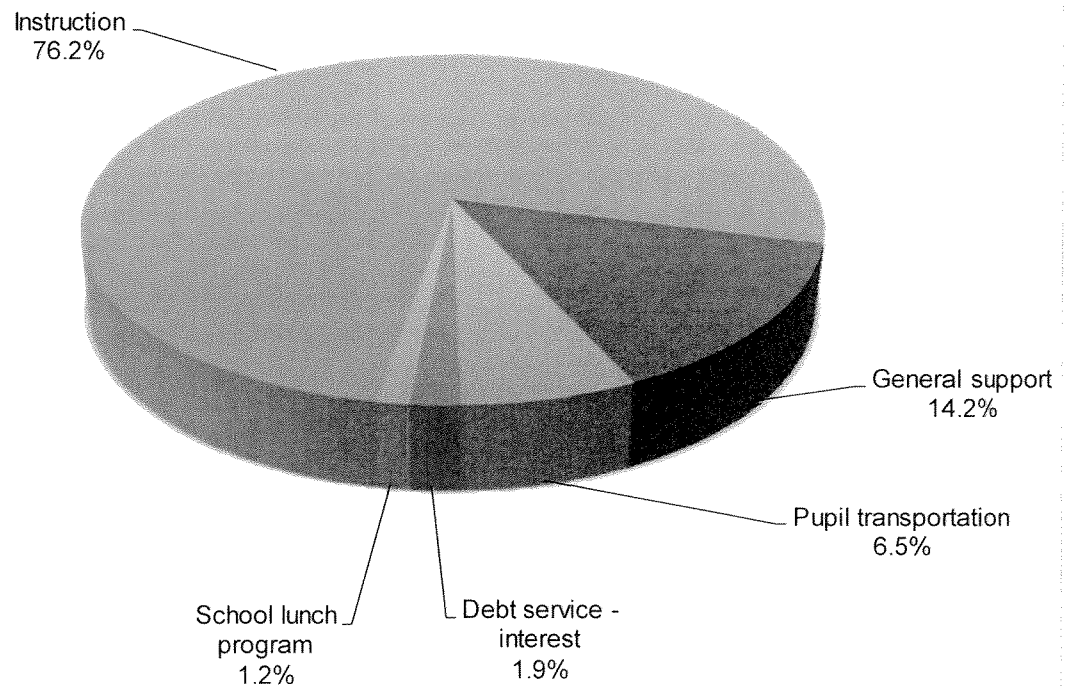


Table A-7: Expenses for Fiscal Year 2012



Governmental Activities

Revenues for the District's governmental activities totaled \$60,386,219 while total expenses were \$64,310,460. Therefore, the decrease in net position for governmental activities was \$3,924,241 in 2013. The District's financial condition was negatively affected by:

- Continued recognition of the liability for benefits provided to retirees other than pensions (OPEB).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2013, the District's governmental funds reported a combined fund balance of \$14,313,301, which is an increase of \$2,535,256 from June 30, 2012. Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
General Fund			
Restricted:			
Capital Reserve	\$ 1,974,523	\$ 2,521,110	(21.7)
Employee Benefit Accrued Liability	2,026,547	2,099,093	(3.5)
Unemployment Insurance	200,116	199,911	0.1
Workers' Compensation	600,037	599,798	0.0
Tax Reduction	347,340	347,340	0.0
Assigned:			
Designated for subsequent year's expenditures	480,000	660,000	(27.3)
Encumbrances	444,264	270,363	64.3
Unassigned	<u>2,460,171</u>	<u>2,116,865</u>	16.2
Total General Fund	<u>8,532,998</u>	<u>8,814,480</u>	(3.2)
School Lunch Fund			
Nonspendable:			
Inventory	12,969	11,163	16.2
Restricted:			
School Lunch Fund	<u>236,801</u>	<u>203,455</u>	16.4
Total School Lunch Fund	<u>249,770</u>	<u>214,618</u>	16.4

Table A-8: Fund Balances - Governmental Funds (continued)**Debt Service Fund**

Restricted:

Debt Service Fund	<u>644,885</u>	<u>644,885</u>	0.0
Total Debt Service Fund	<u>644,885</u>	<u>644,885</u>	0.0

Capital Projects Fund

Restricted:

Capital Projects Fund	<u>4,885,648</u>	<u>2,104,062</u>	132.2
Total Capital Projects Fund	<u>4,885,648</u>	<u>2,104,062</u>	132.2
Total fund balance	<u>\$ 14,313,301</u>	<u>\$ 11,778,045</u>	21.5

General Fund Budgetary Highlights

Reference is made to the supplementary schedule on page 44 which presents original and revised budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were less than the final budgeted revenues by approximately \$163,000.
- Actual expenditures were approximately \$2,193,000 less than final (not including interfund transfers) budget primarily due to lower than anticipated costs in the instruction and employee benefits categories.

At June 30, 2013, the District's unassigned fund balance was \$2,460,171 which was within the allowable 4% of the subsequent year's budget (\$61,504,278) as promulgated by New York State (see page 46). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2013.

Unassigned fund balance, beginning of year	\$ 2,116,865
Add:	
Prior-year appropriated fund balance	660,000
Prior-year encumbrances	270,363
Voter approved use of Capital Reserve	1,825,000
Board approved use of Employee Benefit Accrued Liability Reserve	72,546
Less:	
Net change in fund balance	(281,482)
Current-year appropriated fund balance	(480,000)
Current-year encumbrances	(444,264)
Transfer to Capital Reserve	(1,278,413)
Transfer to Unemployment Insurance Reserve	(205)
Transfer to Workers' Compensation Reserve	(239)
	<u>\$ 2,460,171</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2013, the District had invested \$38,484,809 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. The District is conducting a variety of minor capital projects through its Capital Reserve Program.

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

	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
Land	\$ 125,075	\$ 125,075	0.0
Construction-in-progress	5,885,520	2,902,706	102.8
Buildings and building improvements	32,038,124	34,765,597	(7.8)
Furniture and equipment	436,090	342,065	27.5
Totals	<u>\$ 38,484,809</u>	<u>\$ 38,135,443</u>	0.9

Long-Term Debt

At year-end, the District had \$51,230,283 in general obligation bonds and other long-term debt.

Table A-10: Outstanding Long-Term Debt

<u>Category</u>	<u>6/30/13</u>	<u>6/30/12</u>	<u>% Change</u>
General obligation bonds	\$ 21,765,000	\$ 23,665,000	(8.0)
Installment purchase debt payable	3,939,400	-	100.0
Workers' compensation claims payable	261,909	323,021	(18.9)
Other post-employment benefits	22,270,613	17,286,500	28.8
Compensated absences	2,993,361	2,862,565	4.6
Totals	<u>\$ 51,230,283</u>	<u>\$ 44,137,086</u>	16.1

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The national economy continues to have a negative impact on virtually every municipal budget. A result could be that State aid to the District could be negatively impacted in amount and/or timing.
- The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the new Law is expected to make budgetary decisions more difficult.

- Significant increases in the cost of health insurance and contributions to the retirement systems continue to place a greater burden on the District's finances. The New York State Comptroller has announced that the employer contribution rate for the State's Retirement System will be higher in 2014. Contributions to the State Retirement Systems are one of the exemptions to the "Tax Levy Limitation Law".

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Cold Spring Harbor Central School District
District Offices
Attn: Interim Assistant Superintendent of Business
75 Goose Hill Road
Cold Spring Harbor, NY 11724
(631) 367-5928

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current assets:		
Cash:		
Unrestricted	\$	11,136,337
Restricted		8,960,962
Receivables:		
State and federal aid		575,386
Taxes		512,390
Due from fiduciary funds		21,860
Other receivables		168,364
Inventories		12,969
Total current assets		21,388,268
Noncurrent assets:		
Capital assets, net of accumulated depreciation of \$28,167,016		38,484,809
Total assets	\$	59,873,077

LIABILITIES

Current liabilities:		
Payables:		
Accounts payable	\$	183,735
Accrued liabilities		298,101
Due to other governments		31,318
Accrued interest payable		384,271
Due to teachers' retirement system		3,199,280
Due to employees' retirement system		325,610
Long-term liabilities, due within one year:		
Bonds payable		1,985,000
Compensated absences		307,877
Total current liabilities		6,715,192
Noncurrent liabilities:		
Long-term liabilities, due after one year:		
Installment purchase debt payable		3,939,400
Bonds payable		19,780,000
Compensated absences		2,685,484
Workers' compensation claims payable		261,909
Other post-employment benefits		22,270,613
Total noncurrent liabilities		48,937,406
Total liabilities		55,652,598

DEFERRED INFLOWS

School lunch sales received in advance	43,562
Deferred inflows from issuance of bonds, net of amortization	1,410,358
Total deferred inflows	1,453,920
Total liabilities and deferred inflows	57,106,518

NET POSITION

Net investment in capital assets	11,370,051
Restricted:	
Capital Reserve	1,974,523
Employee Benefit Accrued Liability	2,026,547
Unemployment Insurance	200,116
Workers' Compensation	600,037
Tax Reduction	347,340
School Lunch Fund	236,801
Debt Service Fund	644,885
Capital Projects Fund	4,885,648
Unrestricted	(19,519,389)
Total net position	2,766,559
Total liabilities, deferred inflows and net position	\$ 59,873,077

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Expenses	Charges for Services	Program Revenues Operating Grants	Net (Expense) Revenue and Changes in Net Position
Functions and programs:				
General support	\$ 8,041,957	\$ -	\$ -	\$ (8,041,957)
Instruction	50,253,772	281,715	564,426	(49,407,631)
Pupil transportation	4,198,089	19,674	39,729	(4,138,686)
Community services	607	-	-	(607)
Debt service - interest	1,038,323	-	-	(1,038,323)
School lunch program	777,712	759,261	36,857	18,406
Total functions and programs	<u>\$ 64,310,460</u>	<u>\$ 1,060,650</u>	<u>\$ 641,012</u>	<u>(62,608,798)</u>
General revenues:				
Real property taxes				53,656,760
Other tax items				1,738,330
Use of money and property				33,301
State sources				2,948,961
Federal sources - Medicaid				21,587
Miscellaneous				285,618
Total general revenues				<u>58,684,557</u>
Change in net position				<u>(3,924,241)</u>
Total net position, beginning of year				<u>6,690,800</u>
Total net position, end of year				<u>\$ 2,766,559</u>

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash:						
Unrestricted	\$ 11,093,121	\$ -	\$ 43,216	\$ -	\$ -	\$ 11,136,337
Restricted	5,148,563	10,860	236,801	646,494	2,918,244	8,960,962
Receivables:						
State and federal aid	291,510	282,740	1,136	-	-	575,386
Taxes	512,390	-	-	-	-	512,390
Due from other funds	278,297	-	-	-	1,967,404	2,245,701
Due from fiduciary funds	21,860	-	-	-	-	21,860
Other receivables	167,951	-	413	-	-	168,364
Inventories	-	-	12,969	-	-	12,969
Total assets	<u>\$ 17,513,692</u>	<u>\$ 293,600</u>	<u>\$ 294,535</u>	<u>\$ 646,494</u>	<u>\$ 4,885,648</u>	<u>\$ 23,633,969</u>
LIABILITIES						
Payables:						
Accounts payable	\$ 166,852	\$ 16,072	\$ 811	\$ -	\$ -	\$ 183,735
Accrued liabilities	296,910	900	291	-	-	298,101
Due to other funds	1,967,404	276,628	60	1,609	-	2,245,701
Due to other governments	31,277	-	41	-	-	31,318
Due to teachers' retirement system	3,199,280	-	-	-	-	3,199,280
Due to employees' retirement system	325,610	-	-	-	-	325,610
Compensated absences	2,993,361	-	-	-	-	2,993,361
Total liabilities	<u>8,980,694</u>	<u>293,600</u>	<u>1,203</u>	<u>\$ 1,609</u>	<u>-</u>	<u>9,277,106</u>
DEFERRED INFLOWS						
School lunch sales received in advance	-	-	43,562	-	-	43,562
Total deferred inflows	<u>-</u>	<u>-</u>	<u>43,562</u>	<u>-</u>	<u>-</u>	<u>43,562</u>
Total liabilities and deferred inflows	<u>8,980,694</u>	<u>293,600</u>	<u>44,765</u>	<u>1,609</u>	<u>-</u>	<u>9,320,668</u>
FUND BALANCE						
Fund balance:						
Nonspendable	-	-	12,969	-	-	12,969
Restricted	5,148,563	-	236,801	644,885	4,885,648	10,915,897
Assigned	924,264	-	-	-	-	924,264
Unassigned	2,460,171	-	-	-	-	2,460,171
Total fund balance	<u>8,532,998</u>	<u>-</u>	<u>249,770</u>	<u>644,885</u>	<u>4,885,648</u>	<u>14,313,301</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 17,513,692</u>	<u>\$ 293,600</u>	<u>\$ 294,535</u>	<u>\$ 646,494</u>	<u>\$ 4,885,648</u>	<u>\$ 23,633,969</u>

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balance - Governmental Funds	\$ 14,313,301
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

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

Capital assets:

Non-depreciable	\$ 6,010,594	
Depreciable	60,641,231	
Accumulated depreciation	(28,167,016)	38,484,809

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

Installment purchase debt payable	(3,939,400)	
Bonds payable, inclusive of premiums, net of bond issuance costs	(21,765,000)	
Workers' compensation claims payable	(261,909)	
Other post-employment benefits	(22,270,613)	(48,236,922)

Deferred inflows from issuance of bonds, net of amortization	(1,410,358)
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Interest payable applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental fund financial statements. However, these liabilities are included in the Statement of Net Position.

(384,271)

Net Position - Governmental Activities	\$ 2,766,559
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The accompanying notes to financial statements are an integral part of this statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 53,656,760	\$ -	-	\$ -	-	\$ 53,656,760
Other tax items	1,738,330	-	-	-	-	1,738,330
Charges for services	301,389	-	-	-	-	301,389
Use of money and property	32,691	-	610	-	-	33,301
State sources	2,948,961	101,867	5,838	-	-	3,056,666
Federal sources	38,023	485,852	31,019	-	-	554,894
Sales	-	-	759,261	-	-	759,261
Miscellaneous	141,268	-	16,136	-	-	157,404
Total revenues	58,857,422	587,719	812,864	-	-	60,258,005
EXPENDITURES						
General support	6,701,800	-	443,429	-	-	7,145,229
Instruction	31,226,053	569,189	-	-	-	31,795,242
Pupil transportation	4,127,820	31,534	-	-	-	4,159,354
Community services	607	-	-	-	-	607
Employee benefits	12,268,510	12,463	30,744	-	-	12,311,717
Debt service -						
Principal	1,900,000	-	-	-	-	1,900,000
Interest	1,063,647	-	-	-	-	1,063,647
Cost of sales	-	-	303,539	-	-	303,539
Capital outlay	-	-	-	-	2,982,814	2,982,814
Total expenditures	57,288,437	613,186	777,712	-	2,982,814	61,662,149
Excess (deficiency) of revenues over (under) expenditures	1,568,985	(25,467)	35,152	-	(2,982,814)	(1,404,144)
OTHER FINANCING SOURCES (USES)						
Proceeds from obligations	-	-	-	-	3,939,400	3,939,400
Operating transfers in	-	25,467	-	-	1,825,000	1,850,467
Operating transfers out	(1,850,467)	-	-	-	-	(1,850,467)
Total other financing sources (uses)	(1,850,467)	25,467	-	-	5,764,400	3,939,400
Change in fund balance	(281,482)	-	35,152	-	2,781,586	2,535,256
Fund balance, beginning of year	8,814,480	-	214,618	644,885	2,104,062	11,778,045
Fund balance, end of year	\$ 8,532,998	\$ -	\$ 249,770	\$ 644,885	\$ 4,885,648	\$ 14,313,301

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net Change in Fund Balance - Governmental Funds \$ 2,535,256

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

Capital outlay	\$ 4,511,776	
Depreciation expense	<u>(4,162,410)</u>	349,366

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

Issuance of installment purchase debt	(3,939,400)	
Repayment of bond principal	<u>1,900,000</u>	(2,039,400)

Deferred inflows from issuance of bonds, net of amortization 128,214

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Other post-employment benefits	(4,984,113)	
Workers' compensation claims payable	61,112	
Accrued interest costs	<u>25,324</u>	<u>(4,897,677)</u>

Net Change in Net Position - Governmental Activities \$ (3,924,241)

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2013

	Scholarship Trusts	Agency Funds
ASSETS		
Cash:		
Unrestricted	\$ 25,937	\$ -
Restricted	-	806,220
	<hr/>	<hr/>
Total assets	<u>\$ 25,937</u>	<u>\$ 806,220</u>
LIABILITIES		
Extraclassroom activity balances	\$ -	\$ 152,256
Other liabilities	-	632,104
Due to other funds	-	21,860
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>\$ 806,220</u>
NET POSITION		
Restricted:		
Endowment scholarships	25,937	
	<hr/>	
Total net position	<u>25,937</u>	
	<hr/>	
Total liabilities and net position	<u>\$ 25,937</u>	

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Scholarship Trusts
ADDITIONS	
Contributions	\$ 3,191
Investment earnings:	
Interest	74
Total additions	<u>3,265</u>
DEDUCTIONS	
Scholarships and awards	<u>11,300</u>
Total deductions	<u>11,300</u>
Change in net position	(8,035)
Net position, beginning of year	<u>33,972</u>
Net position, end of year	<u><u>\$ 25,937</u></u>

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

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

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

1. Extraclassroom Activity Funds

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

B. Joint venture

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

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

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

During the year, the District was billed \$1,562,992 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$458,237.

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

C. Basis of presentation

1. District-wide financial statements

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

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

2. Fund statements

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

The District reports the following major governmental funds:

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

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

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

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

The District reports the following fiduciary funds:

Fiduciary Funds

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

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

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

D. Measurement focus and basis of accounting

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

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

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

E. Property taxes

Real property taxes for the Town of Oyster Bay residents are levied annually by the Board of Education during the month of September and become a lien on October 1st and April 1st. This portion of the District's tax levy is collected by the Town of Oyster Bay and remitted to the District.

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

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1st, and become a lien on December 1st. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30th, are remitted by the Town to Suffolk County which in turn is responsible for any uncollected taxes.

F. Restricted resources

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

G. Interfund transactions

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

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

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

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

H. Estimates

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

I. Cash and investments

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

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

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

Investments are stated at fair value.

J. Accounts receivable

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

K. Inventories and prepaid items

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

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

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

L. Other assets/restricted assets

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

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

M. Capital assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 15,000	Straight line	20-40 years
Site improvements	\$ 15,000	Straight line	20 years
Furniture and equipment	\$ 2,000	Straight line	5-20 years

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

N. Deferred outflows

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

O. Deferred inflows

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

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

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

P. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave, 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.

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

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

Q. Other benefits

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

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

R. Short-term debt

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

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

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

S. Accrued liabilities and long-term obligations

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

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

T. Equity classifications

District-wide statements

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

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

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

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

Funds statements

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

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$12,969.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital

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

Employee Benefit Accrued Liability

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

Unemployment Insurance

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

Workers' Compensation

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

Tax Reduction

Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the school district is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This is accounted for in the General Fund.

Debt Service

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

Encumbrances

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

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance. The District has no committed fund balances as of June 30, 2013.
4. Assigned - Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the assignment must be narrower than the purpose of the General Fund. All encumbrances of the General Fund are classified as Assigned Fund Balance as of June 30, 2013 and amounted to \$444,264.
5. Unassigned - Includes all other General Fund net position that does not meet the definition of the above four classifications and is deemed to be available for general use by the District.

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

	General	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable					
Inventory	\$ -	\$ 12,969	\$ -	\$ -	\$ 12,969
Total nonspendable	-	12,969	-	-	12,969
Restricted					
Capital Reserve	1,974,523	-	-	-	1,974,523
Employee Benefit Accrued Liability	2,026,547	-	-	-	2,026,547
Unemployment Insurance	200,116	-	-	-	200,116
Workers' Compensation	600,037	-	-	-	600,037
Tax Reduction	347,340	-	-	-	347,340
School Lunch Fund	-	236,801	-	-	236,801
Debt Service Fund	-	-	644,885	-	644,885
Capital Projects Fund	-	-	-	4,885,648	4,885,648
Total restricted	5,148,563	236,801	644,885	4,885,648	10,915,897
Assigned					
Designated for subsequent year's expenditures	480,000	-	-	-	480,000
Encumbrances	444,264	-	-	-	444,264
Total assigned	924,264	-	-	-	924,264
Unassigned	2,460,171	-	-	-	2,460,171
Total	\$ 8,532,998	\$ 249,770	\$ 644,885	\$ 4,885,648	\$ 14,313,301

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

Order of use of fund balance

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

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

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

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

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

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

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

1. Long-term revenue/expense differences

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

2. Capital related differences

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

3. Long-term debt transaction differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Appropriations are adopted at the program line item level.

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

The following supplemental appropriations occurred during the year:

Voter-approved use of Capital Reserve	<u>\$ 1,825,000</u>
---------------------------------------	---------------------

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

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

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

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

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, in the District's name	\$ 18,715,191

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$8,960,962 in the governmental funds and \$806,220 in the fiduciary funds.

5. **RECEIVABLES**

A. Due from State and federal aid

Due from State and federal aid at June 30, 2013, consisted of the following:

General Fund	
New York State Aid - excess cost aid	\$ 207,065
BOCES aid	84,445
Special Aid Fund	
State and federal grants	282,740
School Lunch Fund	
School breakfast and lunch reimbursement	1,136
Totals	<u>\$ 575,386</u>

B. Other receivables

Other receivables at June 30, 2013, consisted of the following:

General Fund	
Foster tuition	\$ 167,951
School Lunch Fund	
Sales	413
	<u>\$ 168,364</u>

6. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 125,075	\$ -	\$ -	\$ 125,075
Construction-in-progress	2,902,706	2,982,814	-	5,885,520
Total nondepreciable assets	3,027,781	2,982,814	-	6,010,595
Capital assets that are depreciated:				
Buildings and building improvements	58,322,914	1,420,696	(361,115)	59,382,495
Furniture and equipment	1,382,768	108,266	(232,299)	1,258,735
Total depreciable assets	59,705,682	1,528,962	(593,414)	60,641,230
Less accumulated depreciation:				
Buildings and building improvements	23,557,317	4,148,169	(361,115)	27,344,371
Furniture and equipment	1,040,703	14,241	(232,299)	822,645
Total accumulated depreciation	24,598,020	4,162,410	(593,414)	28,167,016
Total capital assets, net	<u>\$ 38,135,443</u>	<u>\$ 349,366</u>	<u>\$ -</u>	<u>\$ 38,484,809</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 482,566
Instruction	3,672,138
Pupil transportation	7,706
	<u>\$ 4,162,410</u>

7. SHORT-TERM DEBT OBLIGATIONS

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN matured at 6/27/13 at 1.00%	\$ -	\$ 6,250,000	\$ 6,250,000	\$ -

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

Interest paid	\$ 10,641
Less interest accrued in the prior year	-
Plus interest accrued in the current year	-
Interest paid	<u>\$ 10,641</u>

8. LONG-TERM DEBT OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 23,665,000	\$ -	\$ 1,900,000	\$ 21,765,000	\$ 1,985,000
Installment purchase debt payable	-	3,939,400	-	3,939,400	-
Workers' compensation claims payable	323,021	-	61,112	261,909	-
Other post-employment benefits	17,286,500	6,948,282	1,964,169	22,270,613	-
Compensated absences	2,862,565	493,690	362,894	2,993,361	307,87
Total long-term liabilities	<u>\$ 44,137,086</u>	<u>\$ 11,381,372</u>	<u>\$ 4,288,175</u>	<u>\$ 51,230,283</u>	<u>\$ 2,292,87</u>

Additions and deletions to workers' compensation claims payable are shown net since it is impracticable to determine these amounts separately.

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

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/13
Serial bonds	2004	2022	3.375 - 4.00%	\$ 2,570,000
Refunding serial bonds	2011	2022	2.00 - 5.00%	19,195,000
				<u>\$ 21,765,000</u>
Installment purchase debt	04/15/13	08/15/26	2.32%	<u>\$ 3,939,400</u>

The following is a summary of maturing debt service requirements:

	Serial Bonds		Installment Purchase Debt		Total
	Principal	Interest	Principal	Interest	
<u>June 30,</u>					
2014	\$ 1,985,000	\$ 986,625	\$ -	\$ -	\$ 2,971,625
2015	2,080,000	908,556	135,626	182,542	3,306,724
2016	2,195,000	808,288	232,861	86,905	3,323,054
2017	2,300,000	711,181	238,294	81,471	3,330,946
2018	2,410,000	603,325	243,855	75,910	3,333,090
2019-2023	10,795,000	1,230,838	1,307,331	291,497	13,624,666
2024-2028	-	-	1,467,147	131,680	1,598,827
2029	-	-	314,286	5,479	319,765
	<u>\$ 21,765,000</u>	<u>\$ 5,248,813</u>	<u>\$ 3,939,400</u>	<u>\$ 855,484</u>	<u>\$ 31,808,697</u>

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

Interest paid	\$ 1,053,006
Less interest accrued in the prior year	(409,595)
Plus interest accrued in the current year	<u>384,271</u>
Total interest expense	<u>\$ 1,027,682</u>

9. **PENSION PLANS**

General information

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

Provisions and administration

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

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

Funding policies

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

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

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2013	\$ 3,013,738	\$ 1,014,410
2012	2,802,621	881,818
2011	2,151,131	609,446

10. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 300,157	\$ 1,967,404	\$ -	\$ 1,850,467
Special Aid Fund	-	276,628	25,467	-
School Lunch Fund	-	60	-	-
Debt Service Fund	-	1,609	-	-
Capital Projects Fund	1,967,404	-	1,825,000	-
Fiduciary Funds	-	21,860	-	-
Totals	<u>\$ 2,267,561</u>	<u>\$ 2,267,561</u>	<u>\$ 1,850,467</u>	<u>\$ 1,850,467</u>

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

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

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

Plan description and annual OPEB cost

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

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

Currently, 159 retired employees receive health benefits from the District. Retirees contribute 0% to 25% for coverage depending on position held, date of hire, years of service, and fiscal year of retirement.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2013, the District recognized \$1,964,169 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of June 30, 2013 which indicates that the total liability for other post-employment benefits is \$72,322,221.

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

	For the Year Ended <u>June 30, 2013</u>
Annual required contribution	\$ 7,264,305
Interest on net OPEB obligation	<u>665,530</u>
Annual OPEB cost	7,929,835
Adjustment based on revised actuarial valuation	(981,553)
Contributions made	<u>1,964,169</u>
Increase in net OPEB obligation	4,984,113
Net OPEB obligation, beginning of year	<u>17,286,500</u>
Net OPEB obligation, end of year	<u><u>\$ 22,270,613</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 year ended June 30, 2013 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/11	\$ 6,332,105	25.9%	\$ 12,740,136
06/30/12	7,135,726	26.1%	17,286,500
06/30/13	7,929,835	24.8%	22,270,613

Funded status and funding progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$72,322,221 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability ("UAAL") of \$72,322,221. The covered payroll (annual payroll of active employees covered by the plan) was \$32,251,204 and the ratio of the UAAL to the covered payroll was 224.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions

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

In the June 30, 2013 actuarial valuation, the projected unit actuarial cost method was used. The actuarial assumptions included a 3.85% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after 6 years. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 25 years.

12. RISK MANAGEMENT

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

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

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

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Claims reported for the fiscal years ended June 30:				
2011	\$ 399,874	\$ 360,490	\$ 399,874	\$ 360,490
2012	360,490	323,021	360,490	323,021
2013	323,021	261,909	323,021	261,909

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

The District has not purchased any annuity contracts.

13. CONTINGENCIES AND COMMITMENTS

Government grants

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

Library indebtedness

On September 1, 2004, the District entered into a tax pledge agreement with the Cold Spring Harbor Village Improvement Society Library and the Bank of New York Mellon, as trustee, in connection with issuance of \$9,500,000 of civic facility revenue bonds for the acquisition and construction of a library facility. Under the terms of the agreement, the District has agreed to cause to be levied on behalf of the Library the aggregate annual amount necessary to pay the debt service on the bonds; said payment to be remitted directly from the District to the trustee according to a time schedule established in the agreement. The annual debt service approximates \$700,000 and will be satisfied in full with the September 15, 2024 semi-annual payment.

Tax certiorari

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

Property tax cap

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

Service concession arrangements

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

Litigation

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

14. LEASE COMMITMENTS

The District has entered into seventeen leases for rental of office equipment. The operating lease expense for the year ended June 30, 2013 was \$134,850. Future minimum payments are as follows:

Fiscal year ended June 30,	
2014	\$ 93,713
2015	89,720
2016	<u>89,720</u>
	<u>\$ 273,153</u>

15. FUTURE ACCOUNTING STANDARDS

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

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

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

16. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of August 22, 2013, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance Favorable (Unfavorable)
REVENUES					
Local sources:					
Real property taxes	\$ 55,394,917	\$ 55,394,917	\$ 53,656,760		\$ (1,738,157)
Other tax items	-	-	1,738,330		1,738,330
Charges for services	184,000	184,000	301,389		117,389
Use of money and property	45,000	45,000	32,691		(12,309)
Miscellaneous	530,640	530,640	141,268		(389,372)
Total local sources	56,154,557	56,154,557	55,870,438		(284,119)
State sources	2,851,102	2,851,102	2,948,961		97,859
Federal sources	15,000	15,000	38,023		23,023
Total revenues	59,020,659	59,020,659	58,857,422		(163,237)
OTHER FINANCING SOURCES					
Appropriated reserves	660,000	2,755,363	-		(2,755,363)
Total revenues and other financing sources	59,680,659	61,776,022	58,857,422		(2,918,600)
EXPENDITURES					
General support:					
Board of Education	36,700	39,200	26,119	\$ -	13,081
Central administration	371,367	371,367	415,763	275	(44,671)
Finance	864,068	874,963	871,619	486	2,858
Staff	472,934	480,143	309,754	69,378	101,011
Central services	5,007,498	5,097,134	4,668,203	130,140	298,791
Special items	423,351	423,351	410,342	-	13,009
Total general support	7,175,918	7,286,158	6,701,800	200,279	384,079
Instruction:					
Instruction, administration and improvement	2,161,567	2,146,357	2,010,448	8,734	127,175
Teaching - regular school	20,487,254	20,475,707	20,103,163	13,734	358,810
Programs for children with handicapping conditions	3,912,253	4,009,368	3,864,331	159,059	(14,022)
Teaching - special school	25,000	25,000	13,091	-	11,909
Instructional media	1,179,348	1,244,768	1,229,900	840	14,028
Pupil services	4,185,246	4,208,659	4,005,120	17,590	185,949
Total instruction	31,950,668	32,109,859	31,226,053	199,957	683,849
Pupil transportation	4,272,890	4,267,390	4,127,820	234	139,336
Community services	1,250	1,350	607	-	743
Employee benefits	13,201,927	13,208,259	12,268,510	43,794	895,955
Debt service:					
Principal	1,900,000	1,900,000	1,900,000	-	-
Interest	1,153,006	1,153,006	1,063,647	-	89,359
Total expenditures	59,655,659	59,926,022	57,288,437	444,264	2,193,321
OTHER FINANCING USES					
Interfund transfers	25,000	1,850,000	1,850,467	-	(467)
Total expenditures and other financing uses	59,680,659	61,776,022	59,138,904	\$ 444,264	2,192,854
Net change in fund balance	\$ -	\$ -	(281,482)		\$ (725,746)
Fund balance, beginning of year			8,814,480		
Fund balance, end of year			\$ 8,532,998		

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
FOR THE YEAR ENDED JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/11	\$ -	\$ 70,643,617	\$ 70,643,617	0%	\$ 30,823,540	229.2%
6/30/12	-	65,778,297	65,778,297	0%	30,807,495	213.5%
6/30/13	-	72,322,221	72,322,221	0%	32,251,204	224.2%

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET
AND USE OF UNASSIGNED FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Change from adopted budget to revised budget:

Adopted budget		\$ 59,680,659
Add:		
Prior year's encumbrances		270,363
Add:		
Voter-approved use of Capital Reserve		<u>1,825,000</u>
Revised budget		<u><u>\$ 61,776,022</u></u>

§ 1318 of real property tax law limit calculation:

2013-14 voter-approved expenditure budget	<u><u>\$ 61,504,278</u></u>
Maximum allowed (4% of 2013-14 budget)	<u><u>\$ 2,460,171</u></u>

Fund balance subject to § 1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 924,264	
Unassigned fund balance	<u>2,460,171</u>	\$ 3,384,435
Less:		
Appropriated fund balance	480,000	
Encumbrances	<u>444,264</u>	<u>924,264</u>

Fund balance subject to § 1318 of Real Property Tax Law:	<u><u>\$ 2,460,171</u></u>
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Actual percentage	<u><u>4.00%</u></u>
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The accompanying notes to financial statements should be
read in conjunction with this schedule.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

Project Title	Expenditures				Methods of Financing					Fund Balance June 30, 2013	
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources		Total
2006/2007 Capital Reserve Interfund Transfers and EXCEL Projects											
Goosehill Roof Replacement	\$ 597,080	\$ 506,354	\$ 506,354	\$ -	\$ 506,354	\$ -	\$ -	\$ -	\$ 506,354	\$ 506,354	\$ -
West Side Masonry/Windows, Roof	289,572	190,514	190,514	-	190,514	-	-	151,512	39,002	190,514	-
Lloyd Harbor Masonry/Paving/Curbs	329,277	193,919	193,919	-	193,919	-	-	172,870	21,049	193,919	-
High School Bathrooms/Water Main/Septic	901,520	946,959	878,441	64,977	943,418	3,541	-	311,520	635,439	946,959	3,541
High School Guard Booth	47,200	-	-	-	-	-	-	-	-	-	-
High School Multi-Stall Bathrooms	-	223,453	9,724	206,707	216,431	7,022	-	-	223,453	223,453	7,022
Unassigned Contingency Appropriation	268,892	-	-	-	-	-	-	-	-	-	-
2008/2009 Capital Reserve Projects Interfund Transfers											
Field House Lighting and Painting	-	61,914	61,914	-	61,914	-	-	-	61,914	61,914	-
2009/2010 Capital Reserve Interfund Transfers											
Goosehill Roof Boiler Room HVAC	177,000	29,788	9,873	5,957	15,830	13,958	-	-	29,788	29,788	13,958
West Side Art Room/Bathrooms	182,900	115,587	105,353	6,114	111,467	4,120	-	-	115,587	115,587	4,120
Lloyd Harbor Science Wood Trim Exterior	-	38,000	37,870	-	37,870	130	-	-	38,000	38,000	130
High School Roof/Dock/Paving/Bleachers	767,000	993,135	990,297	-	990,297	2,838	-	-	993,135	993,135	2,838
High School Catch Basins	-	14,200	14,200	-	14,200	-	-	-	14,200	14,200	-
Unassigned Contingency Appropriation	191,810	-	-	-	-	-	-	-	-	-	-
2010/2011 Capital Reserve Interfund Transfers											
Goosehill Roof Top Fans/Ventilation	-	160,000	62,086	6,557	68,643	91,357	-	-	160,000	160,000	91,357
Lloyd Harbor Science/Music Rooms/HVAC	431,290	550,718	483,020	59,851	542,871	7,847	-	-	550,718	550,718	7,847
High School Clocks/Doors/Windows	-	159,000	152,192	107	152,299	6,701	-	-	159,000	159,000	6,701
2011/2012 Capital Reserve Interfund Transfers											
High School Roof and Tennis Courts	427,160	651,834	17,439	430,212	447,651	204,183	-	-	651,834	651,834	204,183
Lloyd Harbor Heating and Cooling Systems	257,970	528,502	17,954	483,577	501,531	28,971	-	-	528,502	528,502	26,971
West Side Heating and Cooling Sys/Masonry	965,970	444,434	39,125	353,188	392,313	52,121	-	-	444,434	444,434	52,121
District Wide Wireless Project	148,900	175,230	109,204	49,111	158,315	16,915	-	-	175,230	175,230	16,915
2012/2013 Energy Performance Contract											
Goosehill Energy Performance Contract	359,375	359,375	-	108,209	108,209	251,166	359,375	-	-	359,375	251,166
West Side Energy Performance Contract	503,652	503,652	-	151,489	151,489	352,163	503,652	-	-	503,652	352,163
Lloyd Harbor Energy Performance Contract	730,692	730,692	-	219,605	219,605	511,087	730,692	-	-	730,692	511,087
High School Energy Performance Contract	2,345,681	2,345,681	-	704,101	704,101	1,641,580	2,345,681	-	-	2,345,681	1,641,580
2012/2013 Capital Reserve Interfund Transfers											
Goosehill Roof/Asphalt/Kitchen Hoods	306,640	306,640	-	6,699	6,699	299,941	-	-	306,640	306,640	299,941
West Side Music Room/Kitchen Hoods	290,000	290,000	-	6,318	6,318	283,682	-	-	290,000	290,000	283,682
Lloyd Harbor HVAC/PA/Casework	592,110	592,110	-	105,450	105,450	486,660	-	-	592,110	592,110	486,660
High School HVAC/Roof/Track	636,250	636,250	-	14,585	14,585	621,665	-	-	636,250	636,250	621,665
Totals	\$ 11,747,941	\$ 11,747,941	\$ 3,879,479	\$ 2,982,814	\$ 6,862,293	\$ 4,885,648	\$ 3,939,400	\$ 635,902	\$ 7,172,639	\$ 11,747,941	\$ 4,885,648

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

Capital assets, net			\$ 38,484,809
Deduct:			
Deferred inflow from issuance of bonds, net of amortization	\$	1,410,358	
Short-term portion of bonds payable		1,985,000	
Long-term portion of bonds payable		19,780,000	
Installment purchase debt payable		<u>3,939,400</u>	<u>27,114,758</u>
Net investment in capital assets			<u>\$ 11,370,051</u>

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
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CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

NawrockiSmith

Opinion

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the Cold Spring Harbor Central School District for the year ended June 30, 2013 in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Melville, New York
August 22, 2013

Nawrocki Smith LLP

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

	Cash Balances July 1, 2012	Receipts	Disbursements	Cash Balances June 30, 2013
High School:				
Class of 2012	\$ 6,779.19	\$ -	\$ 6,779.19	\$ -
Class of 2013	3,677.01	21,811.83	18,678.98	6,809.86
Class of 2014	1,125.46	47,393.11	44,571.62	3,946.95
Class of 2015	914.00	1,854.00	528.10	2,239.90
Class of 2016	-	3,010.74	-	3,010.74
Amnesty International	80.00	-	-	80.00
Aviation Club	3,215.58	1,141.61	1,135.00	3,222.19
Book Club	-	100.00	-	100.00
Brainstormers	5.75	-	-	5.75
Cheerleaders	103.92	-	-	103.92
Drama Club	871.53	-	-	871.53
Environmental Club	1,106.07	0.12	808.80	297.39
Fashion Club	697.99	2,370.00	1,027.26	2,040.73
French Club	1,116.97	3,170.68	2,710.60	1,577.05
Future Business Leaders	-	279.85	-	279.85
Gay/Straight Alliance	540.90	100.00	-	640.90
History Club	260.47	-	-	260.47
Holocaust Project	1,468.26	1,797.51	219.91	3,045.86
International Club	970.69	1,211.00	343.50	1,838.19
Jr. High Student Organization	7,829.80	3,617.42	3,789.61	7,657.61
Literary Magazine	583.08	1,901.75	1,413.87	1,070.96
Locks of Love	2,399.54	2,132.75	1,855.18	2,677.11
Model United Nations	12.39	6,590.34	6,592.78	9.95
Musical Club (Jr. High)	13,659.42	8,017.47	6,458.68	15,218.21
Musical Club (Sr. High)	1,131.22	11,606.80	11,003.85	1,734.17
Natural Helpers	328.53	576.50	440.29	464.74
National Honor Society	0.40	-	-	0.40
Newspaper	915.78	-	-	915.78
Outreach	62.03	-	-	62.03
Political Science Club	340.09	-	-	340.09
S.A.D.D.	140.15	416.00	320.01	236.14
S.W.W.A.T.: Other	268.33	26.00	97.97	196.36
Science Club	176.01	-	38.40	137.61
Spanish Club	2,994.37	1.49	-	2,995.86
Speech & Debate Club	11,730.10	2,649.83	521.40	13,858.53
Sr. High Art Club	6,181.98	2.99	4.62	6,180.35
Student Booster Club	209.25	-	-	209.25
Student Organization	29,125.50	2,535.67	2,437.84	29,223.33
Technology Club	7,188.29	3,872.56	3,005.91	8,054.94
Thespian Society	35.00	-	-	35.00
Warhammer Club	-	171.25	-	171.25
Varsity Club	314.79	990.00	932.00	372.79
Vocal Jazz	-	236.30	-	236.30
Yearbook (Jr. High)	5,533.67	846.91	213.61	6,166.97
Yearbook (Sr. High)	22,586.04	40,054.42	38,981.22	23,659.24
	<u>\$ 136,679.55</u>	<u>\$ 170,486.90</u>	<u>\$ 154,910.20</u>	<u>\$ 152,256.25</u>

The accompanying note is an integral
part of this financial statement.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Cold Spring Harbor Central School District.

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass - Through Grantor/ Program Title/Cluster Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
Passed - Through New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-12-0905	\$ 14,445
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-13-0905	348,891
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-13-0905	8,043
			371,379
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-12-3075	4,801
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-13-3075	44,199
ESEA, Title II, Part A, Training	84.367A	0147-12-3075	44,244
ESEA, Title II, Part A, Training	84.367A	0147-13-3075	21,229
			485,852
<u>U.S. Department of Interior</u>			
Passed - Through Incorporated Village of Lloyd Harbor			
National Wildlife Refuge Fund	15.659	N/A	16,436
<u>U.S. Department of Agriculture</u>			
Passed-Through New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	254
National School Lunch Program	10.555	N/A	30,765
			31,019
TOTAL FEDERAL EXPENDITURES			\$ 533,307

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

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

2. Basis of Accounting

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

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

3. Indirect Costs

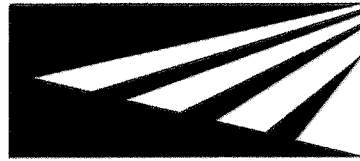
Indirect costs may be included in the reported expenditures to the extent they are included in the federal financial reports used as the source of the data presented.

4. Matching Costs

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

5. Major Program Determination

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



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and fiduciary funds of the Cold Spring Harbor Central School District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated August 22, 2013.

Internal Control Over Financial Reporting

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

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

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

NawrockiSmith

Compliance And Other Matters

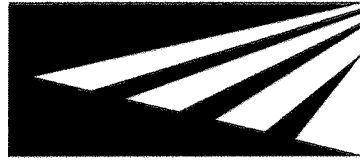
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

Melville, New York
August 22, 2013

Nawrocki Smith LLP



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Education of the
Cold Spring Harbor Central School District
Cold Spring Harbor, New York:

Report on Compliance for Each Major Federal Program

We have audited the Cold Spring Harbor Central School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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

NawrockiSmith

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cold Spring Harbor Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cold Spring Harbor Central School District's internal control over compliance.

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

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

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

Melville, New York
August 22, 2013

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

A. Summary Of Auditor's Results:

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<u>U.S. Department of Education-</u>
84.027A	IDEA, Part B, Section 611, Special Education Grants to States
84.173A	IDEA, Part B, Section 619, Special Education Preschool Grants

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

B. Findings - Financial Statement Audit

None reported.

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

None reported.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

Findings - Financial Statement Audit

None reported.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2013

This section presents any current year findings and recommendations noted during the audit of the financial statements of the Cold Spring Harbor Central School District as of and for the year ended June 30, 2013, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR RECOMMENDATION:

None

STATUS OF PRIOR YEAR RECOMMENDATIONS:

1. **Recommendation**

We recommended that the Assistant Superintendent for Business document the date of approval on the journal entry request form to ensure that journal entries are approved on a timely basis.

Status - We noted that this recommendation has been implemented.

2. **Recommendation**

We recommended that controls and procedures be in place to ensure that all purchases are reviewed for accuracy, completeness and agreement with purchase orders and that purchase orders are completed on a timely basis.

Status - We noted that this recommendation has not been implemented.

3. **Recommendation**

We recommended that the District consider the utilization of a request for approval of overtime form for planned overtime.

Status - We noted that this recommendation has been implemented.