

SPACKENKILL UNION FREE SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 1995

**PASSIKOFF, HEENEY & SCOTT**  
CERTIFIED PUBLIC ACCOUNTANTS  
POUGHKEEPSIE, NEW YORK 12603

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**PASSIKOFF, HEENEY & SCOTT**  
CERTIFIED PUBLIC ACCOUNTANTS

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August 31, 1995

To the President and Members  
of the Board of Education of the  
Spackenkill Union Free School District  
42 Hagan Drive  
Poughkeepsie, New York 12603

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Spackenkill Union Free School District, as of and for the year ended June 30, 1995, as listed in the table of contents. These financial statements are the responsibility of the management of the School District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Spackenkill Union Free School District, as of June 30, 1995, and the results of its operations and cash flows of its proprietary and similar trust fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Spackenkill Union Free School District, as of June 30, 1995, and the results of operations of such funds and the cash flows of individual proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Spackenkill Union Free School District  
August 31, 1995  
Page 2

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Spackenkill Union Free School District. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

*Passikoff, Heeney & Scott*

Certified Public Accountants

School District Funds  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1995

Statement  
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ASSETS	Governmental		Fund Types		Fiduciary	Account Groups	
	General	Special Revenue	Debt Service	Capital Projects	Trust & Agency	General Fixed Assets	General Long Term Debt
Unrestricted Cash	\$ 3548887	\$ 18538	\$ 6374	\$ 22742	\$ 1645	\$	\$
Restricted Cash	81643	25066					
Investments							
Investments-Special Reserves							
Taxes Receivable, Net							
State and Federal Aid Receivable	1303	37542					
Due From Other Funds	36466	270270	23861		9175		
Other Receivables,	40143	4003					
Inventories		13227					
Deferred Expenditures - Ensuing Budget							
Fixed Assets	145666						
Provisions to be Made in Future Budgets						14562782	
Amount Available in Debt Service Fund							7930224
Amount to Be Provided for Retirement of Long Term Debt							
<b>Total Assets</b>	<u>3854108</u>	<u>568706</u>	<u>30235</u>	<u>22742</u>	<u>10820</u>	<u>14562782</u>	<u>7930224</u>
<b>LIABILITIES</b>							
Accounts Payable	929101	9826		1000			
Accrued Liabilities	232375	678					
Notes Payable							
Bonds Payable	6925						3396000
Bond Interest and Matured Bonds							
Due to Other Funds							
Due to Other Governments	279445	36292		23861	174		
Due to Teachers' Retirement System	83831	13215					
Due to Employees' Retirement System							
Installment Purchase Debt							
Judgments and Claims Payable							
Compensated Absences							
Extraclassroom Activity Balances							4534224
Other Liabilities							
Overpayments							
Deferred Revenues					7364		
Deferred Tax Revenues	17370						
<b>Total Liabilities Carried Forward</b>	<u>1549047</u>	<u>60011</u>	<u>- 0 -</u>	<u>24861</u>	<u>7538</u>	<u>- 0 -</u>	<u>7930224</u>

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August 31, 1995

Board of Education  
Spackenkill Union Free School District  
42 Hagan Drive  
Poughkeepsie, New York 12603

We have examined the financial statements of the Spackenkill Union Free School District for the year ended June 30, 1995 and have issued our report thereon dated August 31, 1995. As part of our examination, we made a study and evaluation of the organization's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the organization's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Spackenkill Union Free School District is responsible for establishing and maintaining a system in internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Spackenkill Union Free School District taken as a whole. However, our study and evaluation disclosed the following comments and recommendations that relate to certain of the organization's accounting, financial, and

administrative policies and procedures that we observed during the course of our engagement. The conditions described in this letter were considered in determining the nature, timing, and extent of the audit tests to be applied in our examination of the financial statements, and our reporting of such conditions does not modify our report dated August 31, 1995 on such financial statements:

Management Letter Comments

Packing Slips

We noted several instances of delays in transmitting of slips received at the various schools to the business office. These packing slips are to be matched with invoices received from the district's vendors to insure that in fact the district received the items on the invoice. Therefore, these delays in forwarding packing slips to the business office slow the bill paying process. Although we found no instance of the district losing any discounts or incurring any finance charges because of late payment, the possibility exists that these delays may cost the district in the future. We recommend the district institute a new system for getting the packing slips to the business office.

Free And Reduced Lunch Program

A central location is needed to keep track of the free and reduced lunch eligibility entitlement forms. There was a discrepancy in the number of approved claim forms available for review and the number of claims for reimbursement reported to the government.

Inventory

The school lunch inventory reporting process needs to be restructured so that the count sheets are easier for the individual schools to prepare, yet uniform for district reporting. Also, better control is needed in safekeeping of government commodities inventory count sheets and forms filed with the state.

Reconciliation of Accounts

The district should adjust controls to conform with the district's new integrated general ledger computer packages. Since the district's accounts have been fully computerized, we recommend that all balance sheet accounts be reconciled monthly.

Board of Education  
Spackenkill Union Free School District  
August 31, 1995

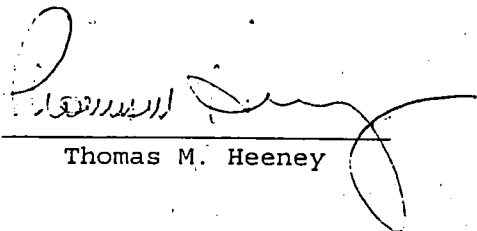
We appreciate the cooperation we received from Dr. Michael Muffs, Patricia Gadosky, Dawn Cupano, and your office personnel during the course of our engagement.

If you should have any questions, please feel free to contact us.

Very truly yours,

PASSIKOFF, HEENEY & SCOTT

By

A handwritten signature in cursive script, appearing to read "Thomas M. Heeneey", written over a horizontal line.

Thomas M. Heeneey



**School District Funds**  
**Combined Balance Sheet - All Fund Types and Account Groups**  
**June 30, 1995**

	<u>Governmental</u>		<u>Fund Types</u>		<u>Fiduciary</u> <u>Fund Types</u>	<u>Account Groups</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Trust &amp; Agency</u>	<u>General Fixed Assets</u>	<u>Long Term Debt</u>
Total Liabilities Brought Forward	<u>\$ 1,549,047</u>	<u>\$ 6,001</u>	<u>\$ 0</u>	<u>\$ 2,486</u>	<u>\$ 753</u>	<u>\$ -</u>	<u>\$ 7,930,224</u>
<b>Fund Equity</b>							
Investment in General Fixed Assets						14,562,782	
Fund Balances:							
Reserved:							
Reserved for Encumbrances	174,565						
Other (Specify)	74,718						
RESERVE FOR REPAIRS							
RESERVE FOR WORKMAN'S COMPENSATION				134,783			
RESERVE FOR UNEMPLOYMENT				133,493			
RESERVE FOR RETIREMENT SYSTEMS CREDITS	145,666						
RESERVE FOR BOND DEBT							
OTHER TRUST FUNDS RESTRICTED AND UNRESTRICTED							
Unreserved:							
Designated for Subsequent Year's Expenditures	880,000						
Undesignated	<u>1,030,112</u>	<u>4,049</u>					
Total Fund Balance	<u>2,305,061</u>	<u>30,869</u>	<u>30,235</u>	<u>(219)</u>	<u>328</u>	<u>-</u>	<u>-</u>
Total Fund Equity	<u>2,305,061</u>	<u>30,869</u>	<u>30,235</u>	<u>(219)</u>	<u>328</u>	<u>14,562,782</u>	<u>-</u>
Total Liabilities and Fund Equity	<u><u>3,854,108</u></u>	<u><u>36,870</u></u>	<u><u>30,235</u></u>	<u><u>2,274</u></u>	<u><u>1,082</u></u>	<u><u>14,562,782</u></u>	<u><u>7,930,224</u></u>

See accompanying notes to financial statements

School District  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 All Governmental Fund Types and Similar Trust Funds

For Year Ended June 30, 1995

	Governmental Fund Types		Governmental Fund Types		Fiduciary
	General	Special Revenue	Debt Service	Capital Projects	Fund Type
<b>Revenues</b>					<u>Expendable Trust</u>
Real Property Taxes	\$ 13,212,075 ✓	\$	\$	\$	\$
Nonproperty Taxes					
Charges for Services	102,255 ✓				
Use of Money and Property	519,984 ✓	362			
Forfeitures			5,970		
Sale of Property and Compensation for Loss	3848 ✓				
Miscellaneous	44,305 ✓	765			
Interfund Revenues					
State Sources					
Federal Sources	203,9865 ✓	63,072			
Sales		199,201			
Premium on Obligations Issued		241,882			
Total Revenues	<u>15,922,332</u>	<u>505,288</u>	<u>5,970</u>	<u>- 0 -</u>	<u>- 0 -</u>
<b>Other Sources</b>					
Operating Transfers In					
Proceeds of Obligations	25,000 ✓		43,022		
Income Repair Reserve			2,247		
Total Revenues and Other Sources	<u>15,947,332</u>	<u>505,288</u>	<u>51,239</u>	<u>114,600</u>	<u>- 0 -</u>
<b>Expenditures</b>					
General Support	20,403,51				
Instruction	9,857,753	472,795			
Pupil Transportation	519,086				
Community Services	- 0 -				
Employee Benefits					
Debt Service	2,482,660	27,574			
Capital Outlay	606,558				
Total Expenditures	<u>15,506,408</u>	<u>500,369</u>		83,184	
Other Uses					
Operating Transfers Out					
Expenditure Repair Reserve			25,000		
Total Expenditures and Other Uses	<u>15,506,408</u>	<u>500,369</u>	<u>25,000</u>	<u>43,022</u>	
Excess (Deficit) Revenues and Other Sources Over Expenditures and Other Uses	443,079		26,239		
Other Changes in Fund Balance (Specify)		4,919			
Net Increase (Decrease)	< 140,54 >				
Fund Balance Beginning of Year	42,902,5	4,919	26,239		
Fund Balance End of Year	<u>18,760,36</u>	<u>30,377,6</u>	<u>3,996</u>	<u>271,129</u>	
	<u>23,050,61</u>	<u>30,869,5</u>	<u>30,235</u>	<u>&lt; 273,248 &gt;</u>	
				<u>&lt; 211,97 &gt;</u>	

See Accompanying Notes to Financial Statements

School District  
 Combined Statement of Revenues,  
 Expenditures And Changes in Fund Balances - Budget and Actual  
 All Governmental Fund Types  
 For Year Ended June 30, 1995

	General Fund		
	Budget (Amended)	Actual	Variance Fav.-Unf.
<b>Revenues</b>			
Real Property Taxes	\$13212075	\$13212075	\$ - 0-
Nonproperty Taxes			
Charges for Services	85000	102255	17255
Use of Money and Property	400000	519984	119984
Forfeitures			
Sale of Property and Compensation for Loss	- 0-	3848	3848
Miscellaneous	- 0-	44305	44305
Interfund Revenues			
State Sources			
Federal Sources	1826000	2089865	213265
Sales (School Lunch and School Store)			
<b>Total Revenues</b>	<u>15523075</u>	<u>15922332</u>	<u>399257</u>
Other Sources - APPROPRIATED FUND BALANCE	1141319	- 0-	(1141319)
Operating Transfers In	25000	25000	- 0-
Proceeds of Obligations			
Income Repair Reserve	- 0-	2155	2155
<b>Total Revenues and Other Sources</b>	<u>16689394</u>	<u>15944487</u>	<u>(739907)</u>
<b>Expenditures</b>			
General Support	2313756	2040351	272405
Instruction	10302380	9857753	444627
Pupil Transportation	655292	519086	136206
Community Services			
Employee Benefits	- 0-	- 0-	- 0-
Debt Service	2202966	2482660	320306
<b>Total Expenditures</b>	<u>615000</u>	<u>606558</u>	<u>8442</u>
Other Uses	16689394	15506408	1182986
Operating Transfers Out			
Expenditure Repair Reserve			
<b>Total Expenditures and Other Uses</b>	<u>16689394</u>	<u>15506408</u>	<u>1182986</u>
Excess (Deficit) Revenues and Other Sources Over Expenditures and Other Uses		443079	
LESS: RETIREMENT SYSTEM CREDITS		(14054)	
Fund Balance Beg. of Year		1876036	
Fund Balance Beg. of Year		<u>2305061</u>	

See Accompanying Notes to Financial Statements.

	Special Revenue		
	Budget (Amended)	Actual	Variance Fav.-Unf.
	\$	\$	\$
	400	368	(32)
	1000	765	(235)
	61000	63072	2072
	194146	199201	5055
	<u>223000</u>	<u>241882</u>	<u>18882</u>
	479546	505288	25742
	<u>479546</u>	<u>505288</u>	<u>25742</u>
	447689	472795	(25106)
	31857	27574	4283
	<u>479546</u>	<u>500369</u>	<u>(20823)</u>
	<u>479546</u>	<u>500369</u>	<u>20823</u>

Note: Budgets may or may not be legally adopted by the board of education for some or all of the special revenue funds - see notes to financial statements.

SCHOOL DISTRICT  
NONEXPENDABLE TRUST FUND  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 19 95

Cash Flows from Operating Activities:

Gifts and Donations

\$

Cash Payments - Benefits

Cash Flows from Noncapital Financing Activities:

Interfund Transfers

Cash Flows from Capital Related Financing Activities:

N/A

Cash Flows from Investing Activities:

Sale of Investments

Purchase of Investments

Interest Income

Net Increase (Decrease) in Cash

Cash, Beginning of Year

Cash, End of Year

Reconciliation of Operating Income to Net Cash

Operating Income

\$

Adjustments to Reconcile Operating Income to  
Net Cash Provided/(Used) from Operations

N/A

Net Cash Provided/(Used) by Operations

Disclosure of Accounting Policy:

For purposes of the statement of cash flows, cash and cash equivalents include only cash in demand and NOW accounts. certificates of deposits and securities are considered investments.

NOTE: This disclosure should be included in the summary of significant accounting policies.

**SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE**  
**PROPRIETARY FUND TYPE-NONEXPENDABLE TRUST FUND**  
 For The Year Ended June 30, 1995

Operating Revenues:		
Gifts and Endowments	\$	2000
Operating Expenses		
Operating Income		
Nonoperating Revenue:		
Interest Income		
Net income		2000
Fund Balance, Beginning of Year		1282
Fund Balance, End of Year		3282

See Accompanying Notes to Financial Statements

School District Funds  
Combining Schedule of Balance Sheets  
Special Revenue Funds  
June 30, 1995

School District Funds  
Combining Schedule of Balance Sheets  
Special Revenue Funds  
June 30, 1995

	Special Aid	School Lunch	Risk Retention	School Store	Public Library	Total
<b>Assets</b>						
Unrestricted Cash	\$	\$ 18538	\$	\$	\$	\$ 18538
Restricted Cash	25066					25066
Investments						
Due from Other Funds		1994	268276			270270
State and Federal Aid Receivable	24826	12716				37542
Other Receivables (Net)		4003				4003
Inventories		13287				13287
Deferred Expenditures - Ensuing Budget						
<b>Total Assets</b>	<u>49892</u>	<u>50538</u>	<u>268276</u>	<u>-0-</u>	<u>-0-</u>	<u>368706</u>
<b>Liabilities and Fund Equity</b>						
<b>Liabilities</b>						
Accounts Payable	3885	5941				9826
Accrued Liabilities		678				678
Due to Other Funds	32792	3500				36292
Due to Other Governments	13215					13215
Due to Teachers' Retirement System						
Due to Employees' Retirement System						
Deferred Revenues						
<b>Total Liabilities</b>	<u>49892</u>	<u>10119</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>60011</u>
<b>Fund Equity</b>						
<b>Reserved Fund Balance:</b>						
Reserved for Encumbrances			268276	-0-	-0-	268276
Other			268276	-0-	-0-	268276
<b>Total Reserved Fund Balance</b>	<u>-0-</u>	<u>-0-</u>	<u>268276</u>	<u>-0-</u>	<u>-0-</u>	<u>268276</u>
<b>Unreserved:</b>						
Designated for Subsequent Year's Expenditures		40419				40419
Undesignated		40419				40419
<b>Total Unreserved Fund Balance</b>	<u>-0-</u>	<u>40419</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40419</u>
<b>Total Fund Balance</b>	<u>-0-</u>	<u>40419</u>	<u>268276</u>	<u>-0-</u>	<u>-0-</u>	<u>308695</u>
<b>Total Liabilities and Fund Equity</b>	<u>49892</u>	<u>50538</u>	<u>268276</u>	<u>-0-</u>	<u>-0-</u>	<u>368706</u>

School District  
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Special Revenue Fund  
 For Year Ended June 30, 1995

	Special Aid		School Lunch		Risk Retention	School Store		Public Library		Total
	Budget (Amended)	Actual	Budget (Amended)	Actual		Budget (Amended)	Actual	Budget (Amended)	Actual	
Revenues										
Real Property Taxes (Library Only)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Use of Money and Property										
Sale of Property and Compensation for Loss										
Miscellaneous		12		1000					400	362
State Sources				61000					1000	765
Federal Sources				22000					61000	63072
Sales				223000					194146	199201
Total Revenues	<u>172146</u>	<u>167949</u>	<u>307400</u>	<u>241882</u>	<u>-0-</u>	<u>-0-</u>	<u>479546</u>	<u>479546</u>	<u>241882</u>	<u>505288</u>
Other Sources:										
Operating Transfers In										
Total Revenues and Other Sources	<u>172146</u>	<u>167949</u>	<u>307400</u>	<u>337339</u>	<u>-0-</u>	<u>-0-</u>	<u>479546</u>	<u>479546</u>	<u>505288</u>	<u>505288</u>
Expenditures										
General Support										
Instruction	151639	157492	226000	315303						
Pupil Transportation	10457	10457	21400	17117						
Employee Benefits	172146	167949	307400	332420						
Total Expenditures	<u>172146</u>	<u>167949</u>	<u>307400</u>	<u>332420</u>	<u>-0-</u>	<u>-0-</u>	<u>479546</u>	<u>479546</u>	<u>479546</u>	<u>472795</u>
Other Uses:										
Operating Transfers Out	-0-	-0-	-0-	-0-						
Total Expend. and Other Uses	<u>172146</u>	<u>167949</u>	<u>307400</u>	<u>332420</u>	<u>-0-</u>	<u>-0-</u>	<u>479546</u>	<u>479546</u>	<u>500359</u>	<u>4919</u>
Excess (Deficit) Revenues over Expenditures	-0-	-0-	-0-	4919						
Fund Balance, Beginning of Year	-0-	-0-	-0-	35500						
Fund Balance, End of Year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40419</u>	<u>268276</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>303776</u>

Note: Budgets may or may not be legally adopted by the board of education for some or all of the special revenue funds.

**SCHOOL DISTRICT  
General Fund  
Analysis of Change from Original Budget to Revised Budget  
For Year Ended June 30, 1995**

Original Budget	<u>\$16508075</u>
Additions:	
* Budget Revisions	
Encumbrances	<u>181319</u>
Total Additions	<u>16689394</u>
Deductions:	
* Budget Revisions	
Total Deductions	<u>- 0 -</u>
Revised Budget	<u><u>\$16689394</u></u>

\*Explain the nature and amount of each of the revisions in the Notes to Financial Statements.

**SCHOOL DISTRICT  
General Fund  
Analysis of Use of Fund Balance as of the  
Beginning of Year Ended June 30, 1994**

Total Fund Balance as of Beginning of Year (Unreserved)	\$ 1462433
Less:	
Unreserved Fund Balance Designated for Subsequent Year's Expenditures	<u>960000</u>
* Unreserved Fund Balance Designated-Other (Specify)	
Total Unreserved Undesignated Fund Balance	<u><u>\$ 502433</u></u>

\*Explain in the Notes to Financial Statements the purpose and amount appropriated but do not include encumbrances



School District Funds  
Status of Capital Projects

Supplemental Schedule #5

June 30, 1995

Project Title	Original Appropriation	Revised Appropriation	Expenditures and Obligations to Date			Available Balance
			Prior Year's	Current Year	Total	
	\$	\$	\$	\$	\$	\$
TODD JUNIOR HIGH SCHOOL RECONSTRUCTION 13-16-02-02-0002-005	39800	39800	1572	36888	38460	1340
NICKSALL ROAD ELEMENTARY RECONSTRUCTION 13-16-02-02-0003-006	53500	53500	4791	48551	53342	158
HAYDEN ELEMENTARY SCHOOL RECONSTRUCTION, CSI SECTION 13-16-02-02-0004-006	39800	39800	4004	34984	38988	812
SPACKENELL HIGH SCHOOL RECONSTRUCTION 13-16-02-02-0005-007	393000	393000	8089	362909	370998	22002
TODD JUNIOR HIGH SCHOOL RECONSTRUCTION, CSI SECTION 13-16-02-02-0002-006	345000	345000	—	326978	326978	18022
SPACKENELL HIGH SCHOOL RECONSTRUCTION 13-16-02-02-0005-008	450000	450000	—	21540	21540	428460

School District  
 Schedule of General Fund Revenues and Expenditures - Budget and Actual  
 For Year Ended June 30, 1995

	<u>Original Budget</u>
<b>Revenues</b>	
Local Sources	
Real Property Taxes	\$ 13212075
Appropriation of Planned Balance	
Real Property Tax Items	
Nonproperty Taxes	
Charges for Services	85000
Use of Money and Property	400000
Forfeitures	
Sale of Property and Compensation for Loss	
Miscellaneous	
Interfund Revenues	
State Sources	1826000
Federal Sources	
Other Sources	
Operating Transfers In	25000
Proceeds of Long-Term Debt	
<b>Total Revenues and Other Sources</b>	<u>15548075</u>
Appropriated Fund Balance	960000
Appropriated Reserve Revenues	
Repair Reserve	
<b>Total Revenues and Appropriated Fund Balance</b>	<u>\$* 16508075</u>

\*Must agree with column 1, pg. 20

School District  
 Schedule of General Fund Revenues and Expenditures - Budget and Actual  
 For Year Ended June 30, 1995

	<u>Revised Budget</u>	<u>Current Year's Revenues</u>	<u>Over(Under) Amended Budget</u>
	\$ 13212075	\$ 13212075	\$ -0-
		102255	17255
	85000	519984	119984
	400000		
		3848	3848
		44305	44305
	1826000	2039865	213865
	25000	25000	-0-
	<u>15548075</u>	<u>15947332</u>	<u>399257</u>
	1141319	-0-	<1141319>
	-0-	2155	2155
	<u>\$* 16689394</u>	<u>\$ 15949487</u>	<u>\$ &lt;739907&gt;</u>

\*\*Must agree with  
 column 2, page 21

Supplemental Schedule #6 (Continued)

School District  
 Schedule of General Fund Revenues and Expenditures - Budget and Actual  
 For Year Ended June 30, 1995

Supplemental Schedule #6 (Continued)

School District  
 Comparative General Fund Operating Statement  
 For Year Ended June 30, 1995

Expenditures	Original Budget	Revised Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
<b>General Support</b>					
Board of Education	\$ 7925	\$ 8725	\$ 7793	\$ - 0 -	\$ 932
Central Administration	152479	156763	155777	91	895
Finance	210814	216309	212922	176	3211
Staff	103225	114002	101056	11685	1261
Central Services	1404525	1524107	1273635	101318	149154
Special Items	281000	293850	289168	- 0 -	4682
<b>Instructional</b>					
Instruction, Administration & Improvement	712824	730818	684021	921	45877
Teaching - Regular School	6939634	6932061	6636840	13721	281500
Programs for Children with Handicapping Conditions	1103000	1274788	1234579	19183	21027
Occupational Education	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Teaching - Special Schools	38000	27721	25416	1235	1069
Instructional Media	492879	495542	470223	2696	22623
Pupil Services	838173	841450	806674	6699	28077
Pupil Transportation	657106	655292	519086	55	136152
Community Services	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Employee Benefits	2951491	2802966	2482660	16786	303520
Debt Service					
Debt Service Principal	415000	415000	415000	- 0 -	- 0 -
Debt Service Interest	200000	200000	191558	- 0 -	8442
<b>Total Expenditures</b>	<b>16508075</b>	<b>16689394</b>	<b>15506408</b>	<b>174566</b>	<b>1008420</b>
<b>Other Uses</b>					
Operating Transfers Out	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
<b>Total Expenditures &amp; Other Uses</b>	<b>\$*16508075</b>		<b>**15506408</b>		
Expenditures - Repair Reserve	- 0 -				
<b>GRAND TOTAL EXPENDITURES</b>					
Excess of Revenues (Expenditures)	<u>16508075</u>				

\*Must agree with column 1, page 18

\*\*Must agree with column 2, page 19

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The Spackenkill Union Free School District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise its operations, and are governed by, or significantly influenced by, the Board of Education.

Boards of Cooperative Educational Services (BOCES) were established by New York State legislation in 1948 to enable smaller school districts to offer more breadth in their educational programs by sharing teachers. In 1955, Legislation was passed allowing BOCES to provide vocational and special education. A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs to provide educational and support activities more economically, efficiently and equitably than could be provided locally. Dutchess County Board of Cooperative Educational Services provides instructional and support programs and services to the following 14 school districts in New York's Dutchess County:

Pawling Central School District  
Webutuck Central School District  
Dover Central School District  
Millbrook Central School District  
Pine Plains Central School District  
Arlington Central School District  
Wappingers Central School District  
Hyde Park Central School District  
Rhinebeck Central School District  
Red Hook Central School District  
Beacon City School District  
Poughkeepsie City School District  
Spackenkill Union Free School District  
Rhinecliff Special Act School District

Dutchess County Board of Cooperative Educational Service's programs and services include special education, vocational education, academic and alternative programs, summer school, staff development, computer services (management and instructional), educational communication and cooperative purchasing.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

The financial reporting entity consists of the following, as defined by GASB Statement 14, "The Financial Reporting Entity:"

1. The primary government which is the Spackenkill Union Free School District
2. Organizations for which the primary government is financially accountable, and;
3. 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 general purpose financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement 14, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a summary of an entity considered in determining the school district's reporting entity.

I. Included in the Reporting Entity

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the Spackenkill Union Free School District represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management and the cash and investment balances are reported in the agency fund of the district. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the school district's business office, located at Hagan Elementary School, 42 Hagan Drive, Poughkeepsie, New York.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

II. Joint Venture

The Spackenkill Union Free School District is one of fourteen participating school districts in the Dutchess County Board of Cooperative Educational Services (BOCES). The BOCES is a joint venture in which the participating districts have an ongoing financial responsibility, no equity interest, and no single participant controls the financial or operating policies of the BOCES. BOCES was formed under State law for the purpose of providing shared educational programs and instruction in subjects approved by the State Education Commissioner. The BOCES governing board is elected based on the vote of the members of the participating districts governing boards. BOCES charges districts for program costs based on participation and for administrative costs. During the year ended June 30, 1995, the Spackenkill Union Free School District was billed \$1,125,502. for BOCES administrative and program costs. Participating districts issue debt on behalf of BOCES. During the year ended June 30, 1995, the Spackenkill Union Free School District issued no bonds on behalf of BOCES and as of June 30, 1995 had no outstanding BOCES debt.

B. Basis of Presentation

The accounts of the Spackenkill Union Free School District are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. These funds and account groups are based upon the requirements of Generally Accepted Accounting Principles (GAAP) for local governmental units as prescribed by the Governmental Accounting Standards Board as well as the Uniform System of Accounts for School Districts. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. Governmental resources are allocated to and accounted for in individual funds segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions and limitations. The various funds are summarized by type in the financial statements. The various funds are grouped in the financial statements in the following fund types and account groups:

I. Governmental Funds

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the Spackenkill Union Free School District's governmental fund types:

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The general fund is the principal operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

Used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. Special Aid Fund

Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

b. School Lunch Fund

Used to account for transactions of lunch, breakfast and milk programs.

c. Risk Retention Fund

Used to account for funds and transactions within designated insurance reserves.

3. Capital Projects Funds

The capital projects fund is used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

4. Debt Service Fund

The debt service fund is used to account for and report on the accumulation of resources to be used for redemption of general long-term indebtedness.

II. Fiduciary Funds

Used to account for assets held by the School District in a trustee or custodial capacity:

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Trust and Agency Fund

Trust and agency funds are used to account for and report assets held in the capacity of trustee, custodian or agent for individuals, extraclassroom activity organizations, private organizations, other governments, and/or funds. These include expendable trusts, non-expendable trusts and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

III. Account Groups

Used to establish accounting control and accountability for the School District's general fixed assets and general long-term debt. The two account groups are not "funds". They are concerned only with the measurement of financial position, and not with the results of operations.

1. General Fixed Assets Account Group

Used to account for land, buildings, improvements and equipment used by the School District for school purposes.

General fixed assets purchased are recorded at cost as expenditures in the respective funds at time of purchase. Such assets are accounted for in the general fixed asset group of accounts. Fixed asset values as shown on the combined balance sheet for the fiscal year ended June 30, 1995 are reported at historical cost. Donated amounts are valued at estimated fair market value when given.

The District capitalizes equipment which has a cost in excess of \$200 and has a useful life of at least three years. All initial building costs are capitalized.

2. General Long-Term Debt Account Group

This group of accounts is established to account for all long-term debt and other obligations. Long-term indebtedness includes obligations such as bonds and capital notes. Other obligations include:

I. General Obligation Indebtedness

Long-term debt used to finance various capital projects is accounted for in the General Long-Term Debt Account Group.



Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

II. Compensated Absences

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the governmental funds in as much as it will be funded from current financial resources, and the general long-term debt account group for amounts to be paid from future financial resources.

A portion of the compensated absence liability recognized is attributable to the value of sick leave converted to pay employees' share of post-employment health insurance premiums. The amount recognized at June 30, 1995 for the value of sick leave converted to pay employees' post-employment health care insurance premiums is \$ 0.

C. Basis of Accounting/Measurement Focus

I. General Information

The basis of accounting determines when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Measurement focus is the determination of what is measured. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are included in the fund types on the balance sheet. Operating statements of these fund types present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in fund equity.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Modified Accrual Basis

Generally accepted accounting principles and The New York State Uniform System of Accounts for School Districts require that the District use the modified accrual basis of accounting for recording transactions in its governmental fund types and expendable trust and agency funds as applicable. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition for governmental fund revenues. Material revenues that are susceptible to accrual include real property taxes, charges for services, intergovernmental revenues and operating transfers. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made. Expenditures are recorded when the fund liability is incurred except:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of the disbursements when the District is liable for payment;
- b. Principal and interest on long-term debt are not recognized as an expenditure until due;
- c. Pension costs which are recognized as an expenditure when billed by the State. (See Note 2)
- d. Unfunded compensated absences are recognized as a liability for vacation leave and other compensated absences with similar characteristics and additional salary related payments as the benefits are earned by the employees, based on the rendering of past service and the probability that the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics that were earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and includes leave that (new) employees will (eventually) qualify for.

In addition, the District recognizes a liability for vesting sick leave and other compensated absences with similar characteristics and additional salary-related payments as employees earn benefits and to the extent it is probable that the District will compensate the employees for the benefits through cash payments (which may be conditioned on the employees' termination or retirement), rather than be taken as absences due to illness or other contingencies.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Accrual Basis

Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred.

II. Account Groups

General fixed assets are recorded at actual (historical) or estimated historical cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. General long-term debt liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity.

III. Deferred Revenue

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

a. Deferred Revenue - Planned Balance

Statute provides the authority for the school 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.

IV. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, rather than governmental funds.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Prepaid Expenses/Retirement System Credits

During the 1990 session, the State Legislature enacted Chapter 210 which amended the Retirement and Social Security Law for calculating employer contributions to the New York State Employees Retirement System (System). The 1988-89 contribution rates were reduced and resulted in a recalculation of the total amortization amount owed. This change in the smoothing method used for the valuing of stocks by the System resulted in cash credits available to the district to fund current pension payments. Cash credits remaining on deposit with the System are recorded as a prepaid asset or reduction of accrued liability. The cash credits do not represent available financial resources. To prevent their inclusion in the subsequent year's budget a reserve equal to these credits is recorded in fund equity.

E. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 23, 1994. Taxes were collected during the period September and October, 1994.

II. Enforcement

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

F. Budgetary Data

I. Budget Policies

1. The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund types:

General Fund  
Federal Fund  
Cafeteria Fund

- b. The proposed appropriation budget for the general fund was approved by the voters within the District.

- c. Appropriations are adopted at the program level.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

**II. Encumbrances**

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed as a control in preventing overexpenditure of established appropriations. Open encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

**III. Budget Basis of Accounting**

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

The budget and actual Comparison for Special Revenue Funds, included in the Combined Statement of Revenues and Expenditures - Budget and Actual, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Certain Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets. The actual activity of these unbudgeted funds, as follows, is provided in order to reconcile to the total combined balances of the Special Revenue Funds.

	<u>July 1</u> <u>1994</u>	<u>Revenues</u>	<u>Expendi-</u> <u>tures</u>	<u>Encum-</u> <u>brances</u>	<u>June 30</u> <u>1995</u>
Total for funds included in budget comparison	303,776	505,288	500,369	-0-	308,695
Funds not included in budget comparison:					
Risk Retention Fund	<u>268,276</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>268,276</u>
Total Special Revenue Funds	<u>35,500</u>	<u>505,288</u>	<u>500,369</u>	<u>-0-</u>	<u>40,419</u>

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

For financial statement purposes, the District considers all highly liquid investments of three months or less as cash equivalents.

H. Investments

Investments are stated at the lower of cost or current market value.

I. Inventory

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

J. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers of expenditures and transfers of revenues to provide services and construct assets.

K. Fund Equity

Reserves and Designations-Portions of fund equity are segregated for future use and are, therefore, not available for appropriation or expenditure. Designation of Unreserved fund balances in governmental funds indicates the use of these resources in the ensuing year's budget or tentative plans for future use.

L. Postemployment Benefits

In addition to providing the retirement benefits described in Note 3, the Spackenkill Union Free School District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the School District and its employee groups. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Currently 62 retirees meet those eligibility requirements. The District pays to an insurance company which provides health care insurance 75% of the cost of premiums for retired employees and 50% of the cost of premiums for survivors. The Spackenkill Union Free School District recognizes the cost of providing benefits for fiscal year 1995 by recording \$135,189, its share of insurance premiums for currently enrolled retirees, as an expenditure in the fiscal year 1995.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 2 - STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

A. Deficit Fund Balances

Capital projects fund - deficits will be eliminated as short term debt is converted to permanent financing.

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Assets

I. Cash and Investments

The Spackenkill Union Free School District investment policies are governed by State statutes. The Spackenkill Union Free School District monies must be deposited in Federal Deposit Insurance (FDIC)-insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and 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. 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.

1. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) uninsured, and for which the securities are held by the financial institutions trust department in the District's name, (3) uninsured, and for which the securities are held by the financial institution or it's trust department but not in the District's name, or (4) uninsured and uncollateralized.

Total financial institution (bank) balances at June 30, 1995, per the bank were \$3,704,895. These deposits are categorized as follows:

1	2	3	4	Carrying Value
\$4,199,499.	\$ _____	\$ _____	\$ _____	\$4,199,499.

2. Cash With Fiscal Agent

Cash with fiscal agent consists of amounts held by the District's paying agent for general obligation bond principal and interest.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

II. Interfund Transactions

Interfund balances at June 30, 1995 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$ 36,466	\$279,445	\$ 25,000	\$ -
Special Aid Fund	-	32,792	-	-
Debt Service	23,861	-	43,022	25,000
School Lunch Fund	1,994	3,500	-	-
Risk Retention	268,276	-	-	-
Capital Fund	-	23,861	-	43,022
Trust & Agency Fund	<u>9,175</u>	<u>174</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$339,772</u>	<u>\$339,772</u>	<u>\$ 68,022</u>	<u>\$ 68,022</u>

III. Other Receivables

Other receivables at June 30, 1995 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
General Fund	Interest Income	\$ 7,875
General Fund	Books/Refund Prior Years/ Commissions	1,553
General Fund	Tuition	31,755.
General Fund	Damages to School	263.
School Lunch Fund	Catering/Rebates	4,003.

IV. Changes in Fixed Assets

A summary of changes in general fixed assets is as follows:

<u>Category</u>	<u>Balance July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30 1995</u>
Land	287,418	-	-	287,418
Buildings	11,747,862	-	-	11,747,862
Machinery & Equipment	<u>2,439,056</u>	<u>101,256</u>	<u>12,810</u>	<u>2,527,502</u>
Total	<u>14,474,336</u>	<u>101,256</u>	<u>12,810</u>	<u>14,562,782</u>



Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. Liabilities

I. Pension Plans

General Information

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

1. Plan Descriptions

The TRS is established pursuant to Article II of the Education Law, to provide retirement allowances and other specified benefits for teachers employed by participating employers in the State of New York, excluding New York City. The ERS is established pursuant to the New York State Retirement and Social Security Law, to provide retirement allowances and other specified benefits for the State, local governments and their employees. ERS plan benefits are guaranteed by the State Constitution. Once a public employer elects to participate in the Systems, the election is irrevocable.

2. Benefits

The benefits provided to members of the Systems are established by New York State law and may be amended only by the legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following four classes:

Tier 1 - members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law for TRS and Section 75 of the Retirement and Social Security Law for the ERS.

Tier II - members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law for TRS and Section 75 of the Retirement and Social Security Law for ERS.

Tier III - members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the Retirement and Social Security Law for both Systems.

Tier IV - members who joined on or after September 1, 1983 are covered by the provisions of Article 15 of the Retirement and Social Security Law for both Systems.

Certain members of the Systems are eligible for disability retirement benefits after 10 years of credited service. Additionally, death benefits are payable upon death, before retirement, of a member who meets the eligibility requirements as set forth by law.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

3. Service Retirements

TRS Tier I members are eligible for a service retirement allowance, of approximately 2% per year of credited service times the final average salary, at age 55. TRS tiers II, III, and IV are eligible for the same but with limitations which are proportionate for greater or lesser service.

The Systems provide a contributory plan (Article 14 and 15), providing Tier III and IV members who retire at age 62 or later with 10 or more years of service an allowance equal to a percentage of final average salary for each year of service. Article 15 requires that members contribute 3 percent of earnings. Additionally, ERS has noncontributory plans available to members with twenty or more years of service, with an allowance provided based on final average salary. Fifty-five is the minimum retirement age for the noncontributory plans, and reductions apply to Tier II members who retire between ages 55 and 62. The allowances provided under the contributory and noncontributory plans are proportionate for greater or lesser service.

4. Contribution Requirements

Tier III and Tier IV members are required by law to contribute 3% of salary to the Systems, pursuant to Article 14 and 15 of the Retirement and Social Security Law. Eligible Tier I and Tier II members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Social Security Law. Education Law and Social Security Law provide for periodic employer contributions, based upon actuarially determined rates, expressed as a percentage of annual covered payroll, sufficient to accumulate assets to pay benefits when due. The District's required employer contributions represent less than 1% of the total for all participating employers.

5. Vested Benefits

Systems' retirement benefits vest after 10 years of credited service and are payable subject to the limitations noted for service retirements above.

6. Detailed Plan Information

A full description of TRS and ERS membership, benefits and employer and employee obligations to contribute are described in the System's annual reports and financial statements.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

6. Detailed Plan Information (Continued)

Chapter 437 of the Laws of 1993 added Article 18 to the New York State Retirement and Social Security Law. Article 18 authorizes the granting of retroactive transfer, retroactive membership and credit for previous service in certain situations. It contains three Sections, each providing relief under different circumstances. Under Section 803, members may file application for retroactive membership before October 14, 1996, which may entitle members to an earlier date of membership. If it is determined that members are eligible for retroactive membership, the employer at the time members were first eligible for membership must pay the employer's share of the retirement cost. The probability of claims being asserted from members applying for retroactive membership and the resultant liability are not reasonably estimable.

8. District Information

The following represents information relating to the Spackenkill Union Free School District's participation in the above pension plans for the year ended June 30, 1995:

Total District payroll for all employees was \$9,643,952.

	TRS	ERS
Total Payroll Covered by the System	\$8,028,676.	\$1,201,667.
Total Employer Contributions	581,276	18,721
Total Employer Contributions (Expressed as % of Covered Payroll)	.0724%	.0155%
Total Employee Contributions	83,831	2,672
Total Employee Contributions (Expressed as % of Covered Payroll)	.1442%	.1427%

9. Pension Benefit Obligation

The pension benefit obligation of Credited Projected Benefits is a standardized disclosure measure of the actuarial present value of pension benefits, adjusted for the effects of projected salary increases estimated to be payable in the future as a result of employees' service to date. The Systems do not make separate measurements for individual employers.

The pension benefit obligation for all members of the Teachers' Retirement System and Employees' Retirement System determined through actuarial valuations performed as of the System's year ends of June 30, 1994 and March 31, 1994, respectively, is \$33,203.7 billion and \$60,146.0 billion.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

10. Net Assets Available for Benefits

The net assets available to pay benefits for all members of the Teachers' Retirement System and Employees' Retirement System at June 30, 1994, and March 31, 1994, respectively, is \$31,394.0 billion and \$60,122.0 billion.

11. Historical Trend Information

Historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is presented in the Annual Financial Reports of the Systems. Additional detailed information concerning the Systems may also be found therein.

II. Indebtedness

1. Short-Term Debt

a. Revenue Anticipation Notes

For governmental funds, notes issued in anticipation of the receipt of revenues are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The revenue anticipation note represents a liability that will be extinguished by the use of expendable available resources of the fund.

b. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

c. Short-Term Debt Interest

Interest expenditures for short-term debt are recognized when measurable, recorded as an expenditure as the interest accrues.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

2. Long-Term Debt

Serial Bonds (and Capital Notes)

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the General Long-Term Debt Account Group. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayer and others for liquidation of the long-term liabilities. During the current year the district recognized \$000,000 of expenditures for long term debt interest.

3. Changes

The changes in the School District's indebtedness during the year ended June 30, 1995 are summarized as follows:

	Balance July 1, <u>1994</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>1995</u>
Bond Anticipation Note	275,000	-	275,000	-
Serial Bonds	2,665,000	1,146,000	415,000	3,396,000
Compensated Absences	<u>4,811,936</u>	<u>-</u>	<u>277,712</u>	<u>4,534,224</u>
Total	<u>7,751,936</u>	<u>1,146,000</u>	<u>967,712</u>	<u>7,930,224</u>

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

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 1995</u>
<u>Serial Bonds Payable</u>				
7th Issue	12/01/71	12/01/99	5.50%	750,000
8th Issue	08/01/89	08/01/10	6.65%	1,025,000
9th Issue	08/01/91	08/01/01	5.50%	475,000
10th Issue	09/15/94	09/15/14	5.70%	<u>1,146,000</u>
Total				<u>3,396,000</u>

The following is a summary of maturing debt service requirements for general obligation bonds and notes:

<u>Years</u>	<u>Notes</u>	<u>Bonds</u>	<u>(Memorandum) Interest</u>
1996	-	426,000	189,980
1997	-	430,000	164,609
1998	-	430,000	139,124
1999	-	455,000	112,951
2000	-	355,000	89,416
2001	-	130,000	75,394
2002	-	130,000	67,559
2003	-	105,000	60,411
2004	-	105,000	53,951
2005	-	105,000	47,491
2006	-	80,000	41,862
2007	-	85,000	36,893
2008	-	85,000	31,720
2009	-	85,000	26,488
2010	-	90,000	21,074
2011	-	65,000	16,344
2012	-	65,000	12,404
2013	-	65,000	8,423
2014	-	55,000	4,748
2015	-	<u>50,000</u>	<u>1,531</u>
TOTAL	<u>0</u>	<u>3,396,000</u>	<u>1,202,373</u>

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1995

NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

III. Fund Balance

The District's fund balance is comprised of various components.

1. Reserves

The fund balance includes other reserves established for the following purposes:

Fund	Reservation Purposes	Balance June 30, 1995
General	Reserve for Encumbrances	\$ 174,565
	Reserve for Repairs	74,718
Trust & Agency	Other Trust Funds	3,282
Capital	Capital Reserve	(2,119)
Debt Service	Reserve for Bond Debt	30,235
Risk Retention	Reserve for Unemployment	133,493
	Reserve for Workers Compensation	<u>134,783</u>
	TOTAL	<u>\$ 548,957</u>

NOTE 4 - CONTINGENCIES AND COMMITMENTS

A. Litigation

The district is named as the defendant in several student personal injury actions which are covered by liability insurance. In the opinion of its attorney, the district will not be obligated to pay any court or settlement awards in these actions.

The district has also been named as a defendant, together with the Town of Poughkeepsie, in several tax certiorari actions. In the opinion of its attorney, no estimate of reductions in assessments that might result in tax refunds can be made at this time.

NOTE 5 - ADDITIONAL DISCLOSURES

A. Budget Modifications

The 1994-1995 operating budget is summarized as follows:

Original Adopted Budget	\$16,508,075
June 30, 1994, Carryover Encumbrances	<u>181,319</u>
Revised Budget	<u>\$16,689,394</u>