

SPACKENKILL UNION FREE SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 1996

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 7, 1996

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, 1996, 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, 1996, 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, 1996, 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 7, 1996

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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

Spackenkill Union Free School District  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1996

	Governmental		Fund Types		Fiduciary	Account Groups	
	General	Special Revenue	Debt Service	Capital Projects	Trust & Agency	General Fixed Assets	General Long Term Debt
<b>ASSETS</b>							
Unrestricted Cash	3,264,625	33,284	52,911	0	0	0	0
Restricted Cash	83,892	11,768	0	95,468	20,502	0	0
Investments	0	0	0	0	0	0	0
Investments - Special Reserves	0	0	0	0	0	0	0
Taxes Receivable, Net	0	0	0	0	0	0	0
State & Federal Aid Receivable	0	149,608	0	0	0	0	0
Due From Other Funds	<i>Fed</i> 129,118	0	1,392	0	0	0	0
Other Receivables	485,080	1,883	0	0	0	0	0
Inventories	0	9,703	0	0	0	0	0
Deferred Expenditures -							
Ensuing Budget	<i>Relieved Sep Credit</i> 124,638	0	0	0	0	0	0
Fixed Assets	0	0	0	0	0	15,442,549	0
Provisions to be Made in							
Future Budgets	0	0	0	0	0	0	7,752,208
Amount Available in Debt							
Service Fund	0	0	0	0	0	0	0
Amount to Be Provided for Retirement							
of Long Term Debt	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>4,087,353</b>	<b>206,246</b>	<b>54,303</b>	<b>95,468</b>	<b>20,502</b>	<b>15,442,549</b>	<b>7,752,208</b>
<b>LIABILITIES</b>							
Accounts Payable	<i>RLS</i> 708,700	9,724	0	20,871	0	0	0
Accrued Liabilities	<i>Payroll</i> 242,911	3,278	0	0	0	0	0
Notes Payable	0	0	0	0	0	0	0
Bonds Payable	<i>BM</i> 6,787	0	0	<i>Ban</i> 450,000	0	0	2,970,000
Bond Interest & Matured Bonds	0	0	0	0	0	0	0
Due to Other Funds	0	128,978	0	1,392	140	0	0
Due to Other Governments	0	13,965	0	0	0	0	0
Due to Teachers'							
Retirement System	94,862	0	0	0	0	0	0
Due to Employees'	0	0	0	0	0	0	0
Retirement System	0	0	0	0	0	0	0
Installment Purchase Debt	0	0	0	0	0	0	0
Judgements & Claims Payable	<i>Medicaid</i> 13,283	0	0	0	0	0	0
Compensated Absences	0	0	0	0	0	0	0
Extraclassroom Activity							
Balances	0	0	0	0	0	0	4,782,208
Other Liabilities	0	0	0	0	0	0	0
Overpayments	0	0	0	0	0	0	0
Deferred Revenues	<i>Summer School</i> 10,585	0	0	0	<i>Per Bond Notes Retires</i> 18,690	0	0
Deferred Tax Revenues	0	0	0	0	0	0	0
<b>Total Liabilities Carried Forward</b>	<b>1,077,128</b>	<b>155,945</b>	<b>0</b>	<b>472,263</b>	<b>18,830</b>	<b>0</b>	<b>7,752,208</b>

Spackenkill Union Free School District  
 Combined Balance Sheet - All Fund Types and Account Groups  
 June 30, 1996

	Governmental		Fund Types		Fiduciary Fund Types Trusts & Agency	Account Groups	
	General	Special Revenue	Debt Service	Capital Projects		General Fixed Assets	General Long Term Debt
Total Liabilities Brought Forward	1,077,128	155,945	0	472,263	18,830	0	7,752,208
Investment in General Fixed Assets	0	0	0	0	0	15,442,549	0
Fund Balances:							
Reserved:							
Reserved for Encumbrances	191,181	2,271	0	0	0	0	0
Reserved for Repairs	77,105	0	0	0	0	0	0
Reserved for Tax Certiorari Claims	250,000	0	0	0	0	0	0
Reserved for Workman's Compensation	244,784	0	0	0	0	0	0
Reserved for Unemployment	113,492	0	0	0	0	0	0
Reserved for Retirement Systems Credits	124,638	0	0	0	0	0	0
Reserve for Bond Debt	0	0	54,303	0	0	0	0
Other Trust Funds Restricted & Unrestricted	0	0	0	0	1,672	0	0
Unreserved:							
Designated for Subsequent Year's Expenditures	1,100,000	0	0	0	0	0	0
Undesignated	909,025	48,030	0	(376,795)	0	0	0
Total Fund Balance	3,010,225	50,301	54,303	(376,795)	1,672	15,442,549	0
Total Fund Equity	3,010,225	50,301	54,303	(376,795)	1,672	15,442,549	0
Total Liabilities & Fund Equity	4,087,353	206,246	54,303	95,468	20,502	15,442,549	7,752,208

See accompanying notes to financial statements

Spackenkill Union Free 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, 1996

	Governmental Fund Types		Governmental Fund Types		Fiduciary
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust
<b>Revenues</b>					
Real Property Taxes	13,791,364	0	0	0	0
Nonproperty Taxes	0	0	0	0	0
Charges for Services	85,669	0	0	0	0
Use of Money & Property Forfeitures	532,887	532	2,419	0	0
Sale of Property & Compensation for Loss	0	0	0	0	0
Miscellaneous	650	0	0	0	0
Interfund Revenues	54,832	290	0	0	0
State Sources	2,733	0	0	0	0
Federal Sources	2,198,498	78,071	0	0	0
Sales	0	227,406	0	0	0
Premium on Obligations Issued	0	260,304	0	0	0
	0	0	0	0	0
<b>Total Revenues</b>	<b>16,666,633</b>	<b>566,603</b>	<b>2,419</b>	<b>0</b>	<b>0</b>
<b>Other Sources</b>					
Operating Transfers In	60,000	0	ADA 21,649	0	0
Proceeds of Obligations	0	0	0	0	0
Income Repair Reserve	2,387	0	0	0	0
<b>Total Revenues and Other Sources</b>	<b>16,729,020</b>	<b>566,603</b>	<b>24,068</b>	<b>0</b>	<b>0</b>
<b>Expenditures</b>					
General Support	2,149,319	0	0	0	0
Instruction	10,553,076	523,581	0	0	0
Pupil Transportation	523,009	0	0	0	0
Community Services	0	0	0	0	0
Employee Benefits	2,349,871	33,141	0	0	0
Debt Service	635,829	0	0	0	0
Capital Outlay	0	0	0	353,027	0
<b>Total Expenditures</b>	<b>16,211,104</b>	<b>556,722</b>	<b>0</b>	<b>353,027</b>	<b>0</b>
<b>Other Uses</b>					
Operating Transfers Out	0	60,000	0	21,649	0
Expenditure Repair Reserve	0	0	0	0	0
<b>Total Expenditures and Other Uses</b>	<b>16,211,104</b>	<b>616,722</b>	<b>0</b>	<b>374,676</b>	<b>0</b>
<b>Excess (Deficit Revenues &amp; Sources Over Expenditures and Other Uses</b>	<b>517,916</b>	<b>(50,119)</b>	<b>24,068</b>	<b>(374,676)</b>	<b>0</b>
<b>Other Changes in Fund Balance</b>					
Retirement Systems Credits	(21,028)	0	0	0	0
Transfer of Risk Retention to General Fund	208,276	(208,276)	0	0	0
<b>Net Increase (Decrease)</b>	<b>705,164</b>	<b>(258,395)</b>	<b>24,068</b>	<b>(374,676)</b>	<b>0</b>
<b>Fund Balance Beginning of Year</b>	<b>2,305,061</b>	<b>308,696</b>	<b>30,235</b>	<b>(2,119)</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>3,010,225</b>	<b>50,301</b>	<b>54,303</b>	<b>(376,795)</b>	<b>0</b>

Spackenkill Union Free School District  
 Combined Statement of Revenues,  
 Expenditures And Changes in Fund Balances - Budget and Actual  
 All Governmental Types  
 For Year Ended June 30, 1996

	General Fund			Special Revenue		
	Budget (Amended)	Actual	Variance Fav.-Unf.	Budget (Amended)	Actual	Variance Fav.-Unf.
<b>Revenues</b>						
Real Property Taxes	13793387	13791364	-2023 <i>State Land</i>			0
Nonproperty Taxes			0			0
Charges for Services	100000	85669	-14331 <i>&gt; auction</i>			0
Use of Money and Property <i>Int'l Rentals</i>	410000	532887	122887	300	532	232
Forfeitures			0			0
Sale of Property and Compensation for Loss	0	650	650			0
Miscellaneous	0	54832	54832	1500	290	-1210
Interfund Revenues		2733	2733			0
State Sources	1920000	2198498	278498 <i>BOCES #</i>	65000	78071	13071
Federal Sources			0	229720	227406	-2314
Sales (School Lunch and School Store)			0	231000	260304	29304
<b>Total Revenues</b>	<b>16223387</b>	<b>16666633</b>	<b>443246</b>	<b>527520</b>	<b>566603</b>	<b>39083</b>
Other Sources - Appropriated Fund Balance	1054566	0	-1054566			
Operating Transfers in	60000	60000	0			
Proceeds of Obligations			0			
Income Repair Reserve	0	2387	2387			
<b>Total Revenues and Other Sources</b>	<b>17337953</b>	<b>16729020</b>	<b>-608933</b>	<b>527520</b>	<b>566603</b>	<b>39083</b>
<b>Expenditures</b>						
General Support <i>reline of maint lost .5 (Succ) etc</i>	2378189	2149319	228870			0
Instruction <i>lease replacement</i>	11051827	10553076	498751	496561	523581	-27020
Pupil Transportation	685980	523009	162971			0
Community Services			0			0
Employee Benefits	2585957	2349871	-236086	30959	33141	-2182
Debt Service	636000	635829	171			0
<b>Total Expenditures</b>	<b>17337953</b>	<b>16211104</b>	<b>1126849</b>	<b>527520</b>	<b>556722</b>	<b>-29202</b>
Other Uses			0			
Operating Transfers Out			0			
Expenditure Repair Reserve			0	60000	60000	0
<b>Total Expenditures and Other Uses</b>	<b>17337953</b>	<b>16211104</b>	<b>1126849</b>	<b>587520</b>	<b>616722</b>	<b>-29202</b>
Excess (Deficit) Revenues and Other Sources Over Expenditures and Other Uses		517916			-50119	
Less: Retirement Systems Credits		-21028				
Transfer of Risk Retention to General Fund		208276			-208276	
Fund Balance Beginning of Year		2305061			308696	
Fund Balance End of Year		3010225			50301	

*730,000  
 Pelot, Bores Ref.  
 70000  
 880,000  
 230,000*

*1,126,849  
 880,000  
 246,849  
 lower health ins for  
 fewer spec. contracts*

See Accompanying Notes to Financial Statement



SPACKENKILL UNION FREE SCHOOL DISTRICT  
NONEXPENDABLE TRUST FUND  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 1996

Cash Flows from Operating Activities:

Gifts and Donations

Cash Payments - Benefits

\$ N/A

Cash Flows from Noncapital Financing Activities:

Interfund Transfers

Cash Flows from Capital Related Financing Activities:

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 New Cash

Operating Income

\$ N/A

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

Net Cash Provided/(Used) by Operations

Disclosure of Accounting Policy:

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

Statement #4

SPACKENKILL UNION FREE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE  
PROPRIETARY FUND TYPE-NON-EXPENDABLE TRUST FUND  
For The Year Ended June 30, 1996

Operating Revenues:	
Gifts and Endowments	\$
Operating Expenses	1610
Operating Income	
Nonoperating Revenue:	
Interest Income	
Net Income	<u>-1610</u>
Fund Balance, Beginning of Year	3282
Fund Balance, End of Year	<u>1672</u> =====

See Accompanying Notes to Financial Statements

Spackenkill Union Free School District  
 Combining Schedule of Balance Sheets  
 Special Revenue Funds  
 June 30, 1996

	Special Aid	School Lunch	Risk Retention	School Store	Public Library	Total
<b>Assets</b>						
Unrestricted Cash	0	33,284	0	0	0	33,284
Restricted Cash	11,768	0	0	0	0	11,768
Investments	0	0	0	0	0	0
Investments - Special Reserves	0	0	0	0	0	0
Taxes Receivable, Net	0	0	0	0	0	0
State & Federal Aid Receivable	134,305	15,303	0	0	0	149,608
Due From Other Funds	0	0	0	0	0	0
Other Receivables	0	1,883	0	0	0	1,883
Inventories	0	9,703	0	0	0	9,703
Deferred Expenditures - Ensuuing Budget	0	0	0	0	0	0
Fixed Assets	0	0	0	0	0	0
<b>Total Assets</b>	<b>146,073</b>	<b>60,173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>206,246</b>
<b>Liabilities And Fund Equity</b>						
Accounts Payable	3,259	6,465	0	0	0	9,724
Accrued Liabilities	0	3,278	0	0	0	3,278
Due to Other Funds	128,978	0	0	0	0	128,978
Due to Other Governments	13,836	129	0	0	0	13,965
Due to Teachers' Retirement Systems	0	0	0	0	0	0
Due to Employees' Retirement System	0	0	0	0	0	0
Deferred Revenues	0	0	0	0	0	0
<b>Total Liabilities</b>	<b>146,073</b>	<b>9,872</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>155,945</b>
<b>Reserved Fund Balances</b>						
Reserved for Encumbrances	2,271	0	0	0	0	2,271
Other	0	0	0	0	0	0
<b>Total Reserved Fund Balance</b>	<b>2,271</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,271</b>
<b>Unreserved:</b>						
Designated for Subsequent Year's Expenditures	0	0	0	0	0	0
Undesignated	(2,271)	50,301	0	0	0	48,030
<b>Total Unreserved Fund Balance</b>	<b>(2,271)</b>	<b>50,301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48,030</b>
<b>Total Fund Balance</b>	<b>0</b>	<b>50,301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,301</b>
<b>Total Liabilities &amp; Fund Equity</b>	<b>146,073</b>	<b>60,173</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>206,246</b>

Spackenkill Union Free School District  
 Combing Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Special Revenue Fund  
 For Year Ended June 30, 1996

	Special Aid		School Lunch		Risk Retention		School Store		Public Library		Total	
	Budget (Amended)	Actual	Budget (Amended)	Actual	Actual	Budget (Amended)	Actual	Budget (Amended)	Actual	Budget (Amended)	Actual	
<b>Revenues</b>												
Real Property Taxes (Library Only)	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Use of Money and Property			300	532							300	532
Sale of Property and Compensation for Loss											0	0
Miscellaneous		-73	1500	362							1500	289
State Sources			65000	78072							65000	78072
Federal Sources	204220	199881	25500	27524							229720	227405
Sales			231000	260305							231000	260305
<b>Total Revenues</b>	<b>204220</b>	<b>199808</b>	<b>323300</b>	<b>366795</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>527520</b>	<b>566603</b>
<b>Other Sources:</b>												
Operating Transfers In												
<b>Total Revenues and Other Sources</b>	<b>204220</b>	<b>199808</b>	<b>323300</b>	<b>366795</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>527520</b>	<b>566603</b>
<b>Expenditures</b>												
General Support											0	0
Instruction	195061	190649	301500	332932							496561	523581
Pupil Transportation											0	0
Employee Benefits	9159	9159	21800	23982							30959	33141
<b>Total Expenditures</b>	<b>204220</b>	<b>199808</b>	<b>323300</b>	<b>356914</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>527520</b>	<b>556722</b>
<b>Other Uses:</b>												
Operating Transfers Out	0	0	0	0	60000						0	60000
<b>Total Expend. and Other Uses</b>	<b>204220</b>	<b>199808</b>	<b>323300</b>	<b>356914</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>527520</b>	<b>616722</b>
<b>Excess (Deficit) Revenues over Expenditures</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9881</b>	<b>-60000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-50119</b>
Less: Transfer of Risk Retention to General Fund					-208276							
Fund Balance, Beginning of Year	0	0	0	40419	268276						0	308695
Fund Balance, End of Year	0	0	0	50300	0	0	0	0	0	0	0	50300

Supplemental Schedule #3

SPACKENKILL UNION FREE SCHOOL DISTRICT  
 General Fund  
 Analysis of Change from Original Budget to Revised Budget  
 For Year Ended June 30, 1996

Original Budget	17163387
Additions:	
Budget Revisions	
Encumbrances	174566
Total Additions	17337953
Deductions:	
Budget Revisions	
Total Deductions	0
Revised Budget	17337953

Supplemental Schedule #4

SPACKENKILL UNION FREE SCHOOL DISTRICT  
 General Fund  
 Analysis of Use of Fund Balance as of the  
 Beginning of Year Ended June 30, 1995

Total Fund Balance as of Beginning of Year (Unreserved)	1910111
Less:	
Unreserved Fund Balance	880000
Designated for Subsequent Year's Expenditures	
Total Unreserved Undesignated Fund Balance	1030111

Spackenkill Union Free School District Funds  
Status of Capital Projects

Supplemental Schedule #5

June 30, 1996

Expenditures and Obligations to Date

Project Title	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total	Availabe Balance
Todd Junior High School School Reconstruction 13-16-02-02-0002-005	39800	39800	38460		38460	1340
Nassau Road Elementary School School Reconstruction 13-16-02-02-0003-006	53500	53500	53342		53342	158
Hagan Elementary School Reconstruction, CSI Section 13-16-02-02-0004-006	39800	39800	38988		38988	812
Spackenkill High School Reconstruction 13-16-02-02-0005-007	393000	393000	370998	21120	392118	882
Spackenkill High School Roof Reconstruction 13-16-02-02-0005-008	358250	358250	21540	305007	326547	31703
Spackenkill High School Reconstruction 13-16-02-02-005-010	91750	91750			0	91750
Spackenkill High School Reconstruction 13-16-02-02-0005-009	73800	73800		3425	3425	70375
Todd Middle High School Reconstruction 13-16-02-02-0002-008	170800	170800		8850	8850	161950
Nassau Road Elementary School Reconstruction 13-16-02-02-003-007	147800	147800		7800	7800	140000
Hagan Elementary School Reconstruction 13-16-02-02-0004-007	103800	103800		4825	4825	98975
Todd Middle School Bus Storage Garage 13-16-02-02-4007-002	43000	43000		2000	2000	41000

ADA  
HS Ref  
539.00

Supplemental Schedule #6

Spackenkill Union Free School District  
 Schedule of General Fund Revenues and Expenditures  
 Budget and Actual  
 For Year Ended June 30, 1996

	Original Budget	Revised Budget	Current Year's Revenues	Over/(Under) Amended Budget
<b>Revenues</b>				
<b>Local Sources</b>				
Real Property Taxes	13,793,387	13,793,387	(13,791,364)	(2,023)
Appropriation of Planned Balance	0	0	0	0
Real Property Tax Items	0	0	0	0
Nonproperty Taxes	0	0	0	0
Charges for Services	100,000	100,000	(85,669)	(14,331)
Use of Money and Property Forfeitures	410,000	410,000	(532,887)	122,887
Sale of Property and Compensation for Loss	0	0	0	0
Miscellaneous	0	0	(650)	650
Interfund Revenues	0	0	(54,832)	54,832
			(2,733)	2,733
<b>State Sources</b>				
Federal Sources	1,920,000	1,920,000	(2,198,498)	278,498
Other Sources	0	0	0	0
Operating Transfers In	0	0	0	0
Proceeds of Long-Term Debt	60,000	60,000	(60,000)	0
	0	0	0	0
<b>Total Revenues and Other Sources</b>	<b>16,283,387</b>	<b>16,283,387</b>	<b>(16,726,633)</b>	<b>443,246</b>
Appropriated Fund Balance	880,000	1,054,566	0	(1,054,566)
Appropriated Reserve Revenues Repair Reserve	0	0	0	0
<b>Total Revenues and Appropriated Fund Balance</b>	<b>17,163,387</b>	<b>17,337,953</b>	<b>(16,726,633)</b>	<b>(611,320)</b>

Supplemental Schedule #6

Spackenkill Union Free School District  
 Schedule of General Fund Revenues and Expenditures  
 Budget and Actual  
 For Year Ended June 30, 1996

<u>Expenditures</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balance</u>
General Support					
Board of Education	7,925	10,413	(9,547)	(95)	771
Central Administration	156,829	174,768	(174,369)	0	399
Finance	216,600	219,372	(215,533)	(2,677)	1,162
Staff	95,850	109,238	(94,331)	(14,493)	414
Central Services	1,490,006	1,563,060	(1,390,522)	(25,780)	146,758
Special Items	304,932	301,338	(265,017)	0	36,321
Instructional					
Instruction, Administration & Improvement	735,600	736,006	(684,449)	(7,358)	44,199
Teaching - Regular School	6,968,442	6,831,222	(6,518,688)	(75,997)	236,537
Programs for Children with Handicapping Conditions	1,238,500	1,506,058	(1,492,247)	(9,167)	4,644
Occupational Education	117,000	137,175	(137,175)	0	0
Teaching - Special Schools	38,000	41,288	(26,827)	(383)	14,078
Instructional Media	513,995	859,996	(806,355)	(21,292)	32,349
Pupil Services	889,330	940,082	(887,335)	(20,127)	32,620
Pupil Transportation	690,825	685,980	(523,009)	(11,291)	151,680
Community Services	0	0	0	0	0
Employee Benefits	3,033,553	2,585,957	(2,349,870)	(2,521)	233,566
Debt Service					
Debt Service Principal	426,000	426,000	(426,000)	0	0
Debt Service Interest	240,000	210,000	(209,830)	0	170
Total Expenditures	17,163,387	17,337,953	(16,211,104)	(191,181)	935,668
Other Uses					
Operating Transfers Out	0	0	0	0	0
Total Expenditures & Other Uses	17,163,387	17,337,953	(16,211,104)	(191,181)	935,668
Expenditures - Repair Reserve	0	0	0	0	0
Grand Total Expenditures					
Excess of Revenues (Expenditures)	0	0	515,529		
	=====	=====	=====	=====	=====



. Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1996

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 Services' 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, 1996

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 certain entities 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, 1996

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 district's governing boards. BOCES charges districts for program costs based on participation and for administrative costs. During the year ended June 30, 1996, the Spackenkill Union Free School District was billed \$1,656,593. for BOCES administrative and program costs. Participating districts issue debt on behalf of BOCES. During the year ended June 30, 1996, the Spackenkill Union Free School District issued no bonds on behalf of BOCES and as of June 30, 1996 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, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The general fund is the principal operating fund 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 Fund

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, 1996

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, 1996 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, 1996

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, 1996 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, 1996

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 requires the use of 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 liable for payment;
- b. Principal and interest on long-term debt are not recognized as an expenditure until due;
- c. Unfunded 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, a liability is recognized 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, 1996

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

Deferred revenues are reported on the 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, 1996

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 29, 1995. Taxes were collected during the period September and October, 1995.

II. Enforcement

Uncollected real property taxes are enforced by the County of Dutchess. 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, 1996

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**

Encumbrance 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>1995</u>	<u>Revenues</u>	<u>Expendi-</u> <u>tures</u>	<u>Encum-</u> <u>brances</u>	<u>June 30</u> <u>1996</u>
Total for funds included in budget comparison	308,695	566,603	616,722	-0-	258,576
Funds not included in budget comparison:					
Risk Retention Fund	<u>268,276</u>	<u>-0-</u>	<u>60,000</u>	<u>-0-</u>	<u>208,276</u>
Total Special Revenue Funds	<u>40,419</u>	<u>566,603</u>	<u>556,722</u>	<u>-0-</u>	<u>50,300</u>

. Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered 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 81 retirees meet those eligibility requirements. The District pays 75% of the cost of premiums for retired employees and 50% of the cost of premiums for survivors to an insurance company which provided health care insurance. The Spackenkill Union Free School District recognizes the cost of providing benefits for fiscal year 1996 by recording \$191,328, its share of insurance premiums for currently enrolled retirees as an expenditure in the fiscal year 1996.

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1996

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 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 Federal Deposit 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.

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) collateralized, and for which the securities are held by the pledging financial institutions trust department or agent in the District's name, (3) uncollateralized.

Total financial institution (bank) balances at June 30, 1996, per the bank were \$3,562,450. These deposits are categorized as follows:

1	2	3	4	Carrying Value
<u>\$4,133,157.</u>	\$ _____	\$ _____	\$ _____	<u>\$4,133,157.</u>

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, 1996

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

II. Interfund Transactions

Interfund balances at June 30, 1996 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$129,118	\$ -	\$ 60,000	\$ -
Special Aid Fund	-	128,979	-	-
Debt Service	1,392	-	21,649	-
School Lunch Fund	-	-	-	-
Risk Retention	-	-	-	60,000
Capital Fund	-	1,392	-	21,649
Trust & Agency Fund	-	139	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL	<u>\$130,510</u>	<u>\$130,510</u>	<u>\$ 81,649</u>	<u>\$ 81,649</u>

III. Other Receivables

Other receivables at June 30, 1996 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	Rental of Property	\$ 21,018
General Fund	State Aid	204,817
General Fund	BOCES Aid	223,070
General Fund	Books/Refund Prior Years/ Commissions	704
General Fund	Tuition	35,208
General Fund	Damages to School	263
School Lunch Fund	Federal and State Aid	15,303

IV. Changes in Fixed Assets

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

<u>Category</u>	<u>Balance July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1996</u>
Land	287,418	-	-	287,418
Buildings	11,747,862	831,429		12,579,291
Machinery & Equipment	<u>2,527,502</u>	<u>62,270</u>	<u>13,933</u>	<u>2,575,839</u>
Total	<u>14,562,782</u>	<u>893,699</u>	<u>13,933</u>	<u>15,442,548</u>

Spackenkill Union Free School District  
Notes to Financial Statements  
June 30, 1996

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 are cost sharing multiple employer, public employee retirement systems. The System offers 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.

Plan Descriptions

Teachers' Retirement System (TRS)

The NYS TRS is administered by the New York State Teachers' Retirement Board. 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. The New York State TRS 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 the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System (ERS)

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

Funding Policies

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976 who contribute 3% of their salary. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for TRS by the New York State Teachers' Retirement Board.

Spackenkill Union Free School District  
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NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

The Spackenkill Union Free School District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
1996	\$ 2,209	\$ 505,911
1995	\$ 2,209	\$ 555,817
1994	\$ 11,382	\$ 616,064

The Spackenkill Union Free School District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Since 1989, the ERS's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Spackenkill Union Free School District elected to make the full payment on December 15, 1989.

Pursuant to Chapter 178 of the Laws of 1991 and Chapter 12 of the Laws of 1995, the State Legislature authorized local governments to make available retirement incentive programs with estimated total costs of \$68,906 of which \$68,906 was charged to expenditures/expenses in the Governmental Funds and \$ 0 to Proprietary funds in the current fiscal year. The cost of the programs will be billed and paid over five years beginning December 15, 1992 for Chapter 178 and December 15, 1996 for Chapter 12 and will include interest at 8.75%.

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.

Spackenkill Union Free School District  
Notes to Financial Statements  
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NOTE 3 - DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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.

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 \$189,979 of expenditures for long term debt interest.

3. Changes

The changes in the School District's indebtedness during the year ended June 30, 1996 are summarized as follows:

	Balance July 1, <u>1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>1996</u>
Serial Bonds	3,396,000	-	426,000	2,970,000
Compensated Absences	<u>4,534,224</u>	<u>247,984</u>	-	<u>4,782,208</u>
Total	<u>7,930,224</u>	<u>247,984</u>	<u>426,000</u>	<u>7,752,208</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  
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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, 1996</u>
<u>Serial Bonds Payable</u>				
7th Issue	12/01/71	12/01/99	5.50%	600,000
8th Issue	08/01/89	08/01/10	6.65%	875,000
9th Issue	08/01/91	08/01/01	5.50%	400,000
10th Issue	09/15/94	09/15/14	5.70%	<u>1,095,000</u>
Total				<u>2,970,000</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>
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>2,970,000</u>	<u>1,012,393</u>

Spackenkill Union Free School District  
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June 30, 1996

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 1995-1996 operating budget is summarized as follows:

Original Adopted Budget	\$17,163,387
June 30, 1995, Carryover Encumbrances	<u>174,566</u>
Revised Budget	<u>\$17,337,953</u>

NOTE 6 - FUND BALANCE

Reservations of fund balances are created to either satisfy legal restrictions or to plan for future expenditures. A designation of unreserved fund balances in governmental funds indicates the use of these resources in the subsequent year's budget. The following is a description of the reserves utilized by the School District:

Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. The reserve is accounted for in the Capital Fund.

Spackenkill Union Free School District  
Notes to Financial Statements  
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NOTE 6 - FUND BALANCE (Continued)

Repair Reserve

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two-thirds of the board of education. The emergency expenditure must be repaid within the next two succeeding years. The reserve is accounted for in the General Fund.

Worker's Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the Risk Retention Fund.

Unemployment Insurance Reserve

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the Risk Retention Fund.

Tax Certiorari Reserve

This reserve is used to accumulate funds to pay judgments and claims resulting from tax certiorari proceedings. Voter approval is not required provided that the moneys held do not exceed the anticipated needs of the School District. If no voter approval is obtained, then any excess moneys must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the moneys. This reserve is accounted for in the General Fund.