

GENERAL BROWN CENTRAL SCHOOL DISTRICT
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REPORT ON AUDITED FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION

JUNE 30, 2002

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GENERAL BROWN CENTRAL SCHOOL DISTRICT

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JUNE 30, 2002

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MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
the General Brown Central
School District

We have audited the accompanying general purpose financial statements of the General Brown Central School District as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the General Brown Central School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Minimum Program for Audit of Financial Records of New York State School Districts, and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides 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 General Brown Central School District as of June 30, 2002, and the results of its operations and the cash flows of its nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with **Government Auditing Standards**, we have also issued our report dated August 30, 2002 on our consideration of General Brown Central School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with **Government Auditing Standards** and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental schedules 1 through 7, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the District. The accompanying schedule of expenditures of federal awards, supplemental schedule 8, is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**, and is also not a required part of the general purpose financial statements of General Brown Central School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Morrow & Paulsen, P.C.

AUGUST 30, 2002

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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COMBINED BALANCE SHEET - ALL FUNDS TYPES AND ACCOUNT GROUPS
JUNE 30, 2002

Assets	Governmental Fund Types				Fiduciary	Account Groups	
	General	Special Revenue	Debt Service	Capital Projects	Trust & Agency	General Fixed Assets	Long-Term Debt
Unrestricted Cash	\$1,996,024	\$ 64,228	\$415,059	\$ 127,851	\$ 26,855	\$	\$
Restricted Cash	60,522				217,435		
State and Federal Aid Receivable	149,609	90,232					
Other Receivables	280,480						
Due from Other Funds	120,500	54,151	1,629				
Inventories		10,548					
Fixed Assets						32,784,295	
Amount to be Provided for Retirement of Long-Term Debt							13,848,516
Total Assets	<u>\$2,607,135</u>	<u>\$219,159</u>	<u>\$416,688</u>	<u>\$ 127,851</u>	<u>\$ 244,290</u>	<u>\$ 32,784,295</u>	<u>\$ 13,848,516</u>
	=====	=====	=====	=====	=====	=====	=====
Liabilities							
Accounts Payable	\$ 13,061	\$	\$	\$ 2,598	\$	\$	\$
Accrued Liabilities	186,162	1,979	7,107		15,380		
Bonds Payable							13,780,000
Installment Purchase Debt							68,516
Due to Other Funds	54,151	109,025		1,629	11,475		
Due to Other Governments	3,512	2,698					
Due to Teachers' Retirement System	69,968						
Due to Employees' Retirement System	9,309						
Extraclassroom Activity Balances					68,126		
Total Liabilities	<u>\$ 336,163</u>	<u>\$113,702</u>	<u>\$ 7,107</u>	<u>\$ 4,227</u>	<u>\$ 94,981</u>	<u>\$ 0</u>	<u>\$ 13,848,516</u>
	=====	=====	=====	=====	=====	=====	=====
Fund Equity							
Investments in General Fixed Assets	\$	\$	\$	\$	\$	\$ 32,784,295	\$
Fund Balance:							
Reserved for Encumbrances	366,780	2,852		99,438			
Other Applicable Reserves:							
Reserved for Inventory		10,548					
Reserved for Debt			409,581				
Reserved for Unemployment	9,658						
Reserved for Insurance	50,864						
Other Trust Funds Restricted and Unrestricted					149,309		
Unreserved:							
Designated for Subsequent Year's Expenditures	1,315,824						
Undesignated	527,846	92,057		24,186			
Total Fund Balance	<u>\$2,270,972</u>	<u>\$105,457</u>	<u>\$ 409,581</u>	<u>\$ 123,624</u>	<u>\$ 149,309</u>		
Total Fund Equity	<u>\$2,270,972</u>	<u>\$105,457</u>	<u>\$ 409,581</u>	<u>\$ 123,624</u>	<u>\$ 149,309</u>	<u>\$ 32,784,295</u>	<u>\$</u>
	=====	=====	=====	=====	=====	=====	=====
Total Liabilities and Fund Equity	<u>\$2,607,135</u>	<u>\$219,159</u>	<u>\$ 416,688</u>	<u>\$ 127,851</u>	<u>\$ 244,290</u>	<u>\$ 32,784,295</u>	<u>\$ 13,848,516</u>
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See Notes to General Purpose Financial Statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR YEAR ENDED JUNE 30, 2002

Revenues	General	Governmental Fund Types		Capital Projects	Fiduciary Fund Type Expendable Trust
		Special Revenue	Debt Service		
Real Property Taxes	\$ 4,330,635	\$	\$	\$	\$
Charges for Services	10,047				
Use of Money and Property	128,824	869	25,215		3,641
Sale of Property and Compensation for Loss	4,078				
Miscellaneous	116,418	30			1,465
State Sources	10,707,769	115,100			
Federal Sources	116,172	722,512			
Surplus Food		29,313			
Sales		253,600			
Total Revenues	<u>\$ 15,413,943</u>	<u>\$ 1,121,424</u>	<u>\$ 25,215</u>	<u>\$ 0</u>	<u>\$ 5,106</u>
Expenditures					
General Support	\$ 1,626,305	\$ 200,961	\$	\$	\$
Instruction	8,701,950	561,952			
Pupil Transportation	661,583				
Employee Benefits	1,841,842	128,792			
Debt Service	2,173,594				
Cost of Sales		245,795			
Other					10,582
Capital Outlay				1,307,018	
Total Expenditures	<u>\$ 15,005,274</u>	<u>\$ 1,137,500</u>	<u>\$ 0</u>	<u>\$ 1,307,018</u>	<u>\$ 10,582</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 408,669	\$ (16,076)	\$ 25,215	\$ (1,307,018)	\$ (5,476)
Other Sources and Uses:					
Operating Transfers In	\$ 2,455	\$ 7,107	\$	\$ 183,054	\$
Operating Transfers Out	(190,161)	(2,455)		0	(18,737)
Total Other Sources and Uses	<u>\$ (187,706)</u>	<u>\$ 4,652</u>	<u>\$ 0</u>	<u>\$ 183,054</u>	<u>\$ (18,737)</u>
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	\$ 220,963	\$ (11,424)	\$ 25,215	\$ (1,123,964)	\$ (24,213)
Fund Balance - Beginning of Year	<u>2,050,009</u>	<u>116,881</u>	<u>384,366</u>	<u>1,247,588</u>	<u>63,573</u>
Fund Balance - End of Year	\$ 2,270,972	\$ 105,457	\$ 409,581	\$ 123,624	\$ 39,360
	=====	=====	=====	=====	=====

See Notes to General Purpose Financial Statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR YEAR ENDED JUNE 30, 2002

Revenues	Budget (Amended)	Actual	Variance Fav. - (Unf.)
Real Property Taxes	\$ 4,325,013	\$ 4,330,635	\$ 5,622
Charges for Services	11,300	10,047	(1,253)
Use of Money and Property	129,700	128,824	(876)
Sale of Property and Compensation for Loss	2,530	4,078	1,548
Miscellaneous	88,550	116,418	27,868
State Sources	10,595,359	10,707,769	112,410
Federal Sources	<u>31,250</u>	<u>116,172</u>	<u>84,922</u>
Total Revenues	\$ <u>15,183,702</u>	\$ <u>15,413,943</u>	\$ <u>230,241</u>
Expenditures			
General Support	\$ 2,105,749	\$ 1,626,305	\$ 479,444
Instruction	9,492,216	8,701,950	790,266
Pupil Transportation	790,297	661,583	128,714
Employee Benefits	2,233,911	1,841,842	392,069
Debt Service	<u>2,173,594</u>	<u>2,173,594</u>	<u>0</u>
Total Expenditures	\$ <u>16,795,767</u>	\$ <u>15,005,274</u>	\$ <u>1,790,493</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,612,065)</u>	<u>\$ 408,669</u>	<u>\$ 2,020,734</u>
Other Sources and Uses:			
Operating Transfers In	\$ 220,000	\$ 2,455	\$ (217,545)
Operating Transfers Out	<u>(195,054)</u>	<u>(190,161)</u>	<u>4,893</u>
Total Other Sources and Uses	\$ <u>24,946</u>	\$ <u>(187,706)</u>	\$ <u>(212,652)</u>
Excess (Deficiency) Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (1,587,119)</u>	<u>\$ 220,963</u>	<u>\$ 1,808,082</u>
	=====		=====
Fund Balance - Beginning of Year		<u>2,050,009</u>	
Fund Balance - End of Year		<u>\$ 2,270,972</u>	
		=====	

NOTE: There are no legally adopted budgets for any of the special revenue funds.

See Notes to General Purpose Financial Statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE -
 PROPRIETARY FUND TYPE - NONEXPENDABLE TRUST FUND
 FOR YEAR ENDED JUNE 30, 2002

Operating Revenues:	
Gifts and Endowments	\$ 54
Operating Expenses	<u>0</u>
Operating Income	\$ 54
Nonoperating Revenue - Transfers In	<u>18,737</u>
Net Income	\$ 18,791
Fund Balance - Beginning of Year	<u>91,158</u>
Fund Balance - End of Year	\$ 109,949
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See Notes to General Purpose Financial Statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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STATEMENT OF CASH FLOWS - NONEXPENDABLE TRUST FUND
FOR YEAR ENDED JUNE 30, 2002

Cash Flows from Operating Activities:	
Gifts and Donations	\$ <u>54</u>
Cash Flows from Noncapital Financing Activities:	
Transfers in	\$ <u>18,737</u>
Cash Flows from Investing Activities:	
Sale of Investments	\$ <u>0</u>
Net Increase (Decrease) in Cash	\$ 18,791
Cash - Beginning of Year	<u>91,158</u>
Cash - End of Year	\$ 109,949 =====

RECONCILIATION OF OPERATING INCOME TO NET CASH

Operating Income	\$ 54
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) from Operations	<u>0</u>
Net Cash Provided (Used) by Operations	\$ 54 =====

See Notes to General Purpose Financial Statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2002

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the General Brown Central School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The general purpose financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the General Brown Central School District represent 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. The cash and investment balances are reported in the Trust and Agency Funds of the School District. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the School District's business office located at Dexter, New York.

B. Joint Venture

The General Brown Central School District is one of 18 component school districts in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

C. Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The School District records its transactions in the fund types and account groups described below:

1. Governmental Fund Types

- a. **General** - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.
- b. **Special Revenue** - is used to account for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use, other than expendable trust or major capital projects. These legal restrictions may be imposed by either governments that provide the funds or outside parties.
- c. **Capital Projects** - is used to account for the financial resources used for acquisition, construction or major repairs of capital facilities.
- d. **Debt Services** - is used to account for accumulation of resources and the payment of general long-term debt principal and interest.

2. Fiduciary Fund Types

Fiduciary Fund Types include Expendable and Nonexpendable Trust Funds and Agency Funds. The Expendable and Nonexpendable Trust Funds and Agency Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations and other governments.

Nonexpendable Trust Funds are accounted for on the accrual basis. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting.

3. Account Groups

a. **General Fixed Assets Account Group** - is used to account for general fixed assets of the School District.

b. **General Long-Term Debt Account Group** - is used to account for long-term obligations of the School District including bonds, most obligations under lease/purchase and other financing arrangements, certain pension contributions, compensated absences and other long-term obligations.

D. **Basis of Accounting/Measurement Focus**

The basis of accounting determines when revenues and expenditures are recognized in the accounts and reported in the general purpose 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.

1. Modified Accrual Basis

Generally accepted accounting principles and the New York State Uniform System of Accounts for School Districts require 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 they become 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 is recognized as an expenditure when due;

c. Interest on short-term debt is recognized as an expenditure when due;

d. Unfunded pension costs which are recognized as an expenditure when billed by the State (see Note VII);

e. Compensated absences for vacation leave and other compensated absences with similar characteristics and additional salary-related payments are recognized as a liability 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.

2. Accrual Basis

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments having maturities of three months or less are considered as cash equivalents.

F. Inventories

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

G. Fixed Assets

Fixed assets in the General Fixed Assets Account Group are reported at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Generally, equipment which has a cost in excess of \$500 at the date of acquisition and has an expected useful life of five years is capitalized. Interest incurred during construction is not capitalized. Fixed assets are not depreciated.

H. Long-Term Debt

The liabilities reported in the General Long-Term Debt Account Group include the School District's general obligation bonds and most obligations under lease/purchase arrangements.

I. Compensated Absences

Vacation leave and sick leave are recorded as an expenditure when paid. The estimated liability is reported in the General Fund. Employees accrue vacation leave based on rendering of past-service and the probability that the employees will be compensated for the benefits through paid time-off or some other means.

J. Post-employment Benefits

In addition to providing pension benefits, the School District provides health insurance coverage and survivors benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums (for retirees and their dependents) as an expenditure or operating transfer to other funds in the General Fund in the year paid.

K. Fund Balance - Reservations and Designations

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.

1. Reserve for Inventory

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Lunch Fund.

2. Reserve for Encumbrances

This reserve represents the amount of outstanding encumbrances at the end of the fiscal year to be potentially expended in the subsequent year. This reserve is accounted for in the General Fund, School Lunch Fund and the Capital Fund.

3. Reserve for Unemployment Insurance

This reserve fund is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

4. Insurance Reserve

This reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee.

In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law, e.g., Unemployment Compensation Insurance.

This reserve may be established by board action and funded by budgetary appropriations, or such other funds as may be legally appropriated.

There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

This reserve is accounted in the General Fund.

5. Reserve for Debt Service

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.

L. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

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 type - General Fund.

b. The voters within the School District approved the proposed appropriation budget for the General Fund.

c. Appropriations are adopted at the program level.

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 that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

2. 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.

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets. The following is a reconciliation of the actual activity of these unbudgeted funds to the actual activity on the budget to actual comparison:

	7/1/01	Revenues	Expenditure	Other Revenues & Expenditures	6/30/02
Total for Funds Included in Budget Comparison	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Funds Excluded from Budget Comparison:					
Special Aid	0	635,415	640,067	4,652	0
School Lunch	<u>116,881</u>	<u>486,009</u>	<u>497,433</u>	<u>0</u>	<u>105,457</u>
Total Special Revenue Funds	\$ 116,881	\$1,121,424	\$1,137,500	\$ 4,652	\$ 105,457
	=====	=====	=====	=====	=====

M. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 13, 2001. Taxes were collected during the period September 1, 2001 through November 8, 2001.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County of Jefferson. 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.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

O. Interfund Transfers

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

II. JOINT VENTURE

During the year ended June 30, 2002, the General Brown Central School District was billed \$2,305,794 for BOCES administrative and program costs. General purpose financial statements for Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties BOCES are available from the BOCES administrative office at Arsenal St. Rd., Watertown, NY 13601.

The School District's share of BOCES income amounted to \$712,666. This represents state aid distributions of \$630,590 and 2001 fund balance returned to schools of \$82,076.

III. CASH AND INVESTMENTS

The General Brown Central School District investment policies are governed by State statutes. General Brown Central 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 U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the U.S. and its agencies and obligations of the State and its municipalities and school districts.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name;
2. Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
3. Uncollateralized. (This includes any bank balance that is collateralized with securities held by the pledging financial institution, its trust department, or agent but not in the entity's name).

Total financial institution (bank) balances at June 30, 2002, per the Bank were \$3,237,621. These deposits are categorized as follows:

(1)	(2)	(3)
\$300,000	\$2,937,621	\$0

Deposits at year end were fully collateralized.

IV. OTHER RECEIVABLES

Other Receivables at June 30, 2002 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	Due from BOCES and Support Services	\$280,480 =====

V. INTERFUND TRANSACTIONS

Interfund balances at June 30, 2002 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	\$120,500	\$54,151	\$2,455	\$190,161
Special Aid Fund	27,949	104,406	7,107	2,455
Debt Service	1,629			
School Lunch Fund	26,202	4,619		
Capital Fund		1,629	183,054	
Trust & Agency Fund		11,475	18,737	18,737
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$176,280 =====	\$176,280 =====	\$211,353 =====	\$211,353 =====

VI. CHANGES IN FIXED ASSETS

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

Category	Balance 7/1/01	Additions	Deletions	Balance 6/30/02
Land	\$ 160,983	\$	\$	\$ 160,983
Buildings	23,208,393			23,208,393
Machinery and equipment	4,068,454	389,325	132,084	4,325,695
Construction work- in-progress	4,112,230	976,994	0	5,089,224
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$31,550,060 =====	\$1,366,319 =====	\$132,084 =====	\$32,784,295 =====

VII. LIABILITIES

A. Pension Plans and Post-Employment Benefits

1. General Information

The General Brown Central 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 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.

2. Plan Descriptions

a. Teachers' Retirement System (TRS)

As an employer, you make contributions to the New York State Teachers' Retirement, a cost-sharing, multiple employer defined benefit pension plan administered by the New York State Teachers' Retirement Board. The System provides retirement, disability, withdrawal and death 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 Teachers' Retirement System 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 Dr., Albany, NY 12211-2395.

b. 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). 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.

3. Funding Policies

The Systems are noncontributory except for employees who joined the Systems after July 27, 1976, who contribute 3% of their salary. Employees in the System more than ten years are no longer required to contribute. For the New York State and Local Employees' Retirement System, the Comptroller shall certify annually the rates expressed as proportions of members' payroll, 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. The rate is .36% of the annual covered payroll for the fiscal year ended June 30, 2002. Rates applicable to the fiscal years ended June 30, 2001 and 2000 were .43% and 1.43%, respectively.

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

Year	ERS	TRS
2002	\$12,676	\$69,730
2001	4,574	171,465
2000	2,941	161,792

The School District contributions made to the Systems were equal to 100% of the contributions required for each year.

Since 1989, the ERS' 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, over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The General Brown Central School District elected to make the full payment on December 15, 1993.

4. Post-Employment Benefits

Post-employment benefits aggregated \$359,215 for 93 employees.

B. Indebtedness

1. Long-Term Debt

a. Debt Limit

At June 30, 2002, the total outstanding indebtedness represented approximately 42% of its debt limit.

b. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$878,594 for 2001-02.

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2002 are summarized as follows:

	Balance 7/1/01	Additions	Deletions	Balance 6/30/02
Serial Bonds Installment Purchase Debt - Performance Energy Contract	\$15,055,000	\$	\$1,275,000	\$13,780,000
	<u>83,114</u>	<u>0</u>	<u>14,598</u>	<u>68,516</u>
TOTAL	\$15,138,114	\$0	\$1,289,598	\$13,848,516
	=====	=====	=====	=====

d. Maturity

1. The following is a summary of maturity of indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/02
Serial Bonds:				
1985	5/15/85	6/15/04	8.25%	\$500,000
1989	3/15/89	6/15/09	7.5-7.6%	2,650,000
1995	4/15/95	6/15/14	5.4-5.7%	3,450,000
1995	11/15/95	6/15/14	5-5.25%	2,550,000
2000	8/25/00	6/15/15	4.875-5%	<u>4,630,000</u>
TOTAL				\$ 13,780,000 =====

Installment Purchase Debt:

Performance Energy Contract - Roof Replacement and Building Retrofit	3/11/97	12/15/05	6.5	\$68,516 =====
----------------------------------------------------------------------	---------	----------	-----	-------------------

2. The following is a summary of maturing debt service requirements:

Fiscal Year Ending June 30	Principal	Interest	Total
2003	\$1,325,546	\$801,310	\$2,126,856
2004	1,336,557	716,799	2,053,356
2005	1,097,633	631,736	1,729,369
2006	1,213,780	566,420	1,780,200
2007	1,215,000	493,744	1,708,744
2008 and Thereafter	<u>7,660,000</u>	<u>1,661,575</u>	<u>9,321,575</u>
TOTALS	\$13,848,516 =====	\$4,871,584 =====	\$18,720,100 =====

VIII - COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

1. General Information

The General Brown Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

VIII - COMMITMENTS AND CONTINGENCIES (CONT.)

2. Pooled Non-Risk Retained

For its employee health insurance coverage the General Brown Central School District is a participant in the Jefferson-Lewis Employee Health Plan, a public entity risk pool operated for the benefit of 16 individual governmental units located within Jefferson and Lewis Counties. The School District pays an annual premium to the Plan for this health coverage. The Jefferson-Lewis Employee Health Plan is considered a self-sustaining risk pool that will provide coverage for its members. The Jefferson-Lewis Employee Health Plan obtains independent coverage for insured events in excess of the stop-loss limit and the General Brown Central School District has essentially transferred all related risk to the Plan.

B. Operating Leases

The School District leases many copiers under operating leases during the year ended June 30, 2002. Total rental expenditures on such leases for the fiscal year ended June 30, 2002 were approximately \$28,170. The maximum future non-cancelable operating lease payments are as follows:

Year Ending Date	Amount
2003	\$15,720
2004	15,420
2005	15,420
2006	15,420
2007	<u>12,850</u>
TOTAL	\$74,830 =====

C. Other Items

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

IX - REFUNDING BOND RESOLUTION

The School District approved a refunding bond resolution, adopted February 25, 2002, authorizing the refunding of all or a portion of the outstanding serial bonds of the District. Education Law Sec. 3602 was amended to revise the manner in which State Building Aid will be paid to the District in the fiscal year beginning July 1, 2002 with respect to the outstanding bonds of the District. The refunding was approved to mitigate the negative financial impact of State building aid reductions. The District has not issued refunding serial bonds as of report date.

SUPPLEMENTARY INFORMATION

GENERAL BROWN CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF BALANCE SHEETS
SPECIAL REVENUE FUNDS

JUNE 30, 2002

Assets	Special Aid	School Lunch	Total
Unrestricted Cash	\$ 4,016	\$ 60,212	\$ 64,228
State and Federal Aid Receivable	75,735	14,497	90,232
Due from Other Funds	27,949	26,202	54,151
Inventories	<u>0</u>	<u>10,548</u>	<u>10,548</u>
Total Assets	\$ 107,700 =====	\$ 111,459 =====	\$ 219,159 =====
 Liabilities			
Accrued Liabilities	\$ 1,023	\$ 956	\$ 1,979
Due to Other Funds	104,406	4,619	109,025
Due to Other Governments	<u>2,271</u>	<u>427</u>	<u>2,698</u>
Total Liabilities	\$ 107,700	\$ 6,002	\$ 113,702
 Fund Equity			
Fund Balance:			
Reserved:			
Reserved for Encumbrances	\$	\$ 2,852	\$ 2,852
Reserved for Inventory		10,548	10,548
Unreserved:			
Undesignated		<u>92,057</u>	<u>92,057</u>
Total Fund Balance	\$ 0	\$ 105,457	\$ 105,457
Total Fund Equity	\$ 0	\$ 105,457	\$ 105,457
Total Liabilities and Fund Equity	\$ 107,700 =====	\$ 111,459 =====	\$ 219,159 =====

See Paragraph on Supplementary Schedules
Included in Auditor's Report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
SPECIAL REVENUE FUNDS

FOR YEAR ENDED JUNE 30, 2002

Revenues	Special Aid	School Lunch	Total
Use of Money and Property	\$	\$ 869	\$ 869
Miscellaneous		30	30
State Sources	96,870	18,230	115,100
Federal Sources	538,545	183,967	722,512
Surplus Food		29,313	29,313
Sales	<u>0</u>	<u>253,600</u>	<u>253,600</u>
Total Revenues	\$ <u>635,415</u>	\$ <u>486,009</u>	\$ <u>1,121,424</u>
Expenditures			
General Support	\$	\$ 200,961	\$ 200,961
Instruction	561,952		561,952
Employee Benefits	78,115	50,677	128,792
Cost of Sales	<u>0</u>	<u>245,795</u>	<u>245,795</u>
Total Expenditures	\$ <u>640,067</u>	\$ <u>497,433</u>	\$ <u>1,137,500</u>
Excess (Deficiency) Revenues Over Expenditures	\$ <u>(4,652)</u>	\$ <u>(11,424)</u>	\$ <u>(16,076)</u>
Other Sources and Uses:			
Operating transfers in	\$ 7,107	\$	\$ 7,107
Operating transfers out	<u>(2,455)</u>	<u>0</u>	<u>(2,455)</u>
Total Other Sources and Uses	\$ <u>4,652</u>	\$ <u>0</u>	\$ <u>4,652</u>
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ (11,424)	\$ (11,424)
Fund Balance - Beginning of Year	<u>0</u>	<u>116,881</u>	<u>116,881</u>
Fund Balance - End of Year	\$ 0	\$ 105,457	\$ 105,457
	=====	=====	=====

NOTE: There are no legally adopted budgets for any of the Special Revenue Funds.

See Paragraph on Supplementary Schedules
Included in Auditor's Report.

SUPPLEMENTAL SCHEDULE #3

GENERAL BROWN CENTRAL SCHOOL DISTRICT

=====

SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
GENERAL FUND

FOR YEAR ENDED JUNE 30, 2002

Original Budget	\$ 16,719,526
Additions:	
Encumbrances	<u>271,295</u>
Revised Budget	\$ 16,990,821
	=====

SUPPLEMENTAL SCHEDULE #4

SCHEDULE OF USE OF FUND BALANCE AS OF THE BEGINNING OF YEAR
GENERAL FUND

FOR YEAR ENDED JUNE 30, 2002

Total Fund Balance (Unreserved) - Beginning of Year	\$ 1,715,938
Less:	
Unreserved Fund Balance Designated for Subsequent Year's Expenditures	<u>(1,315,824)</u>
Total Unreserved Undesignated Fund Balance	\$ 400,114
	=====

See Paragraph on Supplementary Schedules
Included in Auditor's Report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT
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SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR YEAR ENDED JUNE 30, 2002

Project Title	Appropriation		Expenditures and Obligations to Date			Available Balance
	Original	Revised	Prior Year's	Current Year	Total	
School Wide Renovation	\$5,360,000	\$5,360,000	\$4,112,412	\$ 1,123,964	\$ 5,236,376	\$123,624
School Bus Purchases	183,054	183,054	0	183,054	183,054	0

See Paragraph on Supplementary Schedules
Included in Auditor's Report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES, OTHER SOURCES, EXPENDITURES
AND OTHER USES COMPARED TO BUDGET - GENERAL FUND
FOR YEAR ENDED JUNE 30, 2002

Revenue	Original Budget	Revised Budget	Current Year's Revenues	Over (Under) Revised Budget
Local Sources:				
Real Property Taxes	\$ 3,484,390	\$ 3,557,390	\$ 3,311,979	\$ (245,411)
Real Property Tax Items	767,623	767,623	1,018,656	251,033
Charges for Services	11,300	11,300	10,047	(1,253)
Use of Money and Property	129,700	129,700	128,824	(876)
Sale of Property and Compensation for Loss	2,530	2,530	4,078	1,548
Miscellaneous	88,550	88,550	116,418	27,868
State Sources	10,668,359	10,595,359	10,707,769	112,410
Federal Sources	31,250	31,250	116,172	84,922
Total Revenues	\$15,183,702	\$15,183,702	\$15,413,943	\$ 230,241
Other Sources - Operating Transfers in	220,000	220,000	2,455	(217,545)
Total Revenues and Other Sources	\$15,403,702	\$15,403,702	\$15,416,398	\$ 12,696
Appropriated Fund Balance	1,315,824	1,587,119	0	=====
Total Revenues, Other Sources and Appropriated Fund Balance	\$16,719,526	\$16,990,821	\$15,416,398	=====

Expenditures	Original Budget	Revised Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
General Support:					
Board of Education	\$ 8,281	\$ 13,460	\$ 13,259	\$ 20	\$ 181
Central Administration	147,111	169,261	168,920	341	0
Finance	111,158	115,395	109,003	11	6,381
Staff	58,362	75,504	66,310		9,194
Central Services	1,421,230	1,522,509	1,100,847	86,729	334,933
Special Items	248,678	209,620	167,966		41,654
Instructional:					
Instruction, Administration & Impr.	424,736	437,342	400,573	1,264	35,505
Teaching - Regular School	5,576,340	5,837,976	5,495,328	46,773	295,875
Programs for Children with Handicapping Conditions	1,574,880	1,509,197	1,372,099	2,803	134,295
Occupational Education	577,500	495,000	495,000		0
Instructional Media	358,449	602,817	411,647	152,603	38,567
Pupil Services	521,420	609,884	527,303	28,175	54,406
Pupil Transportation	775,922	790,297	661,583	48,061	80,653
Employee Benefits	2,546,811	2,233,911	1,841,842		392,069
Debt Service:					
Debt Service Principal	1,289,598	1,289,598	1,289,598		0
Debt Service Interest	883,996	883,996	883,996	0	0
Total Expenditures	\$16,524,472	\$16,795,767	\$15,005,274	\$366,780	\$ 1,423,713
Other Uses - Operating Transfers Out	195,054	195,054	190,161	0	4,893
Total Expenditures and Other Uses	\$16,719,526	\$16,990,821	\$15,195,435	\$366,780	\$ 1,428,606

Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses

\$ 220,963

See Paragraph on Supplementary Schedules Included in Auditor's Report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES
 COMPARED TO ST-3 DATA
 FOR YEAR ENDED JUNE 30, 2002

Revenues	Account Code	ST-3 Amount	Audited Amount
Property Taxes	A- 1001	\$ 3,311,979	\$ 3,311,979
Non-Property Taxes	AT-1199	0	0
State Aid	AT-3999	10,707,769	10,707,769
Federal Aid	AT-4999	116,172	116,172
Total Revenues	AT-5999	15,416,400	15,416,398 *
Expenditures			
General Support	AT-1999	\$ 1,626,305	\$ 1,626,305
Pupil Transportation	AT-5599	661,583	661,583
Debt Service - Principal	AT-9798.6	1,289,598	1,289,598
Debt Service - Interest	AT-9798.7	883,996	883,996
Total Expenditures	AT-9999	15,195,434	15,195,435 *

*Rounding Difference

See Paragraph on Supplementary Schedules
 Included in Auditor's Report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR YEAR ENDED JUNE 30, 2002

Program Title	Federal CFDA Number	Federal Expenditures
Department of Education		
Passed Through State		
Dept. of Education:		
Title I	* 84.010	\$ 250,785
Title II - Eisenhower Prof. Dev. Grant	84.281	5,496
Innovative Education Program Strategies - Title VI	84.298	2,889
IDEA - Part B, Sec. 611	84.027	199,871
CPSE Adm. Costs	84.173	6,121
IDEA - Preschool, Sec. 619	84.173	8,368
Safe and Drug Free Schools	84.186	8,607
Title III - Technology Literacy Challenge Grant	84.318	5,475
Fed. Early Grade Class Size Reduction	84.340	50,933
Department of Agriculture		
State Pass-Through Programs -		
Cluster of Programs:		
National School Lunch Program	10.555	150,045
School Breakfast Program	10.553	33,922
Food Distribution (Note B)	10.550	<u>29,313</u>
Total Expenditures of Federal Awards		\$ 751,825 =====

***Major Programs**

See Paragraph on Supplemental Schedules
 Included in Auditor's Report.

See Accompanying Notes to Schedule of
 Expenditures of Federal Awards.

GENERAL BROWN CENTRAL SCHOOL DISTRICT
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NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2002

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activities of General Brown Central School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations**. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

FOOD DISTRIBUTION:

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2002, the District had food commodities totaling \$7,024 in inventory.

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education
General Brown Central School District
Dexter, New York

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Funds of the General Brown Central School District for the year ended June 30, 2002. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of the New York State School Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of cash receipts and disbursements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of cash receipts and disbursements. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement has been prepared on the cash receipts and disbursements basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds, of the General Brown Central School District for the year ended June 30, 2002, on the basis of accounting described in Note 1.

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Morrow & Poulsen, P.C.

AUGUST 30, 2002

GENERAL BROWN CENTRAL SCHOOL DISTRICT
 =====

EXTRACLASROOM ACTIVITY FUNDS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FOR YEAR ENDED JUNE 30, 2002

Activities	Cash Balances July 1, 2001	Receipts	Disbursements	Cash Balances June 30, 2002
Class of:				
2001	\$ 128	\$ 0	\$ 128	\$ 0
2002	6,868	19,666	26,071	463
2003	3,980	3,665	1,283	6,362
2004	1,062	9,904	6,347	4,619
2005	1,727	27	505	1,249
2006	0	3,148	1,887	1,261
2007	0	500	0	500
Student Council	12,202	14,064	14,437	11,829
Key Club - High School	580	3,260	3,261	579
Builders Club	2,096	8,400	8,758	1,738
Yearbook	8,458	21,893	8,286	22,065
Honor Society - High School	1,303	1,805	2,756	352
Honor Society - Jr. High	831	48	462	417
Sr. High FCCLA	416	10,806	10,535	687
Jr. High FCCLA	1,195	18,150	17,458	1,887
Library Club	1,011	1,895	1,660	1,246
Junior Classical League	1,993	3,466	3,317	2,142
French Club	3,578	679	684	3,573
History Club	434	1,537	1,363	608
S.A.D.D.	305	0	138	167
Spanish Club	4,334	5,030	4,704	4,660
Bible Club	153	149	107	195
Drama Club	1,679	0	152	1,527
	<u>\$ 54,333</u>	<u>\$128,092</u>	<u>\$114,299</u>	<u>\$ 68,126</u>
	=====	=====	=====	=====

See Note to Financial Statements

GENERAL BROWN CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
JUNE 30, 2002

Note 1 - Summary of Significant Accounting Policies:

The Extraclassroom Activity Funds of the General Brown Central 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.

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

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

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

To the President and Members
of the Board of Education of
General Brown Central School District

We have audited the general purpose financial statements of General Brown Central School District as of and for the year ended June 30, 2002, and have issued our report thereon dated August 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in **Government Auditing Standards**, issued by the Comptroller General of the United States.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered General Brown Central School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of General Brown Central School District in a separate letter dated August 30, 2002.

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

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Morrow & Poulsen, P.C.

AUGUST 30, 2002

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
145 CLINTON STREET
WATERTOWN, N.Y. 13601

REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President and Members
of the Board of Education of
General Brown Central
School District

Compliance

We have audited the compliance of General Brown Central School District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. General Brown Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of General Brown Central School District's management. Our responsibility is to express an opinion on General Brown Central School District's compliance based on our audit.

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

In our opinion, General Brown Central School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

The management of General Brown Central School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered General Brown Central School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

MORROW & POULSEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Morrow & Poulsen, P.C.

AUGUST 30, 2002

GENERAL BROWN CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2002

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of General Brown Central School District.
2. There were no reportable conditions disclosed during the audit of the general purpose financial statements of General Brown Central School District.
3. No instances of noncompliance material to the financial statements of General Brown Central School District were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of the major federal award program of General Brown Central School District.
5. The auditor's report on compliance for the major federal award program for General Brown Central School District expresses an unqualified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for General Brown Central School District.
7. The program tested as a major program included: Education - Title I - Program 84.010.
8. The threshold for distinguishing Types A and B program was \$300,000.
9. General Brown Central School District was determined to be a low-risk auditee.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior findings to report the status of.