

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2010

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Raymond F. Wager, CPA, P.C.
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Shareholders:

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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Rush - Henrietta Central School District, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rush - Henrietta Central School District, New York, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rush - Henrietta Central School District, New York, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010 on our consideration of the Rush - Henrietta Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rush - Henrietta Central School District's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplemental schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Raymond F. Wager, CPA, P.C.

September 15, 2010

Rush Henrietta Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2010. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$93,049,711 (net assets) an increase of \$9,079,370 from the prior year. This increase is mainly driven by an increase in Capital Assets and Accounts Receivable as well as some pay down of long term obligations.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$60,448,524 an increase of \$2,698,978 in comparison with the prior year. This increase is a result of an increase in receivables from New York State for federal grant allocations.

New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the undesignated fund balance of the General Fund was \$3,506,236 and this amount was within the statutory limit.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$97,413,842 or 87% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for \$14,679,964 or 13% of total revenues.

The District reported \$6,726,322 in America Reinvestment and Recovery Act (ARRA) funds in which \$5,755,617 was reported in the General Fund and \$970,705 was reported in the Special Aid Fund.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains four individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the special aid fund which are reported as major funds. Data for the school lunch fund, and the capital projects fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

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

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

Financial Analysis of the School District As A Whole

Net Assets

The District's combined net assets were larger on June 30, 2010, than they were the year before, increasing by 11% to \$93,049,711 as shown in table below.

		<u>Governmental Activities</u>		<u>Total</u>
		<u>2010</u>	<u>2009</u>	<u>Variance</u>
<u>ASSETS:</u>				
Current and Other Assets	Represents cash and cash equivalents together with other current assets	\$ 69,175,319	\$ 65,411,449	\$ 3,763,870
Capital Assets	Represents land, work in progress, and buildings (net of depreciation)	66,866,438	62,704,466	4,161,972
Total Assets		<u>\$ 136,041,757</u>	<u>\$ 128,115,915</u>	<u>\$ 7,925,842</u>
<u>LIABILITIES:</u>				
Long-Term Debt Obligations	Represents what District owes for serial bonds, post-employment benefits, and compensated absences	\$ 35,844,611	\$ 36,443,998	\$ (599,387)
Other Liabilities	Represents obligations to teachers' and employees' retirement systems, accounts payable, and accrued liabilities	7,147,435	7,701,576	(554,141)
Total Liabilities		<u>\$ 42,992,046</u>	<u>\$ 44,145,574</u>	<u>\$ (1,153,528)</u>
<u>NET ASSETS:</u>				
Invested in Capital Assets, Net of Related Debt	What the District owns less any related outstanding debt	\$ 43,917,237	\$ 38,569,466	\$ 5,347,771
<u>Restricted For,</u>				
Capital Projects	Funds restricted for capital projects	-	14,656,960	(14,656,960)
Capital Reserve	Funds restricted for capital repair and capital improvement	12,241,479	10,004,152	2,237,327
Unrestricted	Represents net assets not legally restricted	36,890,995	20,739,763	16,151,232
Total Net Assets		<u>\$ 93,049,711</u>	<u>\$ 83,970,341</u>	<u>\$ 9,079,370</u>

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

By far, the largest component of the School District's net assets (47%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There is one restricted net asset balance, Capital Reserve, which constitute 13% of total net assets. The remaining balance of unrestricted net assets, which is a surplus of \$36,890,995 or 40%, may be used to finance future operations. The unrestricted net assets increased 78% from prior year as a result of a significant increase in the retirement reserve.

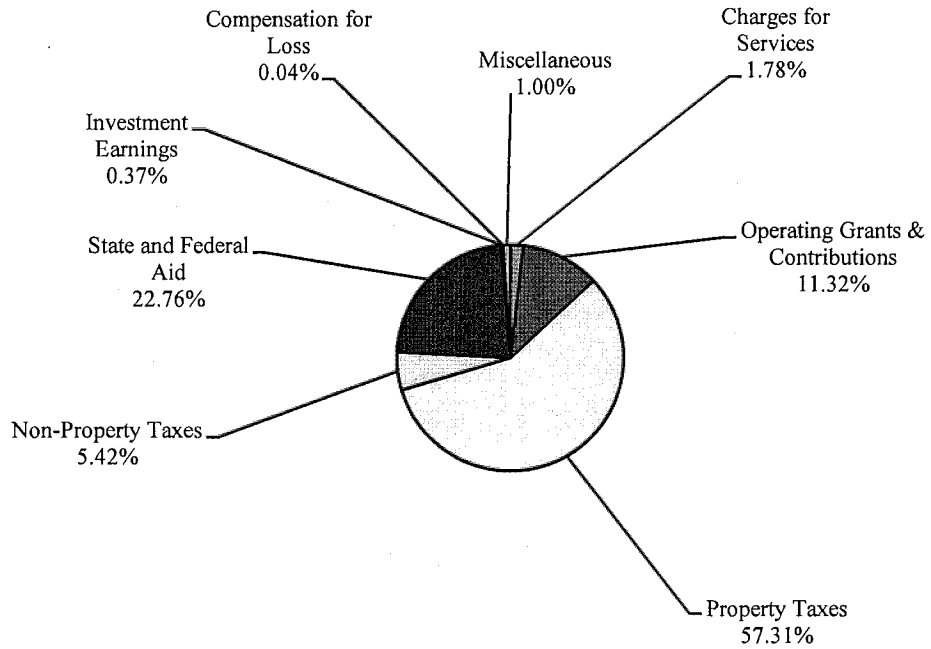
Changes in Net Assets

The District's total revenue increased 3% to \$112,093,806. State and federal aid 23% and property taxes 57% accounted for most of the District's revenue. The remaining 20% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

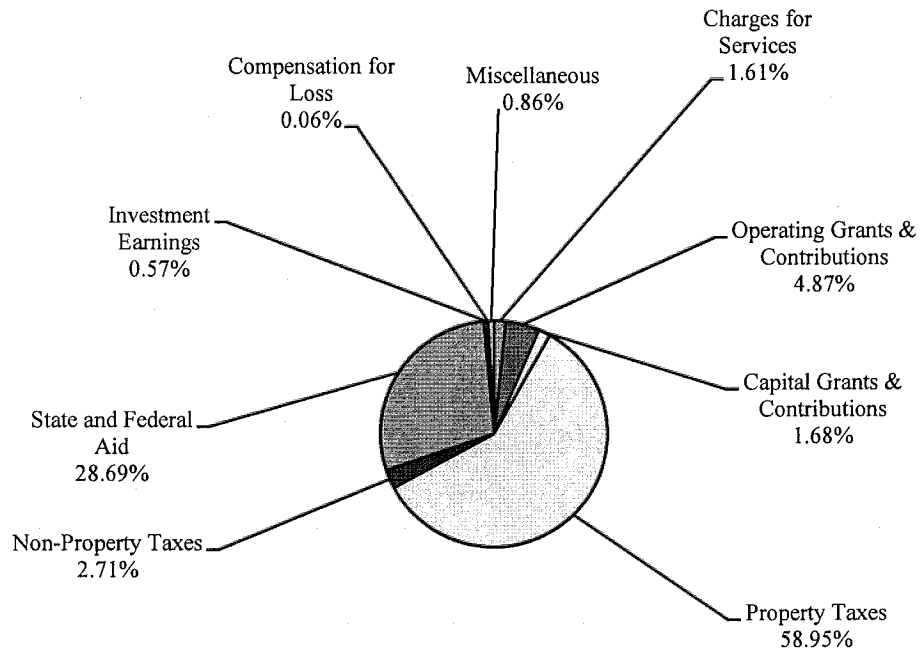
The total cost of all the programs and services decreased 9% to \$103,014,436. The District's expenses are predominately related to education and caring for the students (Instruction) 76%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 12% of the total costs. See table below:

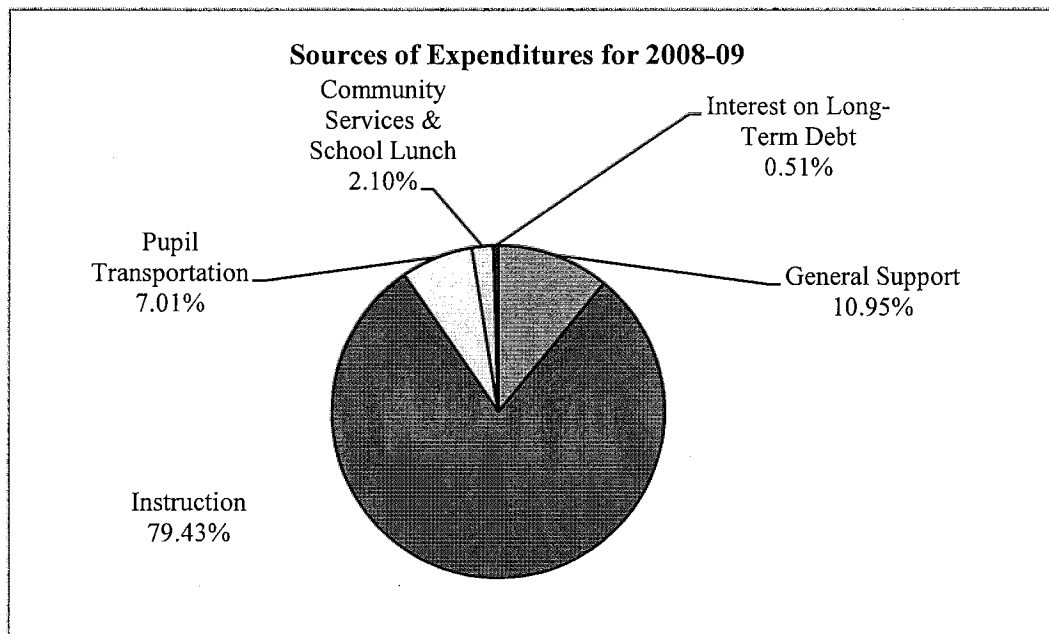
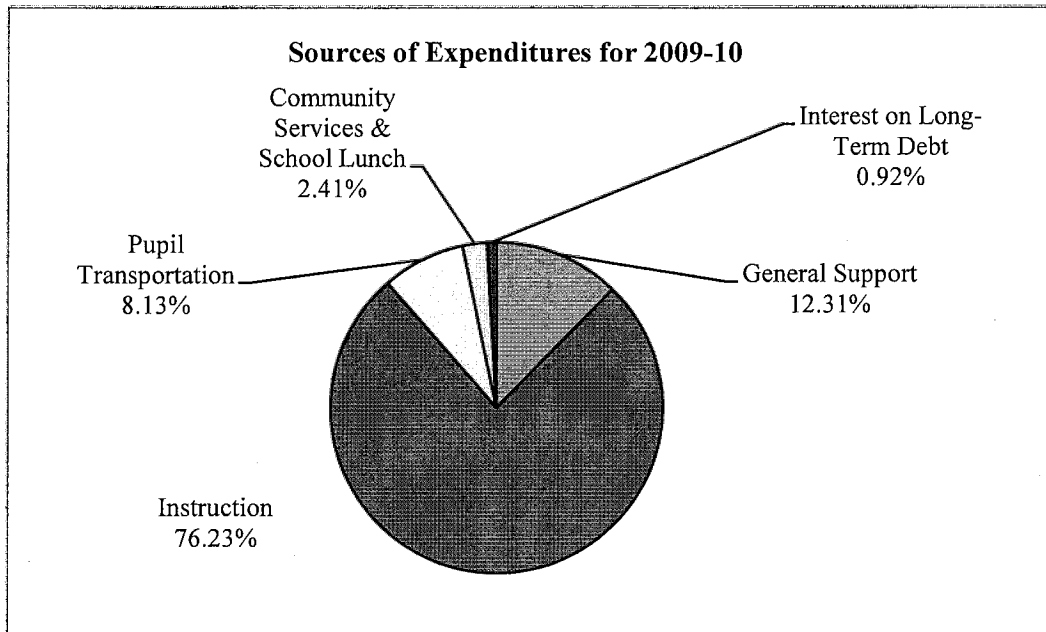
		<u>Governmental Activities</u>		<u>Total</u>
		<u>2010</u>	<u>2009</u>	<u>Variance</u>
<u>REVENUES:</u>				
<u>Program -</u>				
Charges for Services	Revenue received for services such as school lunch or breakfast	\$ 1,992,744	\$ 1,759,850	\$ 232,894
Operating Grants & Contributions	Revenue received from other agencies	12,687,220	5,293,930	7,393,290
Capital Grants & Contributions	Revenue received from other agencies for capital expenditures	-	1,828,544	(1,828,544)
Total Program		<u>\$ 14,679,964</u>	<u>\$ 8,882,324</u>	<u>\$ 5,797,640</u>
<u>General -</u>				
Property Taxes	Property taxes collected by the District	\$ 64,239,790	\$ 64,063,107	\$ 176,683
Non-Property Taxes	Sales taxes received from Monroe County	6,080,543	2,940,247	3,140,296
State and Federal Aid	Aid received from New York State and Federal Government	25,516,760	31,179,594	(5,662,834)
Investment Earnings	Earning on deposits and investments	416,242	620,844	(204,602)
Compensation for Loss	Revenue received for damage to or loss of District property	41,376	67,442	(26,066)
Miscellaneous	Revenue received from various sources which are not explained in other categories	1,119,131	929,286	189,845
Total General		<u>\$ 97,413,842</u>	<u>\$ 99,800,520</u>	<u>\$ (2,386,678)</u>
TOTAL REVENUES		<u>\$ 112,093,806</u>	<u>\$ 108,682,844</u>	<u>\$ 3,410,962</u>
<u>EXPENSES:</u>				
General Support	Expenses associated with the operations, maintenance and administration of the District	\$ 12,683,022	\$ 12,377,619	\$ 305,403
Instruction	Expenses associated with providing educational services to students	78,525,603	89,812,972	(11,287,369)
Pupil Transportation	Expenses associated with providing transportation services to students	8,371,588	7,925,287	446,301
Community Services	Expenses associated with providing community services	1,864	632	1,232
School Lunch	Expenses associated with providing lunch and breakfast for the District	2,481,602	2,377,787	103,815
Interest on Long-Term Debt	Interest paid on serial bonds and BANs	950,757	573,530	377,227
TOTAL EXPENSES		<u>\$ 103,014,436</u>	<u>\$ 113,067,827</u>	<u>\$ (10,053,391)</u>
NET INCREASE IN NET ASSETS		<u>\$ 9,079,370</u>	<u>\$ (4,384,983)</u>	<u>\$ 13,464,353</u>

Sources of Revenue for 2009-10



Sources of Revenue for 2008-09





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$60,448,524 which is greater than last year's ending fund balance of \$57,749,546.

<u>General Fund Reserve Balances:</u>	<u>Purpose</u>	<u>2010</u>	<u>2009</u>	<u>Variance</u>
Workers' Compensation Reserve	Used to pay for compensation benefits.	\$ 1,108,580	\$ 1,103,815	\$ 4,765
Unemployment Insurance Reserve	Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants.	1,978,177	1,967,453	10,724
Reserved for Encumbrances	The amount of outstanding encumbrances at the end of the fiscal year.	3,737,711	3,460,982	276,729
Reserve for Insurance	To reserve funds for the payment of liability, casualty and other types of losses.	7,897,563	7,851,448	46,115
Reserved for Tax Certiorari	To meet anticipated judgments and claims arising out of tax certiorari proceedings.	1,142,735	1,140,775	1,960
Capital Reserves	Capital reserve monies which were established by voters for capital project costs.	12,241,479	10,004,152	2,237,327
Retirement contribution reserve	Used to pay the increases in the cost of employee retirement system	14,668,484	2,000,000	12,668,484
Total General Fund Reserve Balances		<u>\$ 42,774,729</u>	<u>\$ 27,528,625</u>	<u>\$ 15,246,104</u>

A reserve fund balance indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts and/or purchase orders or restricted for other purposes. The additional reserves and the increase in the amounts in various reserves demonstrate the continuing growth in the District's financial strength. The District appropriated funds from the following reserves to the 2010-11 budget:

Unemployment	\$ 76,147
Workers' Compensation	500,000
Retirement Contribution	500,000
Tax Certiorari	200,000
Total	<u>\$ 1,276,147</u>

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

	<u>2010</u>	<u>2009</u>
<u>Unreserved:</u>		
Designated - Taxes	<u>\$ 4,425,000</u>	<u>\$ 3,000,000</u>
Designated - Retiree Health	<u>\$ -</u>	<u>\$ 8,487,685</u>
<u>Undesignated:</u>		
General	\$ 3,506,236	\$ 3,751,915
Special Aid	(60,347)	(288,560)
Capital Projects	7,743,314	11,367,020
School Lunch	351,229	295,033
Total Undesignated	<u>\$ 11,540,432</u>	<u>\$ 15,125,408</u>

At the end of this year, the \$50,705,965 fund balance in the general fund was divided between \$42,774,729 in reserved fund balance, \$4,425,000 in unreserved-appropriated fund balance, and \$3,506,236 in unreserved-undesignated fund balance.

The appropriated portion, will be used in the 2010-11 fiscal year to fund operations. The unappropriated portion, is not specifically designated and will assist the District in cash flow needs.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$3,460,982. This change is attributable to carryover encumbrances from the 2008-09 school year.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditure Items:	Budget Variance Original Vs. Amended	Explanation for Budget Variance
General Support	\$357,143	Increased Data Processing support
Instruction	(\$620,085)	Transfer from Instructional Technology
Employee Benefits	(\$187,049)	TRS Retirement transfer
Operating Transfers-Out	\$442,990	Transfer to Bus Purchases

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Real Property Taxes and Tax Items	\$499,147	PILOT payments in excess of budget
Non-Property Taxes	\$907,903	Monroe County FAIR sales tax settlement
Charges for Services	\$278,772	Tuition for Parentally Placed students
Use of Money and Property	(\$145,785)	Interest rate decline
Miscellaneous	\$396,009	Refund of prior year BOCES expenditures
State Sources	\$2,476,458	BOCES & Tuition Aid higher than anticipated
Federal Sources	\$1,037,020	Incremental federal ARRA funds
Expenditure Items:	Budget Variance	Explanation for Budget Variance
General Support	\$2,627,721	Encumbrances and lower than budgeted utility costs
Instruction	\$4,875,205	Encumbrances and reduced technology spending
Pupil Transportation	\$694,952	Lower than anticipated fuel and salary costs
Employee Benefits	\$1,137,674	Retirement plan contributions lower than budget
Debt Service-Interest	\$156,951	Lower than budgeted interest payments

Capital Asset and Debt Administration

Capital Assets

By the end of the 2009-10 fiscal year, the District had invested \$66,866,438 in a broad range of capital assets. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,686,918	\$ 1,686,918
Work in Progress	6,684,530	27,356,062
Buildings and Improvements	53,215,523	28,482,589
Machinery and Equipment	5,279,467	5,178,897
Total	\$ 66,866,438	\$ 62,704,466

Long-Term Debt

At year end, the District had \$35,844,611 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2010</u>	<u>2009</u>
Serial Bonds	\$ 23,180,000	\$ 24,135,000
OPEB	12,664,611	12,308,998
Total Long-Term Obligations	\$ 35,844,611	\$ 36,443,998

Factors Bearing on the District's Future

Overall, the district has a very solid financial foundation to help it weather the state and national economic difficulties. However, the district has received almost \$6M in federal funds this year which offset state aid commitments that could not be met by the state. As federal funding abates the district will face some challenging budget decisions.

Contacting the School District's Financial Management

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

Rush Henrietta Central School District
Parker Administration Building
2034 Lehigh Station Road
Henrietta, New York 14467
Attn: Mr. Andrew Whitmore
Executive Director of Finance

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Assets

June 30, 2010

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 57,746,349
Accounts receivable	11,382,663
Inventories	46,307
Capital Assets:	
Land	1,686,918
Work in progress	6,684,530
Other capital assets (net of depreciation)	58,494,990
TOTAL ASSETS	\$ 136,041,757
LIABILITIES	
Accounts payable	\$ 2,683,311
Accrued liabilities	937,025
Deferred revenue	257,526
Due to other governments	59,279
Due to teachers' retirement system	2,815,218
Due to employees' retirement system	395,076
Long-Term Obligations:	
Due in one year	990,000
Due in more than one year	34,854,611
TOTAL LIABILITIES	\$ 42,992,046
NET ASSETS	
Invested in capital assets, net of related debt	\$ 43,917,237
Restricted For:	
Capital reserves	12,241,479
Unrestricted	36,890,995
TOTAL NET ASSETS	\$ 93,049,711

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities

For Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
				<u>Governmental</u>
				<u>Activities</u>
Primary Government -				
General support	\$ 12,683,022	\$ -	\$ -	\$ (12,683,022)
Instruction	78,525,603	805,772	11,691,497	(66,028,334)
Pupil transportation	8,371,588	-	-	(8,371,588)
Community services	1,864	-	-	(1,864)
School lunch	2,481,602	1,186,972	995,723	(298,907)
Interest	950,757	-	-	(950,757)
Total Primary Government	\$ 103,014,436	\$ 1,992,744	\$ 12,687,220	\$ (88,334,472)
General Revenues:				
Property taxes				\$ 64,239,790
Non property taxes				6,080,543
State and federal aid				25,516,760
Investment earnings				416,242
Compensation for loss				41,376
Miscellaneous				1,119,131
Total General Revenues				\$ 97,413,842
Changes in Net Assets				\$ 9,079,370
Net Assets, Beginning of Year				83,970,341
Net Assets, End of Year				\$ 93,049,711

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2010

	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 47,661,663	\$ 17,207	\$ 10,067,479	\$ 57,746,349
Receivables	6,351,565	3,311,738	101,720	9,765,023
Inventories	-	-	46,307	46,307
Due from other funds	3,391,627	69,666	442,990	3,904,283
TOTAL ASSETS	\$ 57,404,855	\$ 3,398,611	\$ 10,658,496	\$ 71,461,962
LIABILITIES AND FUND BALANCE				
<u>Liabilities -</u>				
Accounts payable	\$ 1,899,219	\$ 41,126	\$ 742,966	\$ 2,683,311
Accrued liabilities	898,745	-	-	898,745
Due to other funds	687,014	3,073,529	143,740	3,904,283
Due to other governments	-	58,408	871	59,279
Due to TRS	2,815,218	-	-	2,815,218
Due to ERS	395,076	-	-	395,076
Deferred revenues	3,618	225,548	28,360	257,526
TOTAL LIABILITIES	\$ 6,698,890	\$ 3,398,611	\$ 915,937	\$ 11,013,438
<u>Fund Balances -</u>				
Reserved for,				
Workers' compensation reserve	\$ 1,108,580	\$ -	\$ -	\$ 1,108,580
Unemployment insurance reserve	1,978,177	-	-	1,978,177
Encumbrances	3,737,711	60,347	1,648,016	5,446,074
Insurance reserve	7,897,563	-	-	7,897,563
Tax certiorari	1,142,735	-	-	1,142,735
Capital reserve	12,241,479	-	-	12,241,479
Retirement contribution reserve	14,668,484	-	-	14,668,484
Unreserved,				
Designated - ensuing fiscal year	4,425,000	-	-	4,425,000
Undesignated	3,506,236	(60,347)	8,094,543	11,540,432
TOTAL FUND BALANCE	\$ 50,705,965	\$ -	\$ 9,742,559	\$ 60,448,524
TOTAL LIABILITIES AND FUND BALANCES	\$ 57,404,855	\$ 3,398,611	\$ 10,658,496	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 66,866,438
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(38,280)
Monroe County sales tax agreement	1,617,640
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(23,180,000)
OPEB	(12,664,611)
Net Assets of Governmental Activities	\$ 93,049,711

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2010

	General Fund	Special Aid Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Real property taxes and tax items	\$ 64,239,790	\$ -	\$ -	\$ 64,239,790
Non-property taxes	4,462,903	-	-	4,462,903
Charges for services	805,772	-	-	805,772
Use of money and property	415,515	-	727	416,242
Sale of property and compensation for loss	41,376	-	-	41,376
Miscellaneous	1,026,305	734,328	-	1,760,633
Interfund revenues	47,818	-	-	47,818
State sources	25,293,506	1,775,357	52,521	27,121,384
Federal sources	5,978,871	3,426,195	943,202	10,348,268
Sales	-	-	1,186,972	1,186,972
TOTAL REVENUES	\$ 102,311,856	\$ 5,935,880	\$ 2,183,422	\$ 110,431,158
EXPENDITURES				
General support	\$ 9,881,688	\$ -	\$ -	\$ 9,881,688
Instruction	56,335,604	5,397,818	-	61,733,422
Pupil transportation	5,777,898	225,464	-	6,003,362
Community services	1,864	-	-	1,864
Employee benefits	18,356,412	497,598	440,891	19,294,901
Debt service - principal	955,000	-	-	955,000
Debt service - interest	952,150	-	-	952,150
Cost of sales	-	-	1,008,268	1,008,268
Other expenses	-	-	926,633	926,633
Capital outlay	-	-	6,974,892	6,974,892
TOTAL EXPENDITURES	\$ 92,260,616	\$ 6,120,880	\$ 9,350,684	\$ 107,732,180
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 10,051,240	\$ (185,000)	\$ (7,167,262)	\$ 2,698,978
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	\$ -	\$ 185,000	\$ 1,928,500	\$ 2,113,500
Operating transfers - out	(2,113,500)	-	-	(2,113,500)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (2,113,500)	\$ 185,000	\$ 1,928,500	\$ -
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 7,937,740	\$ -	\$ (5,238,762)	\$ 2,698,978
FUND BALANCE, BEGINNING OF YEAR	42,768,225	-	14,981,321	57,749,546
FUND BALANCE, END OF YEAR	\$ 50,705,965	\$ -	\$ 9,742,559	\$ 60,448,524

(See accompanying notes to financial statements)

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

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

For Year Ended June 30, 2010

NET CHANGE IN FUND BALANCES -

TOTAL GOVERNMENTAL FUNDS

\$ 2,698,978

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

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

Capital Outlay	\$ 6,974,892	
Addition of Assets, Net	282,746	
Depreciation	<u>(3,095,666)</u>	
		4,161,972

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

Debt Repayments	955,000
-----------------	---------

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

(355,613)

Monroe County sales tax agreement

1,617,640

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

1,393

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$ 9,079,370

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK
General Fund Statement of Revenues, Expenditures and Changes in Fund Equity
Budget and Actual
For Year Ended June 30, 2010

	Original Budget (Incl. Carryover Encumbrances)	Budget (Amended)	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property taxes and tax items	\$ 63,740,643	\$ 63,740,643	\$ 64,239,790	\$ 499,147
Non-property taxes	3,555,000	3,555,000	4,462,903	907,903
Charges for services	527,000	527,000	805,772	278,772
Use of money and property	561,300	561,300	415,515	(145,785)
Sale of property and compensation for loss	6,000	6,000	41,376	35,376
Miscellaneous	630,296	630,296	1,026,305	396,009
Interfund revenues	-	-	47,818	47,818
State sources	22,817,048	22,817,048	25,293,506	2,476,458
Federal sources	4,941,851	4,941,851	5,978,871	1,037,020
TOTAL REVENUES	\$ 96,779,138	\$ 96,779,138	\$ 102,311,856	\$ 5,532,718
EXPENDITURES				
General support	\$ 12,152,266	\$ 12,509,409	\$ 9,881,688	\$ 2,627,721
Instruction	61,830,894	61,210,809	56,335,604	4,875,205
Pupil transportation	6,465,864	6,472,850	5,777,898	694,952
Community services	1,850	1,865	1,864	1
Employee benefits	19,681,135	19,494,086	18,356,412	1,137,674
Debt service - principal	900,000	955,000	955,000	-
Debt service - interest	1,164,101	1,109,101	952,150	156,951
TOTAL EXPENDITURES	\$ 102,196,110	\$ 101,753,120	\$ 92,260,616	\$ 9,492,504
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (5,416,972)	\$ (4,973,982)	\$ 10,051,240	\$ 15,025,222
OTHER FINANCING SOURCES (USES)				
Operating transfers - out	\$ (1,670,510)	\$ (2,113,500)	\$ (2,113,500)	\$ -
TOTAL OTHER FINANCING SOURCES (USES)	\$ (1,670,510)	\$ (2,113,500)	\$ (2,113,500)	\$ -
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (7,087,482)	\$ (7,087,482)	\$ 7,937,740	\$ 15,025,222
FUND BALANCE, BEGINNING OF YEAR	42,768,225	42,768,225	42,768,225	-
FUND BALANCE, END OF YEAR	\$ 35,680,743	\$ 35,680,743	\$ 50,705,965	\$ 15,025,222

Note: Since Budgets for the Special Revenue Funds are not legally adopted, they are not presented in this statement.

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

	Private Purpose <u>Trust</u>	Agency <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 116,340	\$ 3,231,551
Investments	-	16,879
Receivables (net of allowance)	-	785,345
TOTAL ASSETS	\$ 116,340	\$ 4,033,775
LIABILITIES		
Accounts payable	\$ -	\$ 338
Extraclassroom activity balances	-	162,806
Health care plan	-	2,286,777
Other liabilities	-	1,583,854
TOTAL LIABILITIES	\$ -	\$ 4,033,775
NET ASSETS		
Reserved for scholarships	\$ 116,340	
TOTAL NET ASSETS	\$ 116,340	

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For Year Ended June 30, 2010

	Private Purpose Trust
ADDITIONS	
Miscellaneous	\$ 17,136
Investment earnings	<u>222</u>
TOTAL ADDITIONS	<u>\$ 17,358</u>
DEDUCTIONS	
Scholarships and donations	<u>28,855</u>
TOTAL DEDUCTIONS	<u>\$ 28,855</u>
CHANGE IN NET ASSETS	\$ (11,497)
NET ASSETS, BEGINNING OF YEAR	<u>127,837</u>
NET ASSETS, END OF YEAR	<u><u>\$ 116,340</u></u>

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2010

I. Summary of Significant Accounting Policies:

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

A. Reporting Entity

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

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

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

1. Extraclassroom Activity Funds

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

B. Joint Venture

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

(I.) (Continued)

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

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

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

C. Basis of Presentation

1. Districtwide Statements

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

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

2. Fund Financial Statements

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

The District reports the following funds:

a. Major Governmental Funds

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

(I.) (Continued)

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

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

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

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

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

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

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

D. Basis of Accounting/Measurement Focus

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

1. Measurement Focus

On the district-wide Statement of Net Assets and the Statement of Activities the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Equity is classified as net assets.

In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

(I.) (Continued)

2. Basis of Accounting

In the district -wide Statement of Net Assets and Statement of Activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within the year) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

3. Future Changes in Accounting Standards

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District is currently studying the statement and will implement for the June 30, 2011 financial statements.

GASB has issued Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which addresses issues related to the use of alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other post-employment benefit (OPEB plans). The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2013 financial statements.

GASB has issued Statement 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which provides accounting and financial reporting guidance for any government that petitions for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

E. Assets, Liabilities, and Equity

1. Cash and Cash Equivalents / Investments

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

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

(I.) (Continued)

Investments are stated at cost, which approximates market value.

2. Receivables

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

3. Inventory and Prepaid Items

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

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

4. Capital Assets - Property, Plant and Equipment

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

a. Government-Wide Statements

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

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

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

b. Fund Financial Statements

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

5. Long-Term Debt

The accounting treatment of long-term debt depends on whether the related assets are used in governmental fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists of bonds payable, installment purchase debt and compensated absences.

6. Compensated Absences

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

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

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

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

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

7. Deferred Revenue

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

8. Encumbrances

Encumbrance accounting, under which purchase orders, contracts or other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the general, district-wide capital improvement project and nonmajor funds. Encumbrances are reported as reservations of fund balance since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

9. **Equity Classifications**

a. **District-Wide Statements**

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

1. **Invested in capital assets, net of related debt** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted net assets** - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

3. **Unrestricted net assets** - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

b. **Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated-ensuing fiscal year or undesignated.

1. **Reserved**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. Reserve funds are established through Board action or voter approval, and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund.

2. **Appropriated Reserves**

The District appropriated funds from the following reserves for the 2010-11 budget:

Unemployment	\$ 76,147
Workers' Compensation	500,000
Retirement Contribution	500,000
Tax Certiorari	200,000
Total	<u>\$ 1,276,147</u>

3. **Unreserved**

a. **Designated-Ensuing Fiscal Year** - represents the planned use of these resources in the subsequent years' budget.

(I.) (Continued)

- b. **Undesignated** - represents amounts maintained by the District for emergencies, cash flow purposes, and operational purposes.

New York State Real Property Tax Law 1318 restricts the unreserved, undesignated fund balance of the General Fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

F. Revenues, Expenditures/Expenses

1. Revenues

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 11, 2009. Taxes were collected during the period September 1, through October 31, 2009.

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

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

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

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

2. Expenditures/Expenses

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

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

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

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

(I.) (Continued)

G. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the district-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

1. Fund Financial Statements

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

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

2. District-Wide Financial Statements

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

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

H. Use of Estimates

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

I. Restricted Resources

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

II. Stewardship, Compliance and Accountability:

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

(I.) (Continued)

A. Budgetary Data

1. Budget Policies

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. There were no budget amendments made during the 2009-10 fiscal year.

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

2. Budget Basis of Accounting

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

3. Revenue Restrictions

The District has various restrictions placed over certain revenue sources from state and federal requirements. The primary restricted revenue sources are those revenues reported in the Special Aid Fund.

B. Deposit and Investment Laws and Regulations

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

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

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

III. Detail Notes on All Funds and Account Groups:

A. Cash and Cash Equivalents

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

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

Uncollateralized	\$ -
Collateralized within Trust department or agent	62,088,618
Total	\$ 62,088,618

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end included \$9,511,387 within the governmental funds and \$116,340 in the fiduciary funds.

B. Investments

The District adopted the provisions of SFAS No. 157, *Fair Value Measurements*, which establishes a fair value hierarchy that defines three discrete "levels" of valuation techniques to determine the fair value of investments. Level 1 inputs consist of quoted (unadjusted) prices in active markets for identical assets at the measurement date, Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly, and Level 3 inputs are unobservable inputs and are to be used only if observable inputs are not available.

The District values investments in securities and securities sold short that are freely tradable and listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

1. Investments – Fair Value Measurement

The District's investments are recorded at fair value and have been categorized based upon a fair value hierarchy in accordance with SFAS 157.

The following table presents information about the District's investments measured at fair value as of June 30, 2010:

		2010
	<u>Cost</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>
Common Stock		
Kodak - 965 shares	N/A	\$ 4,019
Eastman Chemical - 241 shares	N/A	12,860
Total		\$ 16,879

(III.) (Continued)

The following schedule summarizes the investment return and its classification for the year:

<u>Type</u>	<u>2010</u>
Unrealized Gains/(Losses)	\$ 4,889
Total	\$ 4,889

C. Receivables

Receivables at June 30, 2010 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Non-Major Funds</u>	
Due From State and Federal	\$ 2,711,304	\$ 3,311,738	\$ 101,720	\$ 6,124,762
Due From Other Governments	3,640,261	-	-	3,640,261
Total	\$ 6,351,565	\$ 3,311,738	\$ 101,720	\$ 9,765,023

District management has deemed the amounts to be fully collectible.

D. Participation in BOCES

During the year, the District was billed \$14,155,317 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,218,027.

E. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2010 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 3,391,627	\$ 687,014	\$ -	\$ 2,113,500
Special Aid Fund	69,666	3,073,529	185,000	-
School Lunch Fund	-	138,340	225,000	-
Capital Fund	442,990	5,400	1,703,500	-
Total government activities	\$ 3,904,283	\$ 3,904,283	\$ 2,113,500	\$ 2,113,500

(III.) (Continued)

F. Changes In Capital Assets

A summary of changes in capital assets follows:

Type	Balance 7/1/2009	Additions	Deletions	Balance 6/30/2010
Governmental Activities:				
Capital assets that are not depreciated -				
Land	\$ 1,686,918	\$ -	\$ -	\$ 1,686,918
Work in progress	27,356,062	6,006,203	(26,677,735)	6,684,530
<i>Total Nondepreciable</i>	<u>\$ 29,042,980</u>	<u>\$ 6,006,203</u>	<u>\$ (26,677,735)</u>	<u>\$ 8,371,448</u>
Capital assets that are depreciated -				
Buildings and improvements	\$ 75,381,189	\$ 26,677,735	\$ -	\$ 102,058,924
Machinery and equipment	9,762,606	1,377,155	(920,167)	10,219,594
<i>Total Depreciable</i>	<u>\$ 85,143,795</u>	<u>\$ 28,054,890</u>	<u>\$ (920,167)</u>	<u>\$ 112,278,518</u>
Less accumulated depreciation -				
Buildings and improvements	\$ 46,898,600	\$ 1,944,801	\$ -	\$ 48,843,401
Machinery and equipment	4,583,709	1,150,865	(794,447)	4,940,127
<i>Total accumulated depreciation</i>	<u>\$ 51,482,309</u>	<u>\$ 3,095,666</u>	<u>\$ (794,447)</u>	<u>\$ 53,783,528</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 33,661,486</u>	<u>\$ 24,959,224</u>	<u>\$ (125,720)</u>	<u>\$ 58,494,990</u>
Total Capital Assets	<u>\$ 62,704,466</u>	<u>\$ 30,965,427</u>	<u>\$ (26,803,455)</u>	<u>\$ 66,866,438</u>

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

Governmental Activities:

General government support	\$ 1,441,740
Instruction	445,130
Pupil transportation	1,111,112
School lunch	97,684
Total Depreciation Expense	<u>\$ 3,095,666</u>

G. Long-Term Debt

At June 30, 2010 the total outstanding obligations of the District aggregated \$35,844,611 as follows:

1. Serial Bonds

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

2. Interest Reconciliation

A summary of the long-term interest expense as of June 30, 2010 is as follows:

Interest paid	\$ 952,150
Less: interest accrued in the prior year	(39,673)
Plus: interest accrued in the current year	38,280
Total interest expense	<u>\$ 950,757</u>

(III.) (Continued)

3. Other Long-Term Obligations

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

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

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

4. Summary of Debt

The following is a summary of obligations outstanding at June 30, 2010:

<u>Governmental Activities:</u>	<u>Balance</u> <u>7/1/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2010</u>	<u>Due Within</u> <u>One Year</u>	<u>Due Within</u> <u>More Than</u> <u>One Year</u>
<u>Bonds and Notes Payable -</u>						
Serial Bonds	\$ 24,135,000	\$ -	\$ 955,000	\$ 23,180,000	\$ 990,000	\$ 22,190,000
<u>Other Liabilities -</u>						
OPEB	\$ 12,308,998	\$ 355,613	\$ -	\$ 12,664,611	\$ -	\$ 12,664,611
Total Other Liabilities	\$ 12,308,998	\$ 355,613	\$ -	\$ 12,664,611	\$ -	\$ 12,664,611
Total Long-Term Obligations	\$ 36,443,998	\$ 355,613	\$ 955,000	\$ 35,844,611	\$ 990,000	\$ 34,854,611

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

5. Debt Maturity Schedule

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

<u>Purpose</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u> <u>6/30/2010</u>
<u>Serial Bonds -</u>				
Construction	2004	2024	3.5%-4.00%	\$ 6,965,000
Construction & Reconstruction	2009	2028	3.5%-4.75%	16,215,000
Total Serial Bonds				\$ 23,180,000

(III.) (Continued)

6. The following table summarizes the District's future debt service requirements as of June 30, 2010:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010-11	\$ 990,000	\$ 918,725
2011-12	1,030,000	884,075
2012-13	1,070,000	848,025
2013-14	1,110,000	810,575
2014-15	1,160,000	771,725
2015-20	6,615,000	3,187,863
2020-25	7,540,000	1,765,562
2025-28	3,665,000	347,188
Total	\$ 23,180,000	\$ 9,533,738

H. Fund Equity

1. Fund Equity – Reserved

Reserve funds have been established for the following purposes:

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

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

Reserve for Encumbrance - represents the amount of outstanding encumbrances at the end of the fiscal year.

Insurance 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 (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, 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. The reserve is accounted for in the General Fund.

(III.) (Continued)

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

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

a. **2009 Bus Reserve** – On May 19, 2009, the voters of the District approved the creation of the 2009 Bus Replacement Reserve for the purpose of financing and replacement of vehicles for the transportation of district students. The probable term of the fund is five years, but will continue for its stated purpose until funds are exhausted, and the ultimate amount to be funded is \$7,000,000. The total amount funded in this reserve to date is \$4,197,369 , and the balance of the reserve at June 30, 2010 is \$3,815,882.

b. **2009 Capital Reserve** – On May 19, 2009, the voters of the District approved the creation of the 2009 Capital Reserve Fund for the purpose of financing the renovation, reconstruction, rehabilitation or repair of the schools and other buildings of the district, as well as related systems, fixtures and equipment. The probable term of the fund is ten years, but it will continue for its stated purpose until liquidated or its funds are exhausted, and the ultimate amount to be funded is \$10,000,000. The total amount funded in this reserve to date is \$8,419,181 , and the balance of the reserve at June 30, 2010 is \$8,425,597.

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

<u>Description</u>	<u>Beginning Balance</u>	<u>Revenue</u>	<u>Expense</u>	<u>Equity Transfer</u>	<u>Ending Balance</u>
Workers' Compensation Reserve	\$ 1,103,815	\$ 4,765	\$ -	\$ -	\$ 1,108,580
Unemployment Insurance Reserve	1,967,453	10,724	-	-	1,978,177
Insurance Reserve	7,851,448	46,115	-	-	7,897,563
Tax Certiorari Reserve	1,140,775	1,960	-	-	1,142,735
2009 Bus Replacement Res.	3,815,558	15,953	442,990	427,361	3,815,882
2009 Capital Reserve	6,188,594	6,416	-	2,230,587	8,425,597
Retirement Contribution Reserve	2,000,000	48,170	-	12,620,314	14,668,484
Total	\$ 24,067,643	\$ 134,103	\$ 442,990	\$ 15,278,262	\$ 39,037,018

IV. Other Notes:

A. Employee Pension and Other Benefit Plans

1. Pension Plans

a. General Information

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

b. Provisions and Administration

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

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

c. Funding Policies

The Systems are noncontributory for the employee, except for those who joined the systems after July 27, 1976, who contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate, currently 6.19% of the annual covered payroll for the fiscal year ended June 30, 2010. Rates applicable to the fiscal years ended June 30, 2009 and 2008 were respectively 7.63% and 8.73%. The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2010	\$ 2,145,241	\$ 995,719
2009	\$ 2,941,069	\$ 1,005,817
2008	\$ 3,055,662	\$ 874,515

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

Plan Description

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

a. **Medical Benefit Provisions**

New York State Teachers Retirement System (NYSTRS) and New York State Employees Retirement System (NYSERS) eligibility requirements:

Tier 1 (Member before July 1, 1973)

- For reduced pension benefits: Age 55 with 5 years of service
- For full pension benefits: Age 55 with 20 years of service or any age with 35 years of service (NYSTRS only)

Tiers 2, 3, and 4 (became a member after July 1, 1973)

- For reduced pension benefits: Age 55 with 5 years of service
- For full pension benefits: Age 55 with 30 years of service or age 62 with 20 years of service

Administration Support Professionals

Buildings and Grounds

Bus Drivers

Paraprofessionals

Food Service

Eligibility

An employee must be eligible to retire under NYSERS, and must have at least 10 consecutive years of service with the District.

Medical Cost

The District contributes up to \$3,000 per year for single coverage or \$5,000 for family coverage for a period of 10 years from the date of retirement.

These amounts are assumed not to increase in future years.

Surviving Spousal coverage

Surviving spouses continue to receive benefits under the plan until the period of 10 years has expired.

Administration

M/C

Eligibility

An employee must be eligible to retire under NYSERS or NYSTRS, and must have at least 5 consecutive years of service with the District.

Medical Cost

The District contributes up to \$3,000 per year for single coverage or \$5,000 for family coverage for a period of 10 years from the date of retirement. This benefit is pro-rated based on the number of consecutive years of service at retirement:

- 5 consecutive years: 50% benefit
- 6 consecutive years: 60% benefit
- 7 consecutive years: 70% benefit
- 8 consecutive years: 80% benefit
- 9 consecutive years: 90% benefit
- 10 or more consecutive years: 100% benefit

These amounts are assumed not to increase in future years.

Surviving Spousal coverage

Surviving spouses continue to receive benefits under the plan until the period of 10 years has expired.

Teachers

Eligibility

An employee must be eligible to retire under NYSERS or NYSTRS, and must have at least 10 consecutive years of service with the District.

Medical Cost

The District contributes up to \$3,000 per year for single coverage or \$4,200 for family coverage for a period of 10 years from the date of retirement.

These amounts are assumed not to increase in future years.

Surviving Spousal coverage

Surviving spouses continue to receive benefits under the plan until the period of 10 years has expired.

(IV.) (Continued)

b. Health 105 Reimbursement Account Benefit Provisions

Administration Support Professionals
Buildings and Grounds
Bus Drivers
Paraprofessionals
Food Service

Eligibility

An employee must be eligible to retire under NYSERS, and must have at least 10 consecutive years of service with the District.

Medical Cost

The District contributes to a Health 105 Reimbursement account plan for a period of 10 years from the date of retirement. Retirees are required to pay the annual administration fee for this coverage.

These amounts are assumed not to increase in future years.

Surviving Spousal coverage

Surviving spouses continue to receive benefits under the plan until the period of 10 years has expired.

Plan Costs

	<u>Coverage</u>	<u>Contribution</u>	<u>Annual Fee</u>
Administration Support Professionals	Single	\$ 621.00	\$ 31.00
	Two Person	\$ 736.00	\$ 37.00
	Family	\$ 836.00	\$ 38.00
Building and Grounds	Single	\$ 636.00	\$ 32.00
	Two Person	\$ 796.00	\$ 40.00
	Family	\$ 976.00	\$ 49.00
Bus Drivers	Single	\$ 410.00	\$ 20.00
	Two Person	\$ 550.00	\$ 27.00
	Family	\$ 726.00	\$ 36.00
Paraprofessionals	Single	\$ 501.00	\$ 25.00
	Two Person	\$ 601.00	\$ 30.00
	Family	\$ 751.00	\$ 38.00
Food Service	Single	\$ 501.00	\$ 25.00
	Two Person	\$ 601.00	\$ 30.00
	Family	\$ 751.00	\$ 38.00

Administration

M/C

Eligibility

An employee must be eligible to retire under NYSERS or NYSTRS, and must have at least 5 consecutive years of service with the District.

Medical Cost

The District contributes to a Health 105 Reimbursement account for a period of 10 years from the date of retirement. Retirees are required to pay the annual administration fee for this coverage. This benefit is pro-rated based on the number of consecutive years of service at retirement:

- 5 consecutive years: 50% benefit
- 6 consecutive years: 60% benefit
- 7 consecutive years: 70% benefit
- 8 consecutive years: 80% benefit
- 9 consecutive years: 90% benefit
- 10 or more consecutive years: 100% benefit

These amounts are assumed not to increase in future years.

Surviving Spousal coverage

Surviving spouses continue to receive benefits under the plan until the period of 10 years has expired.

Plan Costs

<u>Coverage</u>	<u>Contribution</u>	<u>Annual Fee</u>
Single	\$ 1,225.00	\$ 76.00
Two Person	\$ 1,525.00	\$ 100.00
Family	\$ 1,850.00	\$ 125.00

Teachers

Eligibility

An employee must be eligible to retire under NYSERS or NYSTRS, and must have at least 10 consecutive years of service with the District.

Medical Cost

The District contributes to a Health 105 Reimbursement account plan for a period of 10 years from the date of retirement. Retirees are required to pay the annual administration fee for this coverage.

These amounts are assumed not to increase in future years.

Surviving Spousal coverage

Surviving spouses continue to receive benefits under the plan until the period of 10 years has expired.

(IV.) (Continued)

Plan Costs

<u>Coverage</u>	<u>Contribution</u>	<u>Annual Fee</u>
Single	\$ 725.00	\$ 28.00
Two Person	\$ 925.00	\$ 47.00
Family	\$ 1,150.00	\$ 66.00

c. Life Benefit Provisions

Administration Support Professionals

Buildings and Grounds

Bus Drivers

Paraprofessionals

Food Service

Eligibility

An employee must be eligible to retire under NYSERS, and must have at least 10 consecutive years of service with the District.

Life Insurance Benefit

Prior to age 65: double final salary to the nearest \$500.

Age 65-69: \$5,000

Age 70 and beyond: no coverage

Administrators

M/C

Eligibility

An employee must be eligible to retire under NYSERS or NYSTRS, and must have at least 10 consecutive years of service with the District.

Life Insurance Benefit

Prior to age 65: double final salary to the nearest \$500.

Age 65-69: \$5,000

Age 70 and beyond: no coverage

Teachers

Eligibility

An employee must be eligible to retire under NYSERS or NYSTRS, and must have at least 10 consecutive years of service with the District.

Life Insurance Benefit

Prior to age 65: double final salary to the nearest \$1,000.

Age 65-69: \$5,000

Age 70 and beyond: no coverage

(IV.) (Continued)

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District has elected to record the entire actuarial accrued liability at year end instead of using the amortization option.

Funded Status and Funding Progress.

As of June 30, 2010, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$12,664,611, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$12,664,611. The covered payroll (annual payroll of active employees covered by the plan) was \$52,588,285, and the ratio of the UAAL to the covered payroll was 24.1%.

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

Actuarial Methods and Assumptions

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

Actuarial Valuation Date June 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age Normal	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Active Members Covered Payroll	(6) UAAL As a Percentage of Covered Payroll (4) / (5)
2009	\$ -	\$ 12,308,998	0.00%	\$ 12,308,998	\$ 52,348,389	23.5%
2010	\$ -	\$ 12,664,611	0.00%	\$ 12,664,611	\$ 52,588,285	24.1%

(IV.) (Continued)

In the June 30, 2010 actuarial valuation, the entry age normal method was used. The discount rate used was 5%. Because the plan is unfunded, reference to the general assets, which are short-term in nature, was considered in the selections of the five percent rate. The District pays a fixed dollar amount per year into a medical payment fund that is independent of medical premiums. These payments are assumed not to increase.

B. Risk Management

1. General Information

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

2. Health Plan

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

a. Plan I

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

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

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in a exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2010, the District incurred premiums or contribution expenditures totaling \$142,877.

(IV.) (Continued)

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2009, revealed that the Plan was fully funded.

b. Plan II

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

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

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

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

The administrative services that will be provided by the Insurer during the 12-month period referred to above will be provided for an additional charge determined by first dividing the Insurer administrative fee paid in the last Plan year by the total of the medical claims expenses paid during the last Plan year to determine an administrative cost percentage (the "Admin Percentage"). Then, for each medical claims expense paid during the subsequent 12-month period, the Plan will pay the Insurer an additional charge determined by multiplying the amount of the medical claims expense by the admin percentage. During the year ended June 30, 2010, the District incurred premiums or contribution expenditures totaling \$9,725,273.

The Plan is audited on an annual basis and is available at the BOCES' administrative offices. The most recent audit available for the year ended June 30, 2009, revealed that the Plan was fully funded.

3. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2009-10 fiscal year totaled \$111,990. The balance of the fund at June 30, 2010 was \$1,978,177 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2010, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

(IV.) (Continued)

4. Health Fund

The District has established a Health Care Plan for its employee groups. The District contribution rates are based on the employment contracts for the various employee groups. Unused balances roll to the next year.

For fiscal year 2009-10, the District expended \$264,575 for this plan. The unexpended balance in the Health Care Plan account at June 30, 2010 which represents the cumulative running balance of the participants amounted to \$2,286,777 and is reported as other liabilities in the Trust and Agency Fund.

C. Commitments and Contingencies

1. Litigation

- a. A notice of claim has been filed by a contractor seeking compensation for materials furnished, however, no action has yet been commenced. Also, there are lawsuits pending against the District arising out of personal injury cases resulting from accidents of various kinds, in the opinion of District officials, the liability of the District, if any, will be covered by insurance. There is one claim outstanding with the office of civil rights at year end. The outcome of this case cannot be estimated at this time. In addition, there are tax certiorari claims requesting reduction of assessments pending. The outcome of the tax certiorari claims are undeterminable at this time.
- b. In March 2009, the Appellate Division of the State Supreme Court, Fourth Department, declared that "Monroe County is obligated to allocate to (the Monroe County School Districts) their full statutory share of sales tax collections undiminished by the election of the sales tax intercept option" by the County back in 2007. The school districts have recently negotiated a settlement agreement with the County to obtain reimbursement for the amounts previously withheld. The first payment was received in January 2010 with four more annual payments remaining which will total \$1,617,640 plus interest.

2. Grants

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

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2010

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 556,092	\$ 9,511,387	\$ 10,067,479
Receivables	101,720	-	101,720
Inventories	46,307	-	46,307
Due from other funds	-	442,990	442,990
TOTAL ASSETS	<u><u>\$ 704,119</u></u>	<u><u>\$ 9,954,377</u></u>	<u><u>\$ 10,658,496</u></u>
LIABILITIES AND FUND BALANCE			
<u>Liabilities -</u>			
Accounts payable	\$ 179,557	\$ 563,409	\$ 742,966
Due to other funds	138,340	5,400	143,740
Due to other governments	871	-	871
Deferred revenues	28,360	-	28,360
TOTAL LIABILITIES	<u><u>\$ 347,128</u></u>	<u><u>\$ 568,809</u></u>	<u><u>\$ 915,937</u></u>
<u>Fund Balances -</u>			
Reserved for,			
Encumbrances	\$ 5,762	\$ 1,642,254	\$ 1,648,016
Unreserved,			
Undesignated	351,229	7,743,314	8,094,543
TOTAL FUND BALANCE	<u><u>\$ 356,991</u></u>	<u><u>\$ 9,385,568</u></u>	<u><u>\$ 9,742,559</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 704,119</u></u>	<u><u>\$ 9,954,377</u></u>	<u><u>\$ 10,658,496</u></u>

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For Year Ended June 30, 2010

	Special Revenue Fund		Total Nonmajor Governmental Funds
	School Lunch Fund	Capital Projects Fund	
REVENUES			
Use of money and property	\$ 727	\$ -	\$ 727
State sources	52,521	-	52,521
Federal sources	943,202	-	943,202
Sales	1,186,972	-	1,186,972
TOTAL REVENUES	\$ 2,183,422	\$ -	\$ 2,183,422
EXPENDITURES			
Employee benefits	\$ 440,891	\$ -	\$ 440,891
Cost of sales	1,008,268	-	1,008,268
Other expenses	926,633	-	926,633
Capital outlay	-	6,974,892	6,974,892
TOTAL EXPENDITURES	\$ 2,375,792	\$ 6,974,892	\$ 9,350,684
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (192,370)	\$ (6,974,892)	\$ (7,167,262)
OTHER FINANCING SOURCES (USES)			
Operating transfers - in	\$ 225,000	\$ 1,703,500	\$ 1,928,500
TOTAL OTHER FINANCING SOURCES (USES)	\$ 225,000	\$ 1,703,500	\$ 1,928,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 32,630	\$ (5,271,392)	\$ (5,238,762)
FUND BALANCE, BEGINNING OF YEAR	324,361	14,656,960	14,981,321
FUND BALANCE, END OF YEAR	\$ 356,991	\$ 9,385,568	\$ 9,742,559

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

GENERAL FUND

Analysis of Change from Original Budget to Revised Budget

For Year Ended June 30, 2010

Original Budget		\$ 100,405,638
Additions:		
Encumbrances	<u>\$ 3,460,982</u>	
Total Additions		3,460,982
Deductions:		
Budget revisions	<u>\$ -</u>	
Total Deductions		<u>-</u>
Revised Budget		<u><u>\$ 103,866,620</u></u>

GENERAL FUND

Analysis of Use of Fund Balance as of the

Beginning of Year Ended June 30, 2010

A909 Fund Balance as of Beginning of Year (Unreserved)		\$ 6,751,915
Less:		
A599 appropriated fund balance used for levy of taxes	\$ 3,000,000	
A599 appropriated fund balance used for other purposes	<u>-</u>	
Total A599 Appropriated Fund Balance		<u>3,000,000</u>
Fund Balance (Undesignated)		<u><u>\$ 3,751,915</u></u>

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

Schedule of Project Expenditures

June 30, 2010

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance
			Prior Year's	Current Year	Total		Obligations	Local Sources	State Sources	Total	
Bus Purchases (2007-08)	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 968,690	\$ 968,690	\$ 31,310	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 31,310
Bus Purchases (2008-09)	1,000,000	1,000,000	-	-	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
Bus Purchases (2009-10)	1,000,000	1,000,000	-	-	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
District-Wide Additions (2004-05)	6,000,000	6,000,000	5,515,176	210,014	5,725,190	274,810	-	6,000,000	-	6,000,000	274,810
District-Wide Additions (2006-07)	17,710,998	20,239,542	19,934,896	73,847	20,008,743	230,799	17,710,998	700,000	1,828,544	20,239,542	230,799
Renovations-Administration Building (2006-07)	2,906,895	3,606,895	1,050,918	2,317,435	3,368,353	238,542	-	3,606,895	-	3,606,895	238,542
May 2007 Vote	6,000,000	4,150,000	2,834,395	344,405	3,178,800	971,200	-	4,150,000	-	4,150,000	971,200
Leary Additions	2,390,000	3,540,000	255,675	2,688,665	2,944,340	595,660	-	3,540,000	-	3,540,000	595,660
Health and Safety Related Projects (2007-08)	703,500	1,254,278	-	-	-	1,254,278	-	1,254,278	-	1,254,278	1,254,278
May 2010 Vote	4,000,000	4,160,805	-	371,836	371,836	3,788,969	-	4,160,805	-	4,160,805	3,788,969
TOTAL	\$ 42,711,393	\$ 45,951,520	\$ 29,591,060	\$ 6,974,892	\$ 36,565,952	\$ 9,385,568	\$ 17,710,998	\$ 26,411,978	\$ 1,828,544	\$ 45,951,520	\$ 9,385,568

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of General Fund Revenues and Expenditures - Budget and Actual

For Year Ended June 30, 2010

	Original <u>Budget</u>	Amended <u>Budget</u>	Current Year's <u>Revenues</u>	Over (Under) Revised <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 53,458,251	\$ 53,458,251	\$ 53,459,165	\$ 914
Real property tax items	10,282,392	10,282,392	10,780,625	498,233
Non-property taxes	3,555,000	3,555,000	4,462,903	907,903
Charges for services	527,000	527,000	805,772	278,772
Use of money and property	561,300	561,300	415,515	(145,785)
Sale of property and compensation for loss	6,000	6,000	41,376	35,376
Miscellaneous	630,296	630,296	1,026,305	396,009
Interfund revenues	-	-	47,818	47,818
State Sources -				
Basic formula	13,882,189	13,882,189	14,626,726	744,537
Lottery aid	4,350,000	4,350,000	5,555,903	1,205,903
BOCES	2,753,003	2,753,003	3,218,027	465,024
Textbooks	364,051	364,051	362,723	(1,328)
All Other Aid -				
Computer software	150,810	150,810	146,046	(4,764)
Library loan	33,005	33,005	36,343	3,338
Handicapped students	1,283,990	1,283,990	1,347,738	63,748
Federal Sources	<u>4,941,851</u>	<u>4,941,851</u>	<u>5,978,871</u>	<u>1,037,020</u>
TOTAL REVENUES	<u>\$ 96,779,138</u>	<u>\$ 96,779,138</u>	<u>\$ 102,311,856</u>	<u>\$ 5,532,718</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 96,779,138</u>	<u>\$ 96,779,138</u>	<u>\$ 102,311,856</u>	<u>\$ 5,532,718</u>
 Appropriated Fund Balance	 <u>\$ 3,626,500</u>	 <u>\$ 7,087,482</u>		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE	<u><u>\$ 100,405,638</u></u>	<u><u>\$ 103,866,620</u></u>		

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of General Fund Revenues and Expenditures - Budget and Actual

For Year Ended June 30, 2010

	<u>Original</u>	<u>Amended</u>	<u>Current</u>		<u>Unencumbered</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
			<u>Expenditures</u>		
EXPENDITURES					
General Support					
Board of education	\$ 119,747	\$ 119,976	\$ 86,197	\$ 934	\$ 32,845
Central administration	351,157	351,267	316,717	3,442	31,108
Finance	553,355	525,415	465,776	875	58,764
Staff	852,553	860,194	662,021	7,234	190,939
Central services	7,990,884	9,061,281	6,775,674	1,015,665	1,269,942
Special items	1,560,616	1,591,276	1,575,303	7,500	8,473
Instructional					
Instruction, administration and improvement	5,523,149	5,562,502	4,973,917	44,661	543,924
Teaching - regular school	28,540,078	28,511,980	27,802,101	423,609	286,270
Programs for children with handicapping conditions	12,130,293	12,264,642	11,680,779	23,862	560,001
Occupational education	1,946,741	2,020,446	2,018,524	-	1,922
Teaching - special schools	604,524	664,649	607,932	728	55,989
Instructional media	5,407,083	7,053,091	4,230,900	2,115,237	706,954
Pupil services	4,989,421	5,133,499	5,021,451	89,109	22,939
Pupil Transportation	6,418,441	6,472,850	5,777,898	4,855	690,097
Community Services	1,850	1,865	1,864	-	1
Employee Benefits	19,681,135	19,494,086	18,356,412	-	1,137,674
Debt service - principal	900,000	955,000	955,000	-	-
Debt service - interest	1,164,101	1,109,101	952,150	-	156,951
TOTAL EXPENDITURES	<u>\$ 98,735,128</u>	<u>\$ 101,753,120</u>	<u>\$ 92,260,616</u>	<u>\$ 3,737,711</u>	<u>\$ 5,754,793</u>
Other Uses					
Interfund transfers - out	\$ 1,670,510	\$ 2,113,500	\$ 2,113,500	\$ -	\$ -
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 100,405,638</u>	<u>\$ 103,866,620</u>	<u>\$ 94,374,116</u>	<u>\$ 3,737,711</u>	<u>\$ 5,754,793</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,937,740</u>		

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor / Pass - Through Agency</u>	<u>CFDA</u>	<u>Grantor</u>	<u>Pass-Through</u>	<u>Total</u>
<u>Federal Award Cluster / Program</u>	<u>Number</u>	<u>Number</u>	<u>Agency</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
Title IV - Drug Free Schools	84.186	N/A	0180-10-1400	\$ 9,263
Title IV - Drug Free Schools	84.186	N/A	0180-09-1400	12,689
Title IIA - Teacher Training	84.367	N/A	0147-10-1400	171,056
Title IIA - Teacher Training	84.367	N/A	0147-09-1400	31,093
Title IID - Technology	84.318	N/A	0292-10-1400	1,546
Title IID - Technology	84.318	N/A	0292-09-1400	2,802
Immigrant Aid	84.365	N/A	0149-10-1400	32,599
Immigrant Aid	84.365	N/A	0149-09-1400	4,026
Title III - LEP	84.365	N/A	0293-10-1400	7,913
Title III - LEP	84.365	N/A	0293-09-1400	22,787
<u>State Fiscal Stabilization Fund Cluster -</u>				
Teacher Center - ARRA	84.397	N/A	5425-10-0094	90,845
SFSF - Education State Grants - ARRA	84.394	N/A	5000-10-1400	5,755,617
<u>Title I, Part A Cluster -</u>				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-10-1400	671,542
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-09-1400	29,224
Title I - Grants to Local Educational Agencies - ARRA	84.389	N/A	5021-10-1400	229,742
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-10-0385	1,231,871
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-09-0385	170,151
Special Education - Grants to States (IDEA, Part B) - ARRA	84.391	N/A	5032-10-0385	619,117
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-10-0385	53,381
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-09-0385	3,546
Special Education - Preschool Grants (IDEA Preschool) - ARRA	84.392	N/A	5033-10-0385	31,001
Total U.S. Department of Education				\$ 9,181,811
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	006540	\$ 680,679
National School Breakfast Program	10.553	N/A	006540	158,951
<u>Non-Cash Assistance -</u>				
<u>Passed Through NYS Office of General Services (Division of Donated Foods) -</u>				
Surplus Food Distribution	10.550	N/A	A068	103,572
Total U.S. Department of Agriculture				\$ 943,202
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 10,125,013

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

Schedule of Investment in Capital Assets, Net of Related Debt

For Year Ended June 30, 2010

Capital assets, net		\$ 66,866,438
Add:		
Unspent bond proceeds	<u>\$ 230,799</u>	230,799
Deduct:		
Short-term portion of bonds payable	\$ 990,000	
Long-term portion of bonds payable	<u>22,190,000</u>	<u>23,180,000</u>
Investment in capital assets, net of related debt		<u><u>\$ 43,917,237</u></u>

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

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

For Year Ended June 30, 2010

	Account		ST-3		Audited
<u>REVENUES</u>	<u>Code</u>		<u>Amount</u>		<u>Amount</u>
Property Taxes	A-1001	\$	53,459,165	\$	53,459,165
Non-Property Taxes	AT-1199	\$	4,462,903	\$	4,462,903
State Sources	AT-3999	\$	25,293,506	\$	25,293,506
Federal Sources	AT-4999	\$	5,978,871	\$	5,978,871
Total Revenues and Other Sources	AT-5999	\$	102,311,856	\$	102,311,856
<u>EXPENDITURES</u>					
General Support	AT-1999	\$	9,881,688	\$	9,881,688
Pupil Transportation	AT-5599	\$	5,777,898	\$	5,777,898
Debt Service - Principal	AT-9798.6	\$	955,000	\$	955,000
Debt Service - Interest	AT-9798.7	\$	952,150	\$	952,150
Total Expenditures and Other Uses	AT-9999	\$	94,374,116	\$	94,374,116

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

Shareholders:

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

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

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

To the Board of Education
Rush - Henrietta Central School District, New York

We have audited the financial statements of Rush - Henrietta Central School District as of and for the year ended June 30, 2010, and have issued our report thereon dated September 15, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rush - Henrietta Central School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Rush - Henrietta Central School District in a separate letter dated September 15, 2010.

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

A handwritten signature in black ink that reads "Raymond F. Wager CPA PC". The signature is written in a cursive, flowing style.

September 15, 2010