

**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2011**

## TABLE OF CONTENTS

	<b>Pages</b>
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 12
<b>Basic Financial Statements:</b>	
<b>District-wide Financial Statements -</b>	
Statement of Net Assets	13
Statement of Activities	14
<b>Fund Financial Statements -</b>	
Balance Sheet - Governmental Funds	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16 - 17
General Fund Statement of Revenues, Expenditures and Changes in Fund Equity - Budget and Actual	18
Statement of Fiduciary Net Assets	19
Statement of Changes in Fiduciary Net Assets	20
<b>Notes to the Basic Financial Statements</b>	21 - 47
<b>Supplemental Schedules -</b>	
Combining Balance Sheet - Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	49
General Fund - Analysis of Change from Original Budget to Revised Budget	50
General Fund - Analysis of Use of Fund Balance	50
Capital Projects Fund - Schedule of Project Expenditures	51
Schedule of General Fund Revenues and Expenditures - Budget and Actual	52 - 53
Schedule of Expenditures of Federal Awards	54
Schedule of Investment in Capital Assets, Net of Related Debt	55
Schedule of Certain Revenues and Expenditures Compared to ST-3 Data	56
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	57 - 58

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

**Shareholders:**

Raymond F. Wager, CPA  
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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, 2011, 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, 2011, 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 22, 2011 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.

A handwritten signature in black ink that reads "Raymond F. Wager, CPA, P.C." The signature is written in a cursive style with a large, stylized initial 'R'.

September 22, 2011

**Rush Henrietta Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2011**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2011. 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**

The District implemented GASB Statement No. 54 which modifies the fund balance of our governmental funds. Fund balance is now reported in four categories; nonspendable, restricted, assigned, and unassigned on our governmental fund balance sheet (page 15) with the specific detail of the new categories summarized in the footnotes (page 40).

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$104,808,800 (net assets) a decrease of \$332,322 from the prior year. This decrease is a result of lower accounts receivable from New York State as a result of lower federal ARRA grant flow through.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$60,335,031 a decrease of \$113,493 in comparison with the prior year. This decrease is a result of capital outlays being greater than operating transfers to other capital projects.

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 \$4,066,249 and this amount was within the statutory limit.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$98,570,734 or 90% of all revenues. Program specific revenues in the form of Charges for services and Operating Grants and Contributions accounted for \$10,549,320 or 10% of total revenues. The District reported \$3,591,943 in America Reinvestment and Recovery Act (ARRA) funds in which \$1,937,305 was reported in the General Fund and \$1,654,638 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 five individual governmental funds; General Fund, Special Aid Fund, Phase III Capital Project, School Lunch Fund, and Other Capital Projects. 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, the special aid fund, and the phase III capital project which are reported as major funds. Data for the school lunch fund, and the other capital projects 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.

<b>Major Feature of the District-Wide and Fund Financial Statements</b>			
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
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 smaller on June 30, 2011, than they were the year before as shown in table below.

	<b><u>Explanation</u></b>	<b><u>Governmental Activities</u></b>		<b><u>Total Variance</u></b>
		<b><u>2011</u></b>	<b><u>2010</u></b>	
<b><u>ASSETS:</u></b>				
Current and Other Assets	Represents cash and cash equivalents together with other current assets	\$ 70,459,192	\$ 69,175,319	\$ 1,283,873
Capital Assets	Represents land, work in progress, and buildings (net of depreciation)	66,758,458	66,866,438	(107,980)
<b>Total Assets</b>		<b>\$ 137,217,650</b>	<b>\$ 136,041,757</b>	<b>\$ 1,175,893</b>
<b><u>LIABILITIES:</u></b>				
Long-Term Debt Obligations	Represents what District owes for serial bonds, post-employment benefits, and compensated absences	\$ 23,461,083	\$ 23,753,200	\$ (292,117)
Other Liabilities	Represents obligations to teachers' and employees' retirement systems, accounts payable, and accrued liabilities	8,947,767	7,147,435	1,800,332
<b>Total Liabilities</b>		<b>\$ 32,408,850</b>	<b>\$ 30,900,635</b>	<b>\$ 1,508,215</b>
<b><u>NET ASSETS:</u></b>				
Invested in Capital Assets, Net of Related Debt	What the District owns less any related outstanding debt	\$ 44,799,257	\$ 43,917,237	\$ 882,020
<b><u>Restricted For,</u></b>				
Capital Projects	Funds restricted for capital projects	15,102,225	-	15,102,225
Capital Reserve	Funds restricted for capital repair and capital improvement	14,311,282	12,241,479	2,069,803
Other Purposes	Funds restricted by enabling legislation or Board of Education resolutions	19,841,582	26,795,539	(6,953,957)
Unrestricted	Represents net assets not legally restricted	10,754,454	22,186,867	(11,432,413)
<b>Total Net Assets</b>		<b>\$ 104,808,800</b>	<b>\$ 105,141,122</b>	<b>\$ (332,322)</b>

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

By far, the largest component of the School District's net assets (43%) 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 three restricted net asset balance, Capital Projects, Capital Reserve, and Other Purposes, which constitute 47% of total net assets. The remaining balance of unrestricted net assets, which is a surplus of \$10,754,454 or 10%, may be used to finance future operations. The unrestricted net assets decreased 52% from prior year as a result of transfers to the voter approved Phase III Capital Project and other approved capital projects during 2010-11.

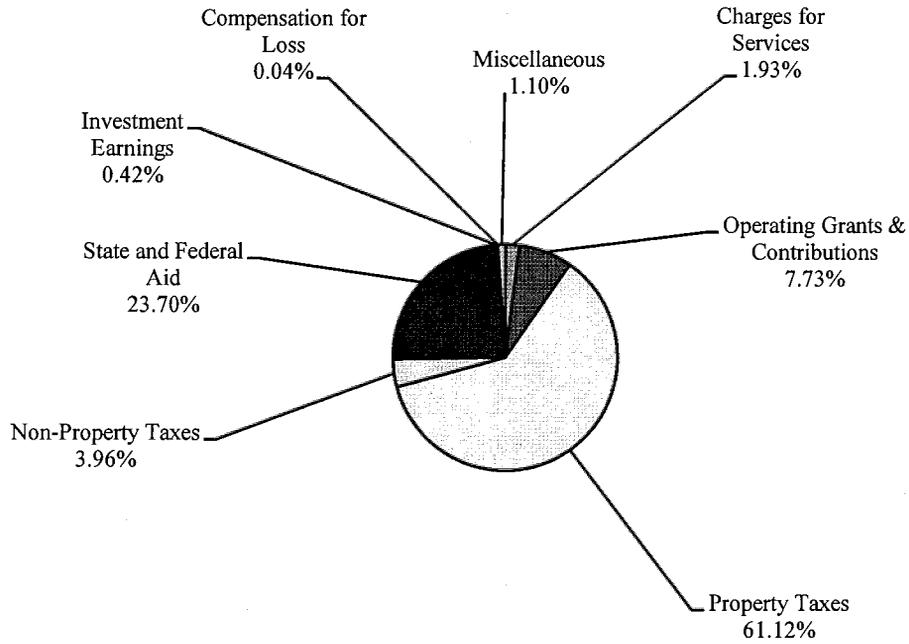
**Changes in Net Assets**

The District's total revenue decreased 3% to \$109,120,054. State and federal aid 24% and property taxes 61% accounted for most of the District's revenue. The remaining 15% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

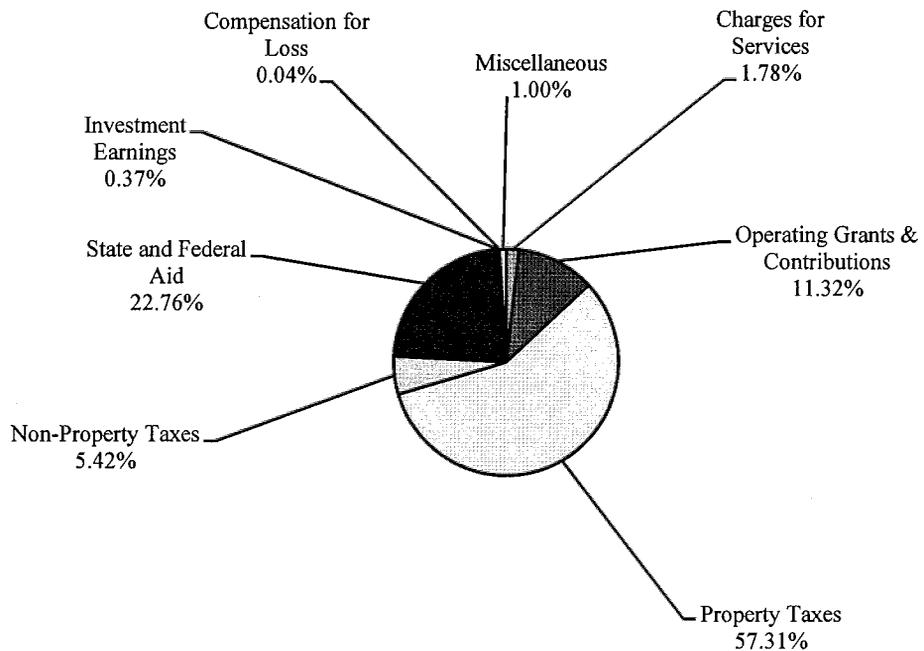
The total cost of all the programs and services increased 6% to \$109,452,376. The District's expenses are predominately related to education and caring for the students (Instruction) 78%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 11% of the total costs. See table below:

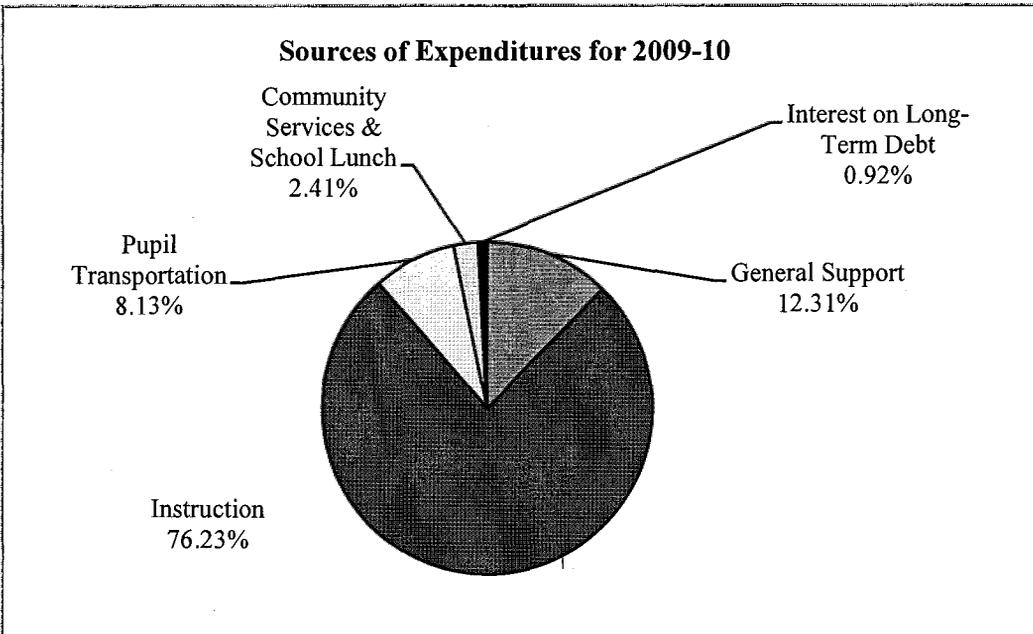
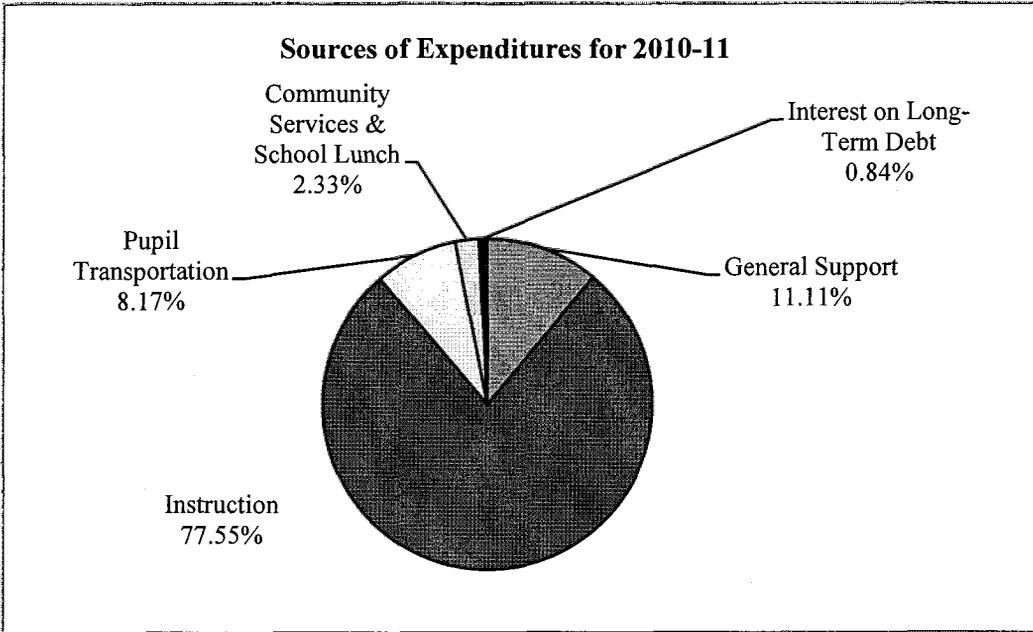
	<u>Explanation</u>	<u>Governmental Activities</u>		<u>Total Variance</u>
		<u>2011</u>	<u>2010</u>	
<b><u>REVENUES:</u></b>				
<b><u>Program -</u></b>				
Charges for Services	Revenue received for services such as school lunch or breakfast	\$ 2,111,396	\$ 1,992,744	\$ 118,652
Operating Grants & Contributions	Revenue received from other agencies	8,437,924	12,687,220	(4,249,296)
Total Program		<u>\$ 10,549,320</u>	<u>\$ 14,679,964</u>	<u>\$ (4,130,644)</u>
<b><u>General -</u></b>				
Property Taxes	Property taxes collected by the District	\$ 66,689,103	\$ 64,239,790	\$ 2,449,313
Non-Property Taxes	Sales taxes received from Monroe County	4,324,188	6,080,543	(1,756,355)
State and Federal Aid	Aid received from New York State and Federal Government	25,857,771	25,516,760	341,011
Investment Earnings	Earning on deposits and investments	460,942	416,242	44,700
Compensation for Loss	Revenue received for damage to or loss of District property	39,281	41,376	(2,095)
Miscellaneous	Revenue received from various sources which are not explained in other categories	1,199,449	1,119,131	80,318
Total General		<u>\$ 98,570,734</u>	<u>\$ 97,413,842</u>	<u>\$ 1,156,892</u>
<b>TOTAL REVENUES</b>		<b><u>\$ 109,120,054</u></b>	<b><u>\$ 112,093,806</u></b>	<b><u>\$ (2,973,752)</u></b>
<b><u>EXPENSES:</u></b>				
General Support	Expenses associated with the operations, maintenance and administration of the District	\$ 12,157,838	\$ 12,683,022	\$ (525,184)
Instruction	Expenses associated with providing educational services to students	84,878,449	78,525,603	6,352,846
Pupil Transportation	Expenses associated with providing transportation services to students	8,943,329	8,371,588	571,741
Community Services	Expenses associated with providing community services	252	1,864	(1,612)
School Lunch	Expenses associated with providing lunch and breakfast for the District	2,555,227	2,481,602	73,625
Interest on Long-Term Debt	Interest paid on serial bonds and BANs	917,281	950,757	(33,476)
<b>TOTAL EXPENSES</b>		<b><u>\$ 109,452,376</u></b>	<b><u>\$ 103,014,436</u></b>	<b><u>\$ 6,437,940</u></b>
<b>NET INCREASE IN NET ASSETS</b>		<b><u>\$ (332,322)</u></b>	<b><u>\$ 9,079,370</u></b>	<b><u>\$ (9,411,692)</u></b>

### Sources of Revenue for 2010-11



### Sources of Revenue for 2009-10





**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 \$60,335,031 which is less than last year's ending fund balance of \$60,448,524. A summary of the General Fund balance classifications is shown below:

<b><u>General Fund Balances:</u></b>	<b><u>Purpose</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Variance</u></b>
Restricted (reserves detailed on pg. 40)	Amounts constrained to specific purposes.	\$ 34,152,864	\$ 39,037,018	\$ (4,884,154)
Assigned	Amounts a government intends to use for a specific purpose.	6,389,467	8,162,711	(1,773,244)
Unassigned	Amounts that are available for school purposes pursuant to any Education Law restrictions.	4,066,249	3,506,236	560,013
<b>Total General Fund Balances</b>		<b><u>\$ 44,608,580</u></b>	<b><u>\$ 50,705,965</u></b>	<b><u>\$ (6,097,385)</u></b>

The District appropriated \$2,675,000 from the reserves for the 2011-12 budget.

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$12,580,701. This change is attributable to \$3,737,711 of carryover encumbrances from the 2009-10 school year, \$8,400,000 for a voter approved transfer out of the capital reserve for the Phase III Capital Project and \$442,990 for a voter approved transfer out of the capital reserve for bus purchases.

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

<b>Revenue Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
Federal Sources	\$1,937,305	ARRA funds granted after the original budget approved
<b>Expenditure Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
General Support	(\$297,292)	Transfers from utilities and insurance
Instruction	(\$615,834)	Transfers from Special Education & Occupational Ed.
Operating Transfers-Out	\$9,612,409	Transfers to Phase III Capital Project \$8.4M, bus purchases \$.4M and summer school handicapped \$.8M

	<b>Budget Variance Amended Vs. Actual</b>	
<b>Revenue Items:</b>		<b>Explanation for Budget Variance</b>
Real Property Taxes and Tax Items	\$422,630	PILOT payments in excess of budget
Non-Property Taxes	\$1,173,598	Monroe County FAIR sales tax settlement
Charges for Services	\$236,212	Tuition for Parentally Placed students
Miscellaneous	\$554,449	Refund of prior year BOCES expenditures
State Sources	\$3,508,342	Tuition, BOCES and Building aid greater than budget
Federal Sources	(\$350,000)	Medicaid billing frozen by New York State
<b>Expenditure Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
General Support	\$2,195,608	Encumbrances and lower than planned utility costs
Instruction	\$3,915,748	Encumbrances and reduced utility and overtime costs
Pupil Transportation	\$436,646	Lower than anticipated salary and fuel costs

### Capital Asset and Debt Administration

#### Capital Assets

By the end of the 2010-11 fiscal year, the District had invested \$66,758,458 in a broad range of capital assets. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2011</u>	<u>2010</u>
Land	\$ 1,686,918	\$ 1,686,918
Work in Progress	6,076,701	6,684,530
Buildings and Improvements	53,630,782	53,215,523
Machinery and Equipment	5,364,057	5,279,467
<b>Total</b>	<b><u>\$ 66,758,458</u></b>	<b><u>\$ 66,866,438</u></b>

#### Long-Term Debt

At year end, the District had \$23,461,083 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2011</u>	<u>2010</u>
Serial Bonds	\$ 22,190,000	\$ 23,180,000
OPEB	1,271,083	573,200
<b>Total Long-Term Obligations</b>	<b><u>\$ 23,461,083</u></b>	<b><u>\$ 23,753,200</u></b>

### **Factors Bearing on the District's Future**

During 2011 the governor signed State Law Chapter 97 which establishes a property tax cap in New York State. The tax cap goes into effect for the District's 2012-13 budget and limits tax levy growth to the lesser of two percent or the annual increase in CPI. Given that state mandated health insurance and state pension costs are increasing at a much higher rate than two percent the District anticipates budget constraints for the foreseeable future unless significant mandate relief is granted by the state.

### **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, 2011**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 62,891,498
Accounts receivable	7,518,134
Inventories	49,560
<b>Capital Assets:</b>	
Land	1,686,918
Work in progress	6,076,701
Other capital assets (net of depreciation)	58,994,839
<b>TOTAL ASSETS</b>	<b>\$ 137,217,650</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,329,010
Accrued liabilities	1,652,719
Deferred revenue	304,810
Due to other governments	666
Due to teachers' retirement system	3,792,713
Due to employees' retirement system	867,849
<b>Long-Term Obligations:</b>	
Due in one year	1,030,000
Due in more than one year	22,431,083
<b>TOTAL LIABILITIES</b>	<b>\$ 32,408,850</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 44,799,257
<b>Restricted For:</b>	
Capital projects	15,102,225
Capital reserves	14,311,282
Other purposes	19,841,582
Unrestricted	10,754,454
<b>TOTAL NET ASSETS</b>	<b>\$ 104,808,800</b>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Activities**

**For Year Ended June 30, 2011**

<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>Primary Government -</u>				<u>Governmental</u>
				<u>Activities</u>
General support	\$ 12,157,838	\$ -	\$ -	\$ (12,157,838)
Instruction	84,878,449	923,212	7,405,252	(76,549,985)
Pupil transportation	8,943,329	-	-	(8,943,329)
Community services	252	-	-	(252)
School lunch	2,555,227	1,188,184	1,032,672	(334,371)
Interest	917,281	-	-	(917,281)
<b>Total Primary Government</b>	<b><u>\$ 109,452,376</u></b>	<b><u>\$ 2,111,396</u></b>	<b><u>\$ 8,437,924</u></b>	<b><u>\$ (98,903,056)</u></b>

**General Revenues:**

Property taxes	\$ 66,689,103
Non property taxes	4,324,188
State and federal aid	25,857,771
Investment earnings	460,942
Compensation for loss	39,281
Miscellaneous	1,199,449
<b>Total General Revenues</b>	<b><u>\$ 98,570,734</u></b>
Changes in Net Assets	\$ (332,322)
<b>Net Assets, Beginning of Year</b> (As Restated)	<u>105,141,122</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 104,808,800</u></b>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2011**

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>Phase III Capital Project</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 44,473,702	\$ 2,311,418	\$ 8,362,814	\$ 7,743,564	\$ 62,891,498
Receivables	4,248,453	1,976,981	-	79,470	6,304,904
Inventories	-	-	-	49,560	49,560
Due from other funds	4,302,211	33,783	-	309,673	4,645,667
<b>TOTAL ASSETS</b>	<b><u>\$ 53,024,366</u></b>	<b><u>\$ 4,322,182</u></b>	<b><u>\$ 8,362,814</u></b>	<b><u>\$ 8,182,267</u></b>	<b><u>\$ 73,891,629</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities -</b>					
Accounts payable	\$ 2,077,377	\$ 217,461	\$ -	\$ 34,172	\$ 2,329,010
Accrued liabilities	1,615,883	-	-	-	1,615,883
Due to other funds	34,158	3,865,837	-	745,672	4,645,667
Due to other governments	-	-	-	666	666
Due to TRS	3,792,713	-	-	-	3,792,713
Due to ERS	867,849	-	-	-	867,849
Deferred revenues	27,806	238,884	-	38,120	304,810
<b>TOTAL LIABILITIES</b>	<b><u>\$ 8,415,786</u></b>	<b><u>\$ 4,322,182</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 818,630</u></b>	<b><u>\$ 13,556,598</u></b>
<b>Fund Balances -</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 49,560	\$ 49,560
Restricted	34,152,864	-	8,362,814	6,970,210	49,485,888
Assigned	6,389,467	-	-	343,867	6,733,334
Unassigned	4,066,249	-	-	-	4,066,249
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 44,608,580</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 8,362,814</u></b>	<b><u>\$ 7,363,637</u></b>	<b><u>\$ 60,335,031</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 53,024,366</u></b>	<b><u>\$ 4,322,182</u></b>	<b><u>\$ 8,362,814</u></b>	<b><u>\$ 8,182,267</u></b>	

**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.	\$ 66,758,458
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(36,836)
Monroe County sales tax agreement	1,213,230
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	(22,190,000)
OPEB	(1,271,083)
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 104,808,800</u></b>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**For Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Phase III Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Real property taxes and tax items	\$ 66,689,103	\$ -	\$ -	\$ -	\$ 66,689,103
Non-property taxes	4,728,598	-	-	-	4,728,598
Charges for services	923,212	-	-	-	923,212
Use of money and property	460,385	-	-	557	460,942
Sale of property and compensation for loss	39,281	-	-	-	39,281
Miscellaneous	1,199,449	699,529	-	-	1,898,978
Interfund revenues	42,769	-	-	-	42,769
State sources	25,857,771	753,975	-	51,639	26,663,385
Federal sources	1,937,305	4,014,443	-	981,033	6,932,781
Sales	-	-	-	1,188,184	1,188,184
<b>TOTAL REVENUES</b>	<b>\$ 101,877,873</b>	<b>\$ 5,467,947</b>	<b>\$ -</b>	<b>\$ 2,221,413</b>	<b>\$ 109,567,233</b>
<b>EXPENDITURES</b>					
General support	\$ 9,809,593	\$ -	\$ -	\$ -	\$ 9,809,593
Instruction	57,733,162	5,467,717	-	-	63,200,879
Pupil transportation	6,220,886	243,725	-	-	6,464,611
Community services	252	-	-	-	252
Employee benefits	21,244,721	710,924	-	423,583	22,379,228
Debt service - principal	990,000	-	-	-	990,000
Debt service - interest	918,725	-	-	-	918,725
Cost of sales	-	-	-	1,025,983	1,025,983
Other expenses	-	-	-	935,411	935,411
Capital outlay	-	-	37,186	3,918,858	3,956,044
<b>TOTAL EXPENDITURES</b>	<b>\$ 96,917,339</b>	<b>\$ 6,422,366</b>	<b>\$ 37,186</b>	<b>\$ 6,303,835</b>	<b>\$ 109,680,726</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 4,960,534</b>	<b>\$ (954,419)</b>	<b>\$ (37,186)</b>	<b>\$ (4,082,422)</b>	<b>\$ (113,493)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers - in	\$ -	\$ 954,419	\$ 8,400,000	\$ 1,703,500	\$ 11,057,919
Operating transfers - out	(11,057,919)	-	-	-	(11,057,919)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (11,057,919)</b>	<b>\$ 954,419</b>	<b>\$ 8,400,000</b>	<b>\$ 1,703,500</b>	<b>\$ -</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (6,097,385)</b>	<b>\$ -</b>	<b>\$ 8,362,814</b>	<b>\$ (2,378,922)</b>	<b>\$ (113,493)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>50,705,965</b>	<b>-</b>	<b>-</b>	<b>9,742,559</b>	<b>60,448,524</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 44,608,580</b>	<b>\$ -</b>	<b>\$ 8,362,814</b>	<b>\$ 7,363,637</b>	<b>\$ 60,335,031</b>

**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, 2011**

**NET CHANGE IN FUND BALANCES -**

**TOTAL GOVERNMENTAL FUNDS** \$ (113,493)

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	\$ 3,956,044	
Addition of Assets, Net	153,983	
Depreciation	<u>(4,218,007)</u>	(107,980)

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		990,000
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Monroe County sales tax agreement		(404,410)
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		1,444
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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.		<u>(697,883)</u>
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**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** \$ (332,322)

**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, 2011**

	<b>Original Budget (Incl. Carryover Encumbrances)</b>	<b>Budget (Amended)</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Real property taxes and tax items	\$ 66,266,473	\$ 66,266,473	\$ 66,689,103	\$ 422,630
Non-property taxes	3,555,000	3,555,000	4,728,598	1,173,598
Charges for services	687,000	687,000	923,212	236,212
Use of money and property	559,300	559,300	460,385	(98,915)
Sale of property and compensation for loss	6,000	6,000	39,281	33,281
Miscellaneous	645,000	645,000	1,199,449	554,449
Interfund revenues	-	-	42,769	42,769
State sources	24,286,734	22,349,429	25,857,771	3,508,342
Federal sources	350,000	2,287,305	1,937,305	(350,000)
<b>TOTAL REVENUES</b>	<b><u>\$ 96,355,507</u></b>	<b><u>\$ 96,355,507</u></b>	<b><u>\$ 101,877,873</u></b>	<b><u>\$ 5,522,366</u></b>
<b>EXPENDITURES</b>				
General support	\$ 12,302,493	\$ 12,005,201	\$ 9,809,593	\$ 2,195,608
Instruction	62,264,744	61,648,910	57,733,162	3,915,748
Pupil transportation	6,521,776	6,657,532	6,220,886	436,646
Community services	1,844	1,244	252	992
Employee benefits	21,349,273	21,357,824	21,244,721	113,103
Debt service - principal	990,000	990,000	990,000	-
Debt service - interest	918,725	918,725	918,725	-
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 104,348,855</u></b>	<b><u>\$ 103,579,436</u></b>	<b><u>\$ 96,917,339</u></b>	<b><u>\$ 6,662,097</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>\$ (7,993,348)</u></b>	<b><u>\$ (7,223,929)</u></b>	<b><u>\$ 4,960,534</u></b>	<b><u>\$ 12,184,463</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers - out	<u>\$ (1,445,510)</u>	<u>\$ (11,057,919)</u>	<u>\$ (11,057,919)</u>	<u>\$ -</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>\$ (1,445,510)</u></b>	<b><u>\$ (11,057,919)</u></b>	<b><u>\$ (11,057,919)</u></b>	<b><u>\$ -</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b><u>\$ (9,438,858)</u></b>	<b><u>\$ (18,281,848)</u></b>	<b><u>\$ (6,097,385)</u></b>	<b><u>\$ 12,184,463</u></b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>50,705,965</u>	<u>50,705,965</u>	<u>50,705,965</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<b><u>\$ 41,267,107</u></b>	<b><u>\$ 32,424,117</u></b>	<b><u>\$ 44,608,580</u></b>	<b><u>\$ 12,184,463</u></b>

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, 2011

	<b>Scholarship Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 105,494	\$ 2,733,926
Investments	27,914	-
Receivables (net of allowance)	-	1,336,779
<b>TOTAL ASSETS</b>	<b><u>\$ 133,408</u></b>	<b><u>\$ 4,070,705</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 10,296
Extraclassroom activity balances	-	171,509
Health care plan	-	2,560,491
Other liabilities	-	1,328,409
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 4,070,705</u></b>
<b>NET ASSETS</b>		
Restricted for scholarships	<u>\$ 133,408</u>	
<b>TOTAL NET ASSETS</b>	<b><u>\$ 133,408</u></b>	

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

**For Year Ended June 30, 2011**

	<u>Scholarship Trust</u>
<b>ADDITIONS</b>	
Miscellaneous	\$ 21,135
Investment earnings	<u>16,086</u>
<b>TOTAL ADDITIONS</b>	<b><u>\$ 37,221</u></b>
<b>DEDUCTIONS</b>	
Other expenses	<u>\$ 20,153</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>\$ 20,153</u></b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 17,068</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>116,340</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u><u>\$ 133,408</u></u></b>

# RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

## Notes To The Basic Financial Statements

June 30, 2011

### 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 District'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.

**(I.) (Continued)**

**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.

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.

(I.) (Continued)

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.

**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.

**Phase III Capital Project** - Used to account for the acquisition construction or major repair of capital facilities or the purchase of buses.

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.

**Other Capital Projects** - 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.

(I.) (Continued)

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

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.

**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. 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 has implemented this statement as of July 1, 2010.

**4. Pending GASB Statements**

The GASB has issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which will be effective for the year ending June 30, 2012.

**(I.) (Continued)**

The GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 63, *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective for the year ending June 30, 2013.

The GASB has issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions- an amendment of GASB Statement No. 53*, which will be effective for the year ending June 30, 2012.

The District is currently studying these statements and plans on adoption as required.

**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.

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.

**(I.) (Continued)**

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. 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.

(I.) (Continued)

6. **Accrued Liabilities and Long-Term Obligations**

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

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

7. **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.

8. **Other Benefits**

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(I.) (Continued)

9. **Encumbrances**

For financial reporting purposes encumbrances have been reclassified to assigned fund balance on the governmental funds for general and school lunch funds and restricted fund balance in the capital fund. 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.

10. **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. **Financial Statements – Fund Balance**

Beginning with the fiscal year ended June 30, 2011, the District implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

1. **Nonspendable fund balance** – Amounts that are not in a spendable form (i.e. inventory or prepaids) or are legally or contractually required to be maintained intact.
2. **Restricted fund balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

(I.) (Continued)

3. **Assigned fund balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Education or by an official or body to which the Board delegates the authority.
4. **Unassigned fund balance** – Amounts that are available for any school purposes pursuant to any Education Law restrictions. Any positive amounts are reported only in the general fund.

c. The District has the following policies that relate to GASB No. 54:

1. **Assigned fund balance** – The purchasing agent is responsible for all of the purchasing activities of the District and therefore, is designated as having the authority to assign amounts intended to be used for a specific purpose. (At year end, open purchase orders will therefore be designated as a component of the assigned fund balance.)

The Board of Education has the authority to assign fund balance for the purpose of tax reduction on an annual basis.

2. **Spending policy** – Resources will generally be spent from Budgetary Appropriations first. Utilization of reserve funds will be determined based on the legal appropriation of such funds which require either the Board of Education and/or District voter approval. Furthermore, assigned amounts will be considered expended when the transaction for which the assignment was made does occur.
3. **Order of fund balance** – The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year.

For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. School lunch fund balance is reported as assigned, and any remaining fund balance amounts other than the General Fund are classified as restricted.

In the General Fund, assigned fund balance is determined before the remaining amounts which are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

It is possible for the funds to have negative unassigned fund balance when nonspendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance.



**(I.) (Continued)**

- 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.

**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.

**( II. ) (Continued)**

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. During the 2010-11 fiscal year, the budget was increased \$8,400,000 for a voter approved transfer out of the capital reserve for the Phase III Capital Project, and \$442,990 for a voter approved transfer out of the capital reserve for bus purchases.

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.

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

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.

**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.

( III. ) (Continued)

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		66,628,449
<b>Total</b>		<b><u><u>\$ 66,628,449</u></u></b>

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 \$15,374,983 within the governmental funds and \$105,474 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, 2011:

		<u>2011</u>	
	<u>Cost</u>	<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	
<b>Common Stock</b>			
Kodak - 965 shares	N/A	\$	3,315
Eastman Chemical - 241 shares	N/A		24,599
<b>Total</b>		<b><u><u>\$</u></u></b>	<b><u><u>27,914</u></u></b>

( III. ) (Continued)

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

<u>Type</u>	<u>2011</u>
Unrealized Gains/(Losses)	\$ 15,924
<b>Total</b>	<b>\$ 15,924</b>

C. Receivables

Receivables at June 30, 2011 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>	
Accounts Receivable	\$ 7,345	\$ -	\$ 383	\$ 7,728
Due From State and Federal	1,455,355	1,976,981	79,087	3,511,423
Due From Other Governments	2,785,753	-	-	2,785,753
<b>Total</b>	<b>\$ 4,248,453</b>	<b>\$ 1,976,981</b>	<b>\$ 79,470</b>	<b>\$ 6,304,904</b>

District management has deemed the amounts to be fully collectible.

D. Participation in BOCES

During the year, the District was billed \$14,668,014 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,031,924.

E. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2011 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 4,302,211	\$ 34,158	\$ -	\$ 11,057,919
Special Aid Fund	33,783	3,865,837	954,419	-
School Lunch Fund	6,843	407,637	200,000	-
Capital Fund	302,830	338,035	9,903,500	-
<b>Total government activities</b>	<b>\$ 4,645,667</b>	<b>\$ 4,645,667</b>	<b>\$ 11,057,919</b>	<b>\$ 11,057,919</b>

( III. ) (Continued)

F. Changes In Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2011</u>
<b><u>Governmental Activities:</u></b>				
<b><u>Capital assets that are not depreciated -</u></b>				
Land	\$ 1,686,918	\$ -	\$ -	\$ 1,686,918
Work in progress	6,684,530	2,967,414	(3,575,243)	6,076,701
<i>Total Nondepreciable</i>	<u>\$ 8,371,448</u>	<u>\$ 2,967,414</u>	<u>\$ (3,575,243)</u>	<u>\$ 7,763,619</u>
<b><u>Capital assets that are depreciated -</u></b>				
Buildings and improvements	\$ 102,058,924	\$ 3,575,243	\$ (386,709)	\$ 105,247,458
Machinery and equipment	10,219,594	1,346,869	(844,868)	10,721,595
<i>Total Depreciable</i>	<u>\$ 112,278,518</u>	<u>\$ 4,922,112</u>	<u>\$ (1,231,577)</u>	<u>\$ 115,969,053</u>
<b><u>Less accumulated depreciation -</u></b>				
Buildings and improvements	\$ 48,843,401	\$ 3,014,741	\$ (241,466)	\$ 51,616,676
Machinery and equipment	4,940,127	1,203,266	(785,855)	5,357,538
<i>Total accumulated depreciation</i>	<u>\$ 53,783,528</u>	<u>\$ 4,218,007</u>	<u>\$ (1,027,321)</u>	<u>\$ 56,974,214</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 58,494,990</u>	<u>\$ 704,105</u>	<u>\$ (204,256)</u>	<u>\$ 58,994,839</u>
<b>Total Capital Assets</b>	<u><b>\$ 66,866,438</b></u>	<u><b>\$ 3,671,519</b></u>	<u><b>\$ (3,779,499)</b></u>	<u><b>\$ 66,758,458</b></u>

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

**Governmental Activities:**

General government support	\$ 521,425
Instruction	2,400,150
Pupil transportation	1,139,391
School lunch	157,041
<b>Total Depreciation Expense</b>	<u><b>\$ 4,218,007</b></u>

G. Long-Term Debt

At June 30, 2011 the total outstanding obligations of the District aggregated \$23,461,083 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.

( III. ) (Continued)

2. **Interest Reconciliation**

A summary of the long-term interest expense as of June 30, 2011 is as follows:

Interest paid	\$ 918,725
<u>Less: interest accrued in the prior year</u>	<u>(38,280)</u>
<u>Plus: interest accrued in the current year</u>	<u>36,836</u>
<b>Total interest expense</b>	<b><u><u>\$ 917,281</u></u></b>

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, 2011:

<u>Governmental Activities:</u>	<u>Balance</u> <u>7/1/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2011</u>	<u>Due Within</u> <u>One Year</u>	<u>Due Within</u> <u>More Than</u> <u>One Year</u>
<b><u>Bonds and Notes Payable -</u></b>						
Serial Bonds	\$ 23,180,000	\$ -	\$ 990,000	\$ 22,190,000	\$ 1,030,000	\$ 21,160,000
<b><u>Other Liabilities -</u></b>						
OPEB	\$ 573,200	\$ 697,883	\$ -	\$ 1,271,083	\$ -	\$ 1,271,083
<b>Total Long-Term Obligations</b>	<b><u><u>\$ 23,753,200</u></u></b>	<b><u><u>\$ 697,883</u></u></b>	<b><u><u>\$ 990,000</u></u></b>	<b><u><u>\$ 23,461,083</u></u></b>	<b><u><u>\$ 1,030,000</u></u></b>	<b><u><u>\$ 22,431,083</u></u></b>

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

( III. ) (Continued)

5. **Debt Maturity Schedule**

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

<u>Purpose</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2011</u>
<b>Serial Bonds -</b>				
Construction	2004	2024	3.5%-4.00%	\$ 6,590,000
Construction & Reconstruction	2009	2028	3.5%-4.75%	15,600,000
<b>Total Serial Bonds</b>				<b>\$ 22,190,000</b>

6. The following table summarizes the District's future debt service requirements as of June 30, 2011:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
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
2015-16	1,205,000	730,013
2016-21	6,915,000	2,937,338
2021-26	7,205,000	1,455,712
2026-28	2,495,000	177,550
<b>Total</b>	<b>\$ 22,190,000</b>	<b>\$ 8,615,013</b>

H. **Fund Balances/Net Assets**

1. **Fund Balances**

a. **Nonspendable**

The District has the following nonspendable funds:

**Nonspendable Inventory** - is used to restrict that portion of fund balance which is not available for appropriation because the funds are in nonspendable form.

b. **Restricted**

Currently, New York State laws still use the terminology reserves and Districts are only allowed to use reserves authorized by law. The District currently utilizes the following reserves which are classified as restricted funds:

**Retirement Contribution Reserve** - as allowed by General Municipal Law Section 6-r, 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.

( III. ) (Continued)

**Workers' Compensation Reserve** - as allowed by General Municipal Law Section 6-j, 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** - as allowed by General Municipal Law Section 6-m, 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.

**Insurance Reserve** - as allowed by General Municipal Law Section 6-n, 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 maybe 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.

**Tax Certiorari Reserve** - as allowed by Education Law Section 3651.1-a, 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.

( III. ) (Continued)

**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 \$4,802,661, and the balance of the reserve at June 30, 2011 is \$3,993,815.
- 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 \$10,000,000, and the balance of the reserve at June 30, 2011 is \$1,606,416.
- c. **2011 Capital Reserve** – On February 15, 2011, the voters of the District approved the creation of the 2011 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 \$8,644,655, and the balance of the reserve at June 30, 2011 is \$8,711,051.

c. **Assigned**

The District has the following assigned funds:

- General Fund –
  - 1. Appropriated for Taxes
  - 2. Encumbrances
- School Lunch Fund –
  - 1. Year End Equity

( III. ) ( Continued )

Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

Significant encumbrances for the general fund, management has determined that amounts in excess of \$57,550 are considered significant and are summarized below:

- BOCES services at \$1,812,073 and computer equipment and software at \$622,167.

The remaining funds do not have encumbrances that are considered significant.

d. Unassigned

Unassigned funds include the residual classification for the District's general fund and all spendable amounts not contained in other classifications.

The following table summarizes the District's fund balance according to the descriptions above:

<u>FUND BALANCE:</u>	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects</u>	<u>Total</u>
<u>Nonspendable -</u>				
Inventory	\$ -	\$ 49,560	\$ -	\$ 49,560
<b>Total Nonspendable</b>	<b>\$ -</b>	<b>\$ 49,560</b>	<b>\$ -</b>	<b>\$ 49,560</b>
<u>Restricted -</u>				
Construction of				
Capital Assets	\$ 10,317,467	\$ -	\$ 13,290,343	\$ 23,607,810
Transportation	3,993,815	-	2,042,681	6,036,496
Workers' Compensation	1,975,653	-	-	1,975,653
Unemployment Costs	1,988,262	-	-	1,988,262
Retirement Contribution	14,730,342	-	-	14,730,342
Tax certiorari	1,147,325	-	-	1,147,325
<b>Total Restricted</b>	<b>\$ 34,152,864</b>	<b>\$ -</b>	<b>\$ 15,333,024</b>	<b>\$ 49,485,888</b>
<u>Assigned -</u>				
Appropriated for Taxes	\$ 3,225,000	\$ -	\$ -	\$ 3,225,000
Board of Education	510	-	-	510
Central Administration	45	-	-	45
Finance	4,754	-	-	4,754
Staff	33,294	-	-	33,294
Central Services	896,356	-	-	896,356
Special Items	7,500	-	-	7,500
Instruction, Administration, and Improvement	4,822	-	-	4,822
Teaching-Regular School	217,300	-	-	217,300
Programs for Children with Handicapped Conditions	33,993	-	-	33,993
Teaching-Special Schools	6,356	-	-	6,356
Instructional Media	1,838,723	-	-	1,838,723
Pupil Services	112,300	-	-	112,300
Pupil Transportation	8,514	-	-	8,514
School Lunch	-	343,867	-	343,867
<b>Total Assigned</b>	<b>\$ 6,389,467</b>	<b>\$ 343,867</b>	<b>\$ -</b>	<b>\$ 6,733,334</b>
<b>Unassigned -</b>	<b>\$ 4,066,249</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,066,249</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 44,608,580</b>	<b>\$ 393,427</b>	<b>\$ 15,333,024</b>	<b>\$ 60,335,031</b>

( III. ) (Continued)

2. Net Assets - Restricted for Other Purposes

Represents those amounts which have been restricted by enabling legislation or Board of Education Resolutions.

	<u>Total</u>
Workers' Compensation	\$ 1,975,653
Unemployment Costs	1,988,262
Retirement Contribution	14,730,342
Tax Certiorari	1,147,325
<b>Total Net Assets - Restricted for Other Purposes</b>	<b><u>\$ 19,841,582</u></b>

The District appropriated \$2,675,000 from the above reserves for the 2011-12 budget.

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.

(IV.) (Continued)

c. **Funding Policies**

The Systems are noncontributory for the employee, except for those who joined the systems after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. 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. 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>
2011	\$ 3,352,084	\$ 1,935,161
2010	\$ 2,145,241	\$ 995,719
2009	\$ 2,941,069	\$ 1,005,817

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.

*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 following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation by governmental activities:

( IV. ) (Continued)

Annual required contribution	\$ 1,435,493
Interest on net OPEB obligation	569,907
Adjustment to annual required contribution	<u>(524,085)</u>
Annual OPEB cost (expense)	\$ 1,481,315
Contributions made	<u>783,432</u>
Increase in net OPEB obligation	\$ 697,883
Net OPEB obligation - beginning of year	<u>573,200</u>
<b>Net OPEB obligation - end of year</b>	<b><u>\$ 1,271,083</u></b>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year end 2011 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 1,208,608	82.00%	\$ 217,587
6/30/2010	\$ 1,303,728	72.72%	\$ 573,200
6/30/2011	\$ 1,481,315	52.89%	\$ 1,271,083

*Funded Status and Funding Progress.*

As of June 30, 2011, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$14,719,840, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$14,719,840. The covered payroll (annual payroll of active employees covered by the plan) was \$54,493,940, and the ratio of the UAAL to the covered payroll was 27.0%.

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.

(IV.) (Continued)

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%
2011	\$ -	\$ 14,719,840	0.00%	\$ 14,719,840	\$ 54,493,940	27.0%

In the June 30, 2011 actuarial valuation, entry age normal method was used. The discount rate used was 4.5%. Because the plan is unfunded, reference to the general assets was considered in the selections of the 4.5% 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.

**( IV. ) ( Continued )**

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 an 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, 2011, the District incurred premiums or contribution expenditures totaling \$148,096.

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, 2010, 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, 2011, the District incurred premiums or contribution expenditures totaling \$9,936,841.

(IV.) (Continued)

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, 2010, 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 2010-11 fiscal year totaled \$65,057. The balance of the fund at June 30, 2011 was \$1,988,262 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2011, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

**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 2010-11, the District expended \$2,017,452 for this plan. The unexpended balance in the Health Care Plan account at June 30, 2011 which represents the cumulative running balance of the participants amounted to \$2,560,491 and is reported as other liabilities in the Trust and Agency Fund.

**C. Commitments and Contingencies**

**1. Litigation**

- a. There are tax certiorari claims requesting reduction of assessments pending. The outcomes of the tax certiorari claims are undeterminable at this time.
- b. There are various negligence actions arising out of accidents occurring on District premises or involving District vehicles. Management believes the financial impact on the District, if any, would be entirely covered by the District's insurance.
- c. 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 2011 with three more annual payments remaining which will total \$1,213,230 plus interest.

( IV. ) ( Continued )

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.

V. Restatement of Net Assets:

The District adopted GASB Statement #54 which requires reclassification of reserve funds and established the amortization method for its OPEB liability. Therefore, the following restatements were made as of June 30, 2010.

	<u>Districtwide Statements</u>	
	<u>Unrestricted Net Assets</u>	<u>Net Assets</u>
Balance reported at June 30, 2010	\$ 36,890,995	\$ 93,049,711
Adjustments -		
Reclassification of reserve funds	(26,795,539)	-
Establish the amortization method for OPEB liability	12,091,411	12,091,411
Balance as Restated at June 30, 2010	<u>\$ 22,186,867</u>	<u>\$ 105,141,122</u>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**Combining Balance Sheet - Nonmajor Governmental Funds**

**June 30, 2011**

	<u>Special</u>		<u>Total</u>
	<u>Revenue Fund</u>		<u>Nonmajor</u>
	<u>School</u>	<u>Other</u>	<u>Governmental</u>
	<u>Lunch</u>	<u>Capital</u>	<u>Funds</u>
	<u>Fund</u>	<u>Projects</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 731,395	\$ 7,012,169	\$ 7,743,564
Receivables	79,470	-	79,470
Inventories	49,560	-	49,560
Due from other funds	6,843	302,830	309,673
<b>TOTAL ASSETS</b>	<b>\$ 867,268</b>	<b>\$ 7,314,999</b>	<b>\$ 8,182,267</b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b><u>Liabilities -</u></b>			
Accounts payable	\$ 34,172	\$ -	\$ 34,172
Due to other funds	407,637	338,035	745,672
Due to other governments	666	-	666
Deferred revenues	31,366	6,754	38,120
<b>TOTAL LIABILITIES</b>	<b>\$ 473,841</b>	<b>\$ 344,789</b>	<b>\$ 818,630</b>
<b><u>Fund Balances -</u></b>			
Nonspendable	\$ 49,560	\$ -	\$ 49,560
Restricted	-	6,970,210	6,970,210
Assigned	343,867	-	343,867
<b>TOTAL FUND BALANCE</b>	<b>\$ 393,427</b>	<b>\$ 6,970,210</b>	<b>\$ 7,363,637</b>
<b>TOTAL LIABILITIES AND</b>			
<b>FUND BALANCES</b>	<b>\$ 867,268</b>	<b>\$ 7,314,999</b>	<b>\$ 8,182,267</b>

**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, 2011**

	<u>Special</u> <u>Revenue Fund</u>		<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Lunch</u> <u>Fund</u>	<u>Other</u> <u>Capital</u> <u>Projects</u>	
<b>REVENUES</b>			
Use of money and property	\$ 557	\$ -	\$ 557
State sources	51,639	-	51,639
Federal sources	981,033	-	981,033
Sales	1,188,184	-	1,188,184
<b>TOTAL REVENUES</b>	<u>\$ 2,221,413</u>	<u>\$ -</u>	<u>\$ 2,221,413</u>
<b>EXPENDITURES</b>			
Employee benefits	\$ 423,583	\$ -	\$ 423,583
Cost of sales	1,025,983	-	1,025,983
Other expenses	935,411	-	935,411
Capital outlay	-	3,918,858	3,918,858
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,384,977</u>	<u>\$ 3,918,858</u>	<u>\$ 6,303,835</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b> <b>OVER EXPENDITURES</b>	<u>\$ (163,564)</u>	<u>\$ (3,918,858)</u>	<u>\$ (4,082,422)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers - in	\$ 200,000	\$ 1,503,500	\$ 1,703,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 200,000</u>	<u>\$ 1,503,500</u>	<u>\$ 1,703,500</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND</b> <b>OTHER FINANCING SOURCES OVER</b> <b>EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 36,436</u>	<u>\$ (2,415,358)</u>	<u>\$ (2,378,922)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>356,991</u>	<u>9,385,568</u>	<u>9,742,559</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 393,427</u>	<u>\$ 6,970,210</u>	<u>\$ 7,363,637</u>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**GENERAL FUND**

**Analysis of Change from Original Budget to Revised Budget**

**For Year Ended June 30, 2011**

<b>Original Budget</b>		\$ 102,056,654
<b>Additions:</b>		
Budget revisions	\$ 8,842,990	
Encumbrances	<u>3,737,711</u>	
<b>Total Additions</b>		<u>12,580,701</u>
<b>Revised Budget</b>		<u><u>\$ 114,637,355</u></u>

**GENERAL FUND**

**Analysis of Use of Fund Balance as of the**

**Beginning of Year Ended June 30, 2011**

<b>A909 Fund Balance as of Beginning of Year (Unreserved)</b>		\$ 7,931,236
<b>Less:</b>		
A599 appropriated fund balance used for levy of taxes	<u>\$ 4,425,000</u>	
<b>Total A599 Appropriated Fund Balance</b>		<u>4,425,000</u>
<b>Fund Balance (Undesignated)</b>		<u><u>\$ 3,506,236</u></u>

**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**CAPITAL PROJECTS FUND**

**Schedule of Project Expenditures**

**June 30, 2011**

<b>Project Title</b>	<b>Original Appropriation</b>	<b>Revised Appropriation</b>	<b>Expenditures</b>			<b>Unexpended Balance</b>	<b>Methods of Financing</b>				<b>Fund Balance</b>
			<b>Prior Year's</b>	<b>Current Year</b>	<b>Total</b>		<b>Obligations</b>	<b>Local Sources</b>	<b>State Sources</b>	<b>Total</b>	
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	-	988,629	988,629	11,371	-	1,000,000	-	1,000,000	11,371
Bus Purchases (2009-10)	1,000,000	1,000,000	-	-	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
Bus Purchases (2010-11)	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	5,725,190	-	5,725,190	274,810	-	6,000,000	-	6,000,000	274,810
District-Wide Additions (2006-07)	17,710,998	20,239,542	20,008,743	-	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	3,368,353	206,891	3,575,244	31,651	-	3,606,895	-	3,606,895	31,651
May 2007 Vote	6,000,000	4,150,000	3,178,800	350,000	3,528,800	621,200	-	4,150,000	-	4,150,000	621,200
Leary Additions	2,390,000	3,540,000	2,944,340	317,352	3,261,692	278,308	-	3,540,000	-	3,540,000	278,308
Various Health and Safety Related Projects (funded by budget)	703,500	1,764,532	-	-	-	1,764,532	-	1,757,778	-	1,757,778	1,757,778
May 2010 Vote	4,000,000	4,160,805	371,836	2,055,987	2,427,823	1,732,982	-	4,160,805	-	4,160,805	1,732,982
Phase III Capital Project	14,000,000	14,000,000	-	37,185	37,185	13,962,815	-	8,400,000	-	8,400,000	8,362,815
<b>TOTAL</b>	<b>\$ 57,711,393</b>	<b>\$ 61,461,774</b>	<b>\$ 36,565,952</b>	<b>\$ 3,956,044</b>	<b>\$ 40,521,996</b>	<b>\$ 20,939,778</b>	<b>\$ 17,710,998</b>	<b>\$ 36,315,478</b>	<b>\$ 1,828,544</b>	<b>\$ 55,855,020</b>	<b>\$ 15,333,024</b>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of General Fund Revenues and Expenditures - Budget and Actual**  
**For Year Ended June 30, 2011**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 55,513,022	\$ 55,513,022	\$ 55,505,123	\$ (7,899)
Real property tax items	10,753,451	10,753,451	11,183,980	430,529
Non-property taxes	3,555,000	3,555,000	4,728,598	1,173,598
Charges for services	687,000	687,000	923,212	236,212
Use of money and property	559,300	559,300	460,385	(98,915)
Sale of property and compensation for loss	6,000	6,000	39,281	33,281
Miscellaneous	645,000	645,000	1,199,449	554,449
Interfund revenues	-	-	42,769	42,769
<b>State Sources -</b>				
Basic formula	13,945,804	12,008,499	14,415,307	2,406,808
Lottery aid	5,600,000	5,600,000	6,196,213	596,213
BOCES	4,172,393	4,172,393	3,031,924	(1,140,469)
Textbooks	364,924	364,924	358,413	(6,511)
<b>All Other Aid -</b>				
Computer software	167,270	167,270	173,564	6,294
Library loan	36,343	36,343	35,831	(512)
Handicapped students	-	-	1,603,184	1,603,184
Other aid	-	-	43,335	43,335
<b>Federal Sources</b>	<u>350,000</u>	<u>2,287,305</u>	<u>1,937,305</u>	<u>(350,000)</u>
<b>TOTAL REVENUES</b>	<u>\$ 96,355,507</u>	<u>\$ 96,355,507</u>	<u>\$ 101,877,873</u>	<u>\$ 5,522,366</u>
Appropriated Fund Balance	<u>\$ 5,701,147</u>	<u>\$ 18,281,848</u>		
<b>TOTAL REVENUES AND</b>				
<b>APPROPRIATED FUND BALANCE</b>	<u>\$ 102,056,654</u>	<u>\$ 114,637,355</u>		

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of General Fund Revenues and Expenditures - Budget and Actual**

**For Year Ended June 30, 2011**

	<u>Original</u>	<u>Amended</u>	<u>Current</u>	<u>Unencumbered</u>	<u>Unencumbered</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
			<u>Expenditures</u>		
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	\$ 117,406	\$ 118,339	\$ 89,895	\$ 510	\$ 27,934
Central administration	356,753	360,195	331,126	45	29,024
Finance	554,322	564,795	557,061	4,754	2,980
Staff	846,129	870,467	720,375	33,294	116,798
Central services	7,812,205	8,468,656	6,495,889	896,356	1,076,411
Special items	1,580,028	1,622,749	1,615,247	7,500	2
<b>Instructional</b>					
Instruction, administration and improvement	5,465,543	5,519,660	5,398,573	4,822	116,265
Teaching - regular school	28,849,208	29,290,229	28,185,162	217,300	887,767
Programs for children with handicapping conditions	12,349,277	11,928,924	11,894,229	33,993	702
Occupational education	2,132,288	1,994,642	1,905,528	-	89,114
Teaching - special schools	670,868	671,224	515,178	6,356	149,690
Instructional media	4,881,793	6,921,576	5,015,594	1,838,723	67,259
Pupil services	5,218,561	5,322,655	4,818,898	112,300	391,457
<b>Pupil Transportation</b>	<b>6,516,921</b>	<b>6,657,532</b>	<b>6,220,886</b>	<b>8,514</b>	<b>428,132</b>
<b>Community Services</b>	<b>1,844</b>	<b>1,244</b>	<b>252</b>	<b>-</b>	<b>992</b>
<b>Employee Benefits</b>	<b>21,349,273</b>	<b>21,357,824</b>	<b>21,244,721</b>	<b>-</b>	<b>113,103</b>
<b>Debt service - principal</b>	<b>990,000</b>	<b>990,000</b>	<b>990,000</b>	<b>-</b>	<b>-</b>
<b>Debt service - interest</b>	<b>918,725</b>	<b>918,725</b>	<b>918,725</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 100,611,144</b>	<b>\$ 103,579,436</b>	<b>\$ 96,917,339</b>	<b>\$ 3,164,467</b>	<b>\$ 3,497,630</b>
<b>Other Uses</b>					
Interfund transfers - out	\$ 1,445,510	\$ 11,057,919	\$ 11,057,919	\$ -	\$ -
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<b>\$ 102,056,654</b>	<b>\$ 114,637,355</b>	<b>\$ 107,975,258</b>	<b>\$ 3,164,467</b>	<b>\$ 3,497,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>					
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,097,385)</b>		

**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
Title IV - Drug Free Schools	84.186	N/A	0180-10-1400	\$ 11,082
Title IV - Drug Free Schools	84.186	N/A	0180-11-1400	1,462
Title IIA - Teacher Training	84.367	N/A	0147-10-1400	34,839
Title IIA - Teacher Training	84.367	N/A	0147-11-1400	130,009
Title IID - Technology	84.318	N/A	0292-10-1400	2,518
Title IID - Technology	84.318	N/A	0292-11-1400	4,562
Immigrant Aid	84.365	N/A	0149-10-1400	3,464
Immigrant Aid	84.365	N/A	0149-11-1400	40,467
Title III - LEP	84.365	N/A	0293-10-1400	20,215
Title III - LEP	84.365	N/A	0293-11-1400	42,206
Education Jobs Fund	84.410	N/A	5400-11-1400	782,114
Race to the Top – Early Learning Challenge - ARRA	84.412	N/A	5500-11-1400	139
<b><u>State Fiscal Stabilization Fund Cluster -</u></b>				
SFSF - Education State Grants - ARRA	84.394	N/A	5000-10-1400	1,937,305
<b><u>Title I, Part A Cluster -</u></b>				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-10-1400	44,161
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-11-1400	655,489
Title I - Grants to Local Educational Agencies - ARRA	84.389	N/A	5021-11-1400	184,586
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-10-0385	36,533
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-11-0385	1,274,338
Special Education - Grants to States (IDEA, Part B) - ARRA	84.391	N/A	5032-11-0385	657,091
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-10-0385	1,631
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-11-0385	56,829
Special Education - Preschool Grants (IDEA Preschool) - ARRA	84.392	N/A	5033-11-0385	30,708
<b>Total U.S. Department of Education</b>				<b>\$ 5,951,748</b>
<b><u>U.S. Department of Agriculture:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department (Child Nutrition Services) -</u></b>				
<b><u>Nutrition Cluster -</u></b>				
National School Lunch Program	10.555	N/A	006540	\$ 711,807
National School Breakfast Program	10.553	N/A	006540	177,526
<b><u>Non-Cash Assistance -</u></b>				
<b><u>Passed Through NYS Office of General Services (Division of Donated Foods) -</u></b>				
Surplus Food Distribution	10.550	N/A	A068	91,700
<b>Total U.S. Department of Agriculture</b>				<b>\$ 981,033</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 6,932,781</b>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**

**Schedule of Investment in Capital Assets, Net of Related Debt**

**For Year Ended June 30, 2011**

<b>Capital assets, net</b>		<b>\$ 66,758,458</b>
<b>Add:</b>		
Unspent bond proceeds	<u>\$ 230,799</u>	230,799
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ 1,030,000	
Long-term portion of bonds payable	<u>21,160,000</u>	<u>22,190,000</u>
Investment in capital assets, net of related debt		<u><u>\$ 44,799,257</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, 2011**

	<b>Account</b>	<b>ST-3</b>	<b>Audited</b>
<b><u>REVENUES</u></b>	<b><u>Code</u></b>	<b><u>Amount</u></b>	<b><u>Amount</u></b>
Property Taxes	A-1001	\$ 55,505,123	\$ 55,505,123
Non-Property Taxes	AT-1199	\$ 4,728,598	\$ 4,728,598
State Sources	AT-3999	\$ 25,857,771	\$ 25,857,771
Federal Sources	AT-4999	\$ 1,937,305	\$ 1,937,305
Total Revenues and Other Sources	AT-5999	\$ 101,877,873	\$ 101,877,873
<b><u>EXPENDITURES</u></b>			
General Support	AT-1999	\$ 9,809,593	\$ 9,809,593
Pupil Transportation	AT-5599	\$ 6,220,886	\$ 6,220,886
Debt Service - Principal	AT-9798.6	\$ 990,000	\$ 990,000
Debt Service - Interest	AT-9798.7	\$ 918,725	\$ 918,725
Total Expenditures and Other Uses	AT-9999	\$ 107,975,258	\$ 107,975,258

**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, 2011, and have issued our report thereon dated September 22, 2011. 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**

The management of Rush-Henrietta Central School District is responsible for establishing and maintaining effective 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 22, 2011.

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.



September 22, 2011