

**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2012**

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**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

**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, 2012, 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, 2012, and the respective changes in financial position 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 11, 2012 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress postemployment benefit plan on pages 3 through 12 and 45 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rush-Henrietta Central School District's financial statements as a whole. The accompanying supplemental information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 11, 2012

**Rush Henrietta Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2012**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2012. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

**Financial Highlights**

At the close of the fiscal year, the total assets (what the district owns) exceeded its total liabilities (what the district owes) by \$107,004,733 (net assets) an increase of \$2,195,933 from the prior year. This increase is a result of cash funding for the Phase III capital construction project which will commence construction in August 2012.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$62,978,372 an increase of \$2,643,341 in comparison with the prior year. This increase is a result of the increase in Restricted Fund Balance as a result of the funding for the Phase III capital project.

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 \$4,156,020 and this amount was within the statutory limit.

General revenues which include Federal and State Aid and Real Property Taxes accounted for \$101,419,256 or 92% of all revenues. Program specific revenues in the form of Charges for services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$8,745,945 or 8% of total revenues.

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

*Notes to the Financial Statements*

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

**Government-Wide Statements**

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

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

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

Financial Analysis of the School District As A Whole

Net Assets

The District's combined net assets were larger on June 30, 2012, than they were the year before as shown in table below.

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2012</u>	<u>2011</u>	
<b>ASSETS:</b>			
Current and Other Assets	\$ 73,572,394	\$ 70,459,192	\$ 3,113,202
Capital Assets	66,321,452	66,758,458	(437,006)
<b>Total Assets</b>	<b>\$ 139,893,846</b>	<b>\$ 137,217,650</b>	<b>\$ 2,676,196</b>
<b>LIABILITIES:</b>			
Long-Term Debt Obligations			
Other Liabilities	\$ 23,068,577	\$ 23,461,083	\$ (392,506)
<b>Total Liabilities</b>	<b>\$ 9,820,536</b>	<b>\$ 8,947,767</b>	<b>\$ 872,769</b>
<b>NET ASSETS:</b>			
Invested in Capital Assets, Net of Related Debt Restricted For,	\$ 45,392,251	\$ 44,799,257	\$ 592,994
Capital Projects	20,002,540	15,102,225	4,900,315
Retirement Contribution	14,777,708	-	14,777,708
Capital Reserve	13,172,287	14,311,282	(1,138,995)
Other Purposes	5,125,287	19,841,582	(14,716,295)
Unrestricted	8,534,660	10,754,454	(2,219,794)
<b>Total Net Assets</b>	<b>\$ 107,004,733</b>	<b>\$ 104,808,800</b>	<b>\$ 2,195,933</b>

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

By far, the largest component of the School District's net assets (42%) 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 four restricted net asset balance, Capital Projects, Retirement Contribution, Capital Reserve, and Other Purposes, which constitute 50% of total net assets. The remaining balance of unrestricted net assets, which is a surplus of \$8,534,660 or 8%, may be used to finance future operations.



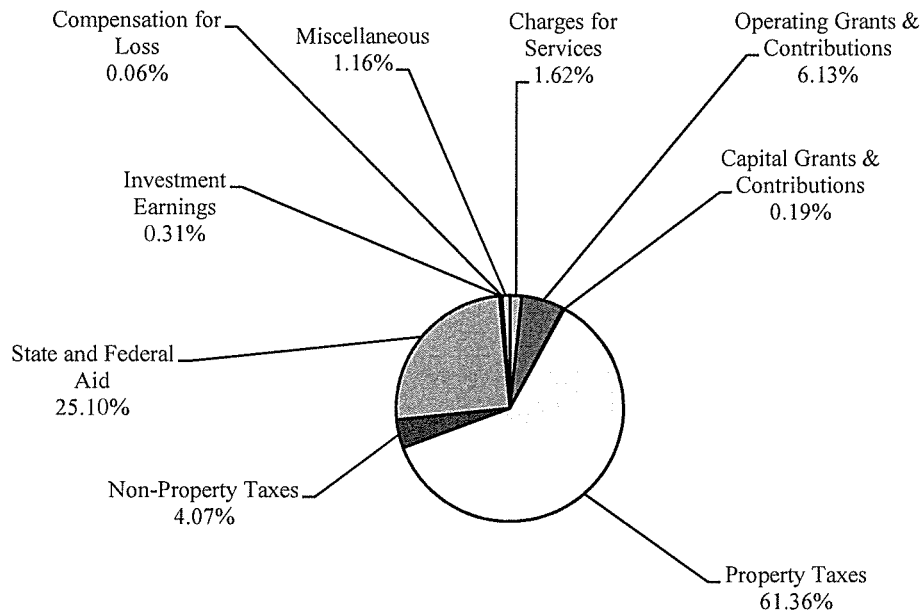
**Changes in Net Assets**

The District's total revenue increased 1% to \$110,165,201. State and federal aid 25% and property taxes 61% accounted for most of the District's revenue. The remaining 14% of the revenue comes from operating grants, capital grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

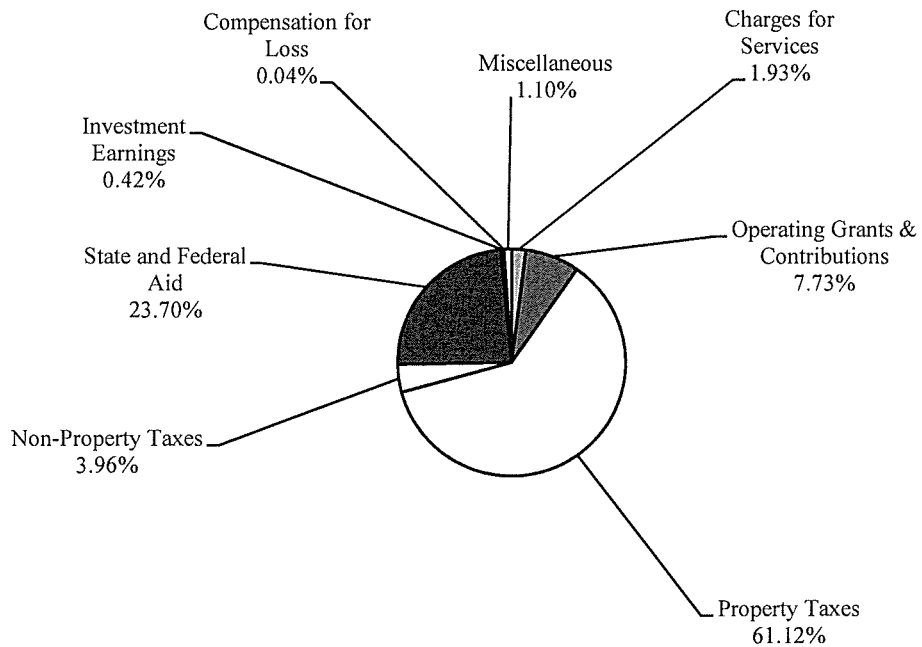
The total cost of all the programs and services decreased 1% to \$107,969,268. The District's expenses are predominately related to education and caring for the students (Instruction) 77%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 11% of the total costs. See table below:

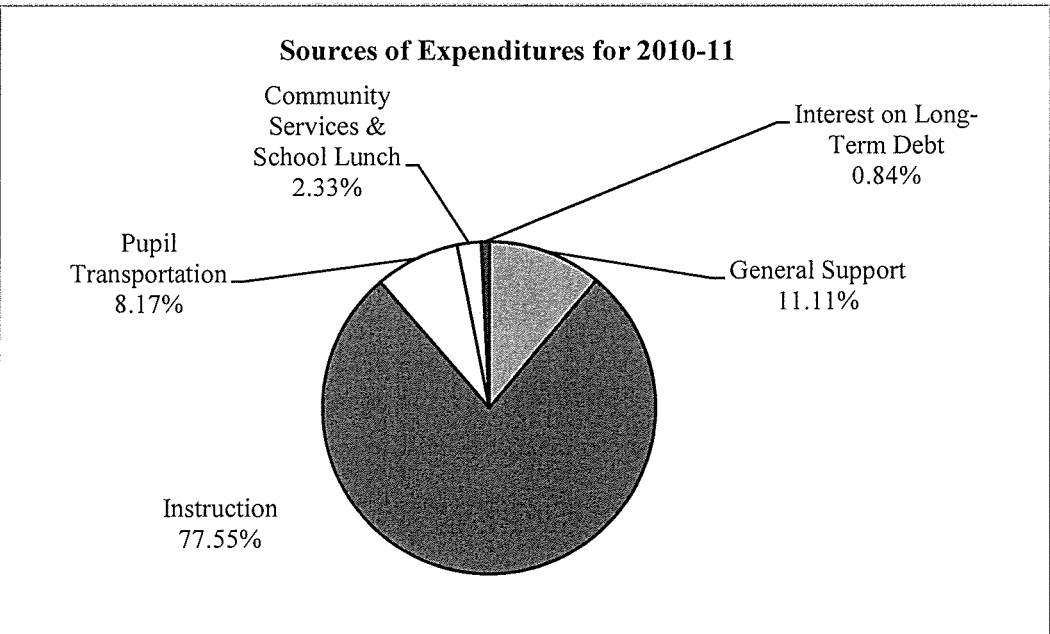
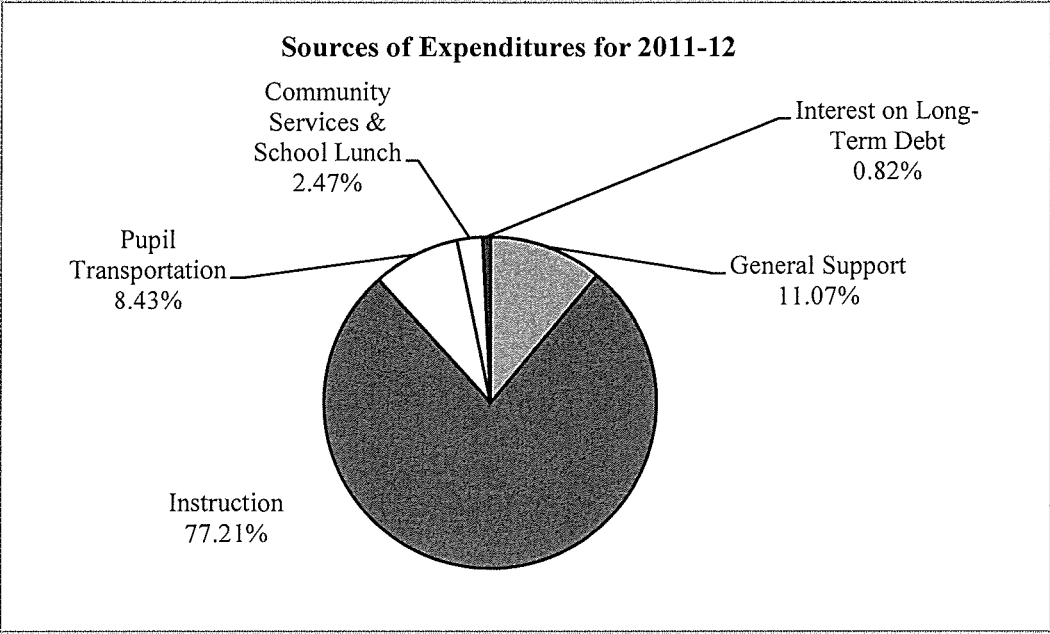
	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2012</u>	<u>2011</u>	
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Services	\$ 1,785,746	\$ 2,111,396	\$ (325,650)
Operating Grants & Contributions	6,751,868	8,437,924	(1,686,056)
Capital Grants & Contributions	208,331	-	208,331
Total Program	\$ 8,745,945	\$ 10,549,320	\$ (1,803,375)
<b><u>General -</u></b>			
Property Taxes	\$ 67,597,454	\$ 66,689,103	\$ 908,351
Non-Property Taxes	4,485,232	4,324,188	161,044
State and Federal Aid	27,649,743	25,857,771	1,791,972
Investment Earnings	341,625	460,942	(119,317)
Compensation for Loss	66,659	39,281	27,378
Miscellaneous			
Total General	1,278,543	1,199,449	79,094
<b>TOTAL REVENUES</b>	<b>\$ 101,419,256</b>	<b>\$ 98,570,734</b>	<b>\$ 2,848,522</b>
<b><u>EXPENSES:</u></b>			
General Support	\$ 11,953,011	\$ 12,157,838	\$ (204,827)
Instruction	83,362,180	84,878,449	(1,516,269)
Pupil Transportation	9,100,221	8,943,329	156,892
Community Services	246	252	(6)
School Lunch	2,671,037	2,555,227	115,810
Interest on Long-Term Debt	882,573	917,281	(34,708)
<b>TOTAL EXPENSES</b>	<b>\$ 107,969,268</b>	<b>\$ 109,452,376</b>	<b>\$ (1,483,108)</b>
<b>NET INCREASE IN NET ASSETS</b>	<b>\$ 2,195,933</b>	<b>\$ (332,322)</b>	<b>\$ 2,528,255</b>

**Sources of Revenue for 2011-12**



**Sources of Revenue for 2010-11**





**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 \$62,978,372 which is more than last year's ending fund balance of \$60,335,031. 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>2012</u></b>	<b><u>2011</u></b>	<b><u>Variance</u></b>
Restricted (reserves detailed on pg. 37)	Amounts constrained to specific purposes.	\$ 33,075,282	\$ 34,152,864	\$ (1,077,582)
Assigned	Amounts a government intends to use for a specific purpose.	5,068,866	6,389,467	(1,320,601)
Unassigned	Amounts that are available for school purposes pursuant to any Education Law restrictions.	4,156,020	4,066,249	89,771
<b>Total General Fund Balances</b>		<b><u>\$ 42,300,168</u></b>	<b><u>\$ 44,608,580</u></b>	<b><u>\$ (2,308,412)</u></b>

The District appropriated funds from the following reserves for the 2012-13 budget:

<b><u>Reserves</u></b>	<b><u>Total</u></b>
Unemployment Reserve	\$ 160,000
Workers' Compensation Reserve	445,000
ERS Retirement Reserve	2,150,000
Tax Certiorari Reserve	90,000
<b>Total Appropriated Funds from Reserves</b>	<b><u>\$ 2,845,000</u></b>

**General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget was \$3,164,467. This change is attributable carryover encumbrances from the 2010-11 school year.

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

<b>Expenditure Items:</b>	<b>Budget Variance Original Vs. Amended</b>	<b>Explanation for Budget Variance</b>
Central Services	\$866,397	Prior year carryover encumbrances for IT purchases
Instructional Media	\$1,931,554	Carryover encumbrances for instructional computer purchases to be received in July.
Employee Benefits	(\$817,064)	Reduced benefit spending used to fund capital transfer
Interfund Transfers-Out	\$8,495,813	Transfers to Phase III capital project \$8M; summer school handicapped \$.4M

<b>Revenue Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
Real Property Tax Items	\$639,178	Payment in Lieu of Tax receipts greater than budget
Non-Property Taxes	\$889,642	Monroe County FAIR sales tax settlement payback
Miscellaneous	\$556,047	Refund of prior year BOCES payments
State Sources	\$5,804,053	Tuition aid for prior years, BOCES & Building aid higher than budgeted
Federal Sources	(\$1,092,250)	Education Jobs Funds grants moved to Special Aid Fund
<b>Expenditure Items:</b>	<b>Budget Variance Amended Vs. Actual</b>	<b>Explanation for Budget Variance</b>
Central Services	\$1,446,106	Driven by low natural gas costs and lower usage due to weather
Teaching-Regular School	\$1,109,078	Reduced salary expenditures - attrition and enrollment
Programs for Children with Handicapping Conditions	\$771,028	Reduced placements at private school and BOCES
Instructional Media	\$673,325	IT staff attrition, reduced technology purchases

### Capital Asset and Debt Administration

#### Capital Assets

By the end of the 2011-12 fiscal year, the District had invested \$66,321,452 in a broad range of capital assets. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,686,918	\$ 1,686,918
Work in Progress	880,622	6,076,701
Buildings and Improvements	58,376,469	53,630,782
Machinery and Equipment	5,377,443	5,364,057
<b>Total</b>	<b><u>\$ 66,321,452</u></b>	<b><u>\$ 66,758,458</u></b>

#### Long-Term Debt

At year end, the District had \$23,068,577 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2012</u>	<u>2011</u>
Serial Bonds	\$ 21,160,000	\$ 22,190,000
OPEB	1,908,577	1,271,083
<b>Total Long-Term Obligations</b>	<b><u>\$ 23,068,577</u></b>	<b><u>\$ 23,461,083</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 levy growth to the lesser of two percent or the annual increase in CPI. Given that state mandated pension costs and health insurance are rising at a much higher rate than two percent the District anticipates budget constraints for the foreseeable future unless significant mandate relief is provided 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, 2012**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 66,294,946
Accounts receivable	7,216,971
Inventories	60,477
<b>Capital Assets:</b>	
Land	1,686,918
Work in progress	880,621
Other capital assets (net of depreciation)	63,753,913
	\$ 139,893,846
<b>TOTAL ASSETS</b>	<b>\$ 139,893,846</b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 2,454,462
Accrued liabilities	1,534,282
Deferred revenue	288,522
Due to other governments	449
Due to teachers' retirement system	4,658,129
Due to employees' retirement system	884,692
<b>Long-Term Obligations:</b>	
Due in one year	1,070,000
Due in more than one year	21,998,577
	\$ 32,889,113
<b>TOTAL LIABILITIES</b>	<b>\$ 32,889,113</b>
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	\$ 45,392,251
<b>Restricted For:</b>	
Capital projects	20,002,540
Retirement contribution reserve	14,777,708
Capital reserves	13,172,287
Other purposes	5,125,287
Unrestricted	8,534,660
	\$ 107,004,733
<b>TOTAL NET ASSETS</b>	<b>\$ 107,004,733</b>

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

**Statement of Activities**

**For Year Ended June 30, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
<u>Primary Government -</u>					<u>Governmental</u>
					<u>Activities</u>
General support	\$ 11,953,011	\$ -	\$ -	\$ -	\$ (11,953,011)
Instruction	83,362,180	583,843	5,594,887	208,331	(76,975,119)
Pupil transportation	9,100,221	-	-	-	(9,100,221)
Community services	246	-	-	-	(246)
School lunch	2,671,037	1,201,903	1,156,981	-	(312,153)
Interest	882,573	-	-	-	(882,573)
<b>Total Primary Government</b>	<b><u>\$ 107,969,268</u></b>	<b><u>\$ 1,785,746</u></b>	<b><u>\$ 6,751,868</u></b>	<b><u>\$ 208,331</u></b>	<b><u>\$ (99,223,323)</u></b>

**General Revenues:**

Property taxes	\$ 67,597,454
Non property taxes	4,485,232
State and federal aid	27,649,743
Investment earnings	341,625
Compensation for loss	66,659
Miscellaneous	1,278,543
<b>Total General Revenues</b>	<b><u>\$ 101,419,256</u></b>
Changes in Net Assets	\$ 2,195,933
<b>Net Assets, Beginning of Year</b>	<b><u>104,808,800</u></b>
<b>Net Assets, End of Year</b>	<b><u>\$ 107,004,733</u></b>



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

**Balance Sheet**

**Governmental Funds**

**June 30, 2012**

	<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	\$ 45,066,196	\$ 358,861	\$ 13,164,788	\$ 7,705,101	\$ 66,294,946
Receivables	4,440,655	1,861,823	-	105,673	6,408,151
Inventories	-	-	-	60,477	60,477
Due from other funds	2,389,612	286,674	-	-	2,676,286
<b>TOTAL ASSETS</b>	<b><u>\$ 51,896,463</u></b>	<b><u>\$ 2,507,358</u></b>	<b><u>\$ 13,164,788</u></b>	<b><u>\$ 7,871,251</u></b>	<b><u>\$ 75,439,860</u></b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities -</b>					
Accounts payable	\$ 2,237,140	\$ 55,814	\$ 45,409	\$ 116,099	\$ 2,454,462
Accrued liabilities	1,498,948	-	-	-	1,498,948
Due to other funds	286,769	2,226,710	-	162,807	2,676,286
Due to other governments	-	-	-	449	449
Due to TRS	4,658,129	-	-	-	4,658,129
Due to ERS	884,692	-	-	-	884,692
Deferred revenues	30,617	224,834	-	33,071	288,522
<b>TOTAL LIABILITIES</b>	<b><u>\$ 9,596,295</u></b>	<b><u>\$ 2,507,358</u></b>	<b><u>\$ 45,409</u></b>	<b><u>\$ 312,426</u></b>	<b><u>\$ 12,461,488</u></b>
<b>Fund Balances -</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 60,477	\$ 60,477
Restricted	33,075,282	-	13,119,380	7,113,959	53,308,621
Assigned	5,068,866	-	-	384,388	5,453,254
Unassigned	4,156,020	-	-	-	4,156,020
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 42,300,168</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,119,380</u></b>	<b><u>\$ 7,558,824</u></b>	<b><u>\$ 62,978,372</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 51,896,463</u></b>	<b><u>\$ 2,507,358</u></b>	<b><u>\$ 13,164,789</u></b>	<b><u>\$ 7,871,250</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.	\$ 66,321,452
Interest is accrued on outstanding bonds in the statement of net assets but not in the funds.	(35,334)
Monroe County sales tax agreement	808,820
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	(21,160,000)
OPEB	(1,908,577)
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 107,004,733</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, 2012**

	<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	\$ 67,597,454	\$ -	\$ -	\$ -	\$ 67,597,454
Non-property taxes	4,889,642	-	-	-	4,889,642
Charges for services	583,843	-	-	-	583,843
Use of money and property	340,930	-	-	695	341,625
Sale of property and compensation for loss	66,659	-	-	-	66,659
Miscellaneous	1,221,047	673,717	-	-	1,894,764
Interfund revenues	50,678	-	-	-	50,678
State sources	27,552,590	2,027,047	-	263,879	29,843,516
Federal sources	97,153	2,894,123	-	1,101,433	4,092,709
Sales	-	-	-	1,201,903	1,201,903
<b>TOTAL REVENUES</b>	<b>\$ 102,399,996</b>	<b>\$ 5,594,887</b>	<b>\$ -</b>	<b>\$ 2,567,910</b>	<b>\$ 110,562,793</b>
<b>EXPENDITURES</b>					
General support	\$ 9,465,514	\$ -	\$ -	\$ -	\$ 9,465,514
Instruction	55,251,163	5,804,605	-	-	61,055,768
Pupil transportation	6,200,330	269,050	-	-	6,469,380
Community services	246	-	-	-	246
Employee benefits	22,541,748	374,055	-	462,198	23,378,001
Debt service - principal	1,030,000	-	-	-	1,030,000
Debt service - interest	884,075	-	-	-	884,075
Cost of sales	-	-	-	1,074,946	1,074,946
Other expenses	-	-	-	970,997	970,997
Capital outlay	-	-	843,434	2,747,091	3,590,525
<b>TOTAL EXPENDITURES</b>	<b>\$ 95,373,076</b>	<b>\$ 6,447,710</b>	<b>\$ 843,434</b>	<b>\$ 5,255,232</b>	<b>\$ 107,919,452</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 7,026,920</b>	<b>\$ (852,823)</b>	<b>\$ (843,434)</b>	<b>\$ (2,687,322)</b>	<b>\$ 2,643,341</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers - in	\$ 317,491	\$ 852,823	\$ 5,600,000	\$ 3,200,000	\$ 9,970,314
Operating transfers - out	(9,652,823)	-	-	(317,491)	(9,970,314)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (9,335,332)</b>	<b>\$ 852,823</b>	<b>\$ 5,600,000</b>	<b>\$ 2,882,509</b>	<b>\$ -</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ (2,308,412)</b>	<b>\$ -</b>	<b>\$ 4,756,566</b>	<b>\$ 195,187</b>	<b>\$ 2,643,341</b>
<b>FUND BALANCE, BEGINNING 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>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 42,300,168</b>	<b>\$ -</b>	<b>\$ 13,119,380</b>	<b>\$ 7,558,824</b>	<b>\$ 62,978,372</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, 2012**

**NET CHANGE IN FUND BALANCES -**

**TOTAL GOVERNMENTAL FUNDS** \$ 2,643,341

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	\$ 3,590,525	
Addition of Assets, Net	181,940	
Depreciation	<u>(4,209,471)</u>	(437,006)

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		1,030,000
Monroe County sales tax agreement		(404,410)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 1,502

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. (637,494)

**CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES** **\$ 2,195,933**

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

**Statement of Fiduciary Net Assets**

**Fiduciary Funds**

**June 30, 2012**

	<b>Scholarship Trust</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 117,927	\$ 3,168,885
Investments	12,343	-
Receivables from General Fund	-	532,401
<b>TOTAL ASSETS</b>	<b><u>\$ 130,270</u></b>	<b><u>\$ 3,701,286</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 71
Extraclassroom activity balances	-	176,716
Health care plan	-	3,180,462
Other liabilities	-	344,037
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 3,701,286</u></b>
<b>NET ASSETS</b>		
Restricted for scholarships	<u>\$ 130,270</u>	
<b>TOTAL NET ASSETS</b>	<b><u>\$ 130,270</u></b>	

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

**Statement of Changes in Fiduciary Net Assets**

**Fiduciary Funds**

**For Year Ended June 30, 2012**

	<b>Scholarship <u>Trust</u></b>
<b>ADDITIONS</b>	
Miscellaneous	\$ 25,843
Investment earnings	<u>101</u>
<b>TOTAL ADDITIONS</b>	<b><u>\$ 25,944</u></b>
<b>DEDUCTIONS</b>	
Other expenses	<u>\$ 29,082</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>\$ 29,082</u></b>
<b>CHANGE IN NET ASSETS</b>	\$ (3,138)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>133,408</u>
<b>NET ASSETS, END OF YEAR</b>	<b><u><u>\$ 130,270</u></u></b>

# RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

## Notes To The Basic Financial Statements

June 30, 2012

### 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.

#### B. Joint Venture

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

**( I. ) (Continued)**

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

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

During the year, the District was billed \$14,048,012 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,282,127.

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

**C. Basic Financial Statements**

**1. Districtwide Statements**

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

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

**2. Fund Financial Statements**

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

( I. ) ( Continued )

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, Basis of Accounting, and Financial Statement Presentation**

Measurement focus refers to what is being measured and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property and sales taxes together with state and federal aid and tuition are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

**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.

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.

**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.

( I. ) (Continued)

3. **Inventory and Prepaid Items**

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

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

4. **Capital Assets - Property, Plant and Equipment**

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

a. **Government-Wide Statements**

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

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

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

b. **Fund Financial Statements**

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

( I. ) (Continued)

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.

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.

( I. ) (Continued)

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.

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**

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 have not been assigned to another fund or are not restricted, committed or assigned to specific purposes within the General Fund.

c. The District has adopted the following policies:

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.)
2. **Order of fund balance** – When fund balance resources are available for a specific purpose in more than one classification, it is the District’s practice to use the most restrictive funds first in the following order: restricted, assigned, and unassigned as they are needed.

F. **Revenues, Expenditures/Expenses**

1. **Revenues**

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 09, 2011. Taxes were collected during the period September 1, through October 31, 2011.

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

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

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

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

( I. ) (Continued)

2. **Expenditures/Expenses**

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

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

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

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

G. **Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the district-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified. Advances between funds, as reported in the fund financial statements, can be offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

1. **Fund Financial Statements**

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

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

2. **District-Wide Financial Statements**

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

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

**( I. ) (Continued)**

**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.

**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 Information**

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During 2011-12 the budget was increased \$7,600,000 for voter approved transfers to the Capital Fund funded from the reserve.

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.

### III. Detail Notes on All Funds and Account Groups:

#### A. Cash and Cash Equivalents

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

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

Uncollateralized	\$	-
Collateralized within Trust department or agent		71,935,592
<b>Total</b>	<b>\$</b>	<b><u>71,935,592</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 \$20,379,966 within the governmental funds and \$117,927 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, 2012:

		<u>2012</u>	
		<u>Quoted Prices in Active Market for Identical Assets (Level 1)</u>	
	<u>Cost</u>		
<b>Common Stock</b>			
Kodak - 965 shares	N/A	\$	204
Eastman Chemical - 241 shares	N/A		12,139
<b>Total</b>		<b>\$</b>	<b><u>12,343</u></b>



( III. ) (Continued)

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

<u>Type</u>	<u>2012</u>
Unrealized Gains/(Losses)	\$ (15,571)
<b>Total</b>	<b><u>\$ (15,571)</u></b>

C. Receivables

Receivables at June 30, 2012 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	\$ -	\$ -	\$ 6,287	\$ 6,287
Due From State and Federal	3,310,655	1,861,823	99,386	5,271,864
Due From Other Governments	1,130,000	-	-	1,130,000
<b>Total</b>	<b><u>\$ 4,440,655</u></b>	<b><u>\$ 1,861,823</u></b>	<b><u>\$ 105,673</u></b>	<b><u>\$ 6,408,151</u></b>

District management has deemed the amounts to be fully collectible.

D. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2012 were as follows:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,389,612	\$ 286,769	\$ 317,491	\$ 9,652,823
Special Aid Fund	286,674	2,226,710	852,823	-
School Lunch Fund	-	158,032	200,000	-
Capital Fund	-	4,775	8,600,000	317,491
<b>Total government activities</b>	<b><u>\$ 2,676,286</u></b>	<b><u>\$ 2,676,286</u></b>	<b><u>\$ 9,970,314</u></b>	<b><u>\$ 9,970,314</u></b>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Assets.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are not necessarily expected to be repaid within one year.

( III. ) ( Continued )

E. Changes In Capital Assets

A summary of changes in capital assets follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2012</u>
<b>Governmental Activities:</b>				
<b>Capital assets that are not depreciated -</b>				
Land	\$ 1,686,918	\$ -	\$ -	\$ 1,686,918
Work in progress	6,076,701	2,593,526	(7,789,605)	880,622
<i>Total Nondepreciable</i>	<u>\$ 7,763,619</u>	<u>\$ 2,593,526</u>	<u>\$ (7,789,605)</u>	<u>\$ 2,567,540</u>
<b>Capital assets that are depreciated -</b>				
Buildings and improvements	\$ 105,247,458	\$ 7,785,579	\$ -	\$ 113,033,037
Machinery and equipment	10,721,595	1,278,795	(993,136)	11,007,254
<i>Total Depreciable</i>	<u>\$ 115,969,053</u>	<u>\$ 9,064,374</u>	<u>\$ (993,136)</u>	<u>\$ 124,040,291</u>
<b>Less accumulated depreciation -</b>				
Buildings and improvements	\$ 51,620,070	\$ 3,036,498	\$ -	\$ 54,656,568
Machinery and equipment	5,354,144	1,172,973	(897,306)	5,629,811
<i>Total accumulated depreciation</i>	<u>\$ 56,974,214</u>	<u>\$ 4,209,471</u>	<u>\$ (897,306)</u>	<u>\$ 60,286,379</u>
<i>Total capital assets depreciated, net of accumulated depreciation</i>	<u>\$ 58,994,839</u>	<u>\$ 4,854,903</u>	<u>\$ (95,830)</u>	<u>\$ 63,753,912</u>
<b>Total Capital Assets</b>	<u><b>\$ 66,758,458</b></u>	<u><b>\$ 7,448,429</b></u>	<u><b>\$ (7,885,435)</b></u>	<u><b>\$ 66,321,452</b></u>

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

**Governmental Activities:**

General government support	\$ 585,379
Instruction	2,315,887
Pupil transportation	1,157,913
School lunch	150,292
<b>Total Depreciation Expense</b>	<u><b>\$ 4,209,471</b></u>

F. Long-Term Debt

At June 30, 2012 the total outstanding obligations of the District aggregated \$23,068,577 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, 2012 is as follows:

Interest paid	\$ 884,075
<u>Less: interest accrued in the prior year</u>	<u>(36,836)</u>
<u>Plus: interest accrued in the current year</u>	<u>35,334</u>
<b>Total interest expense</b>	<b><u><u>\$ 882,573</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, 2012:

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2012</u>	<u>Due Within</u> <u>One Year</u>	<u>Due Within</u> <u>More Than</u> <u>One Year</u>
<u>Governmental Activities:</u>						
<u>Bonds and Notes Payable -</u>						
Serial Bonds	\$ 22,190,000	\$ -	\$ 1,030,000	\$ 21,160,000	\$ 1,070,000	\$ 20,090,000
<u>Other Liabilities -</u>						
OPEB	\$ 1,271,083	\$ 637,494	\$ -	\$ 1,908,577	\$ -	\$ 1,908,577
<b>Total Long-Term Obligations</b>	<b><u><u>\$ 23,461,083</u></u></b>	<b><u><u>\$ 637,494</u></u></b>	<b><u><u>\$ 1,030,000</u></u></b>	<b><u><u>\$ 23,068,577</u></u></b>	<b><u><u>\$ 1,070,000</u></u></b>	<b><u><u>\$ 21,998,577</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:

<b><u>Purpose</u></b>	<b><u>Issue Date</u></b>	<b><u>Final Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Amount Outstanding 6/30/2012</u></b>
<b><u>Serial Bonds -</u></b>				
Construction	2004	2024	3.5%-4.00%	\$ 6,200,000
Construction & Reconstruction	2009	2028	3.5%-4.75%	14,960,000
<b>Total Serial Bonds</b>				<b><u>\$ 21,160,000</u></b>

6. The following table summarizes the District's future debt service requirements as of June 30, 2012:

<b><u>Year</u></b>	<b><u>Serial Bonds</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
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
2016-17	1,260,000	686,688
2017-22	7,230,000	2,669,938
2022-27	6,850,000	1,153,412
2027-28	1,275,000	60,562
<b>Total</b>	<b><u>\$ 21,160,000</u></b>	<b><u>\$ 7,730,938</u></b>

G. **Fund Balances/Net Assets**

1. **Fund Balances**

a. **Nonspendable**

The District has reported nonspendable fund balance for inventory in the School Lunch Fund.

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.

**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.

**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:

( III. ) (Continued)

- 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 \$5,398,000, and the balance of the reserve at June 30, 2012 is \$4,643,312.
- b. **2011 Capital Reserve** – On February 15, 2012, the voters of the District approved the creation of the 2012 Capital Reserve Fund for the purpose of the construction, reconstruction, rehabilitation, repair and equipping of school buildings, and facilities and site improvements. 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, 2012 is \$4,405,020.
- c. **2012 Capital Reserve** – On May 15, 2012, the voters of the District approved the creation of the 2012 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 \$4,123,955 and the balance of the reserve at June 30, 2012 is \$4,123,955.

c. **Assigned**

The District has the following assigned funds:

- General Fund –
  - 1. Appropriated for Taxes
  - 2. Encumbrances

- School Lunch Fund –
  - 1. Year End Equity

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 \$57,306 are considered significant and are summarized below:

- BOCES services at \$797,856 and computer equipment and software at \$469,795.

( III. ) ( Continued )

The Capital Projects Fund has \$1,342,760 in encumbrances which will be utilized for capital additions.

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 Fund</u>	<u>Total</u>
<u>Nonspendable -</u>				
Inventory	\$ -	\$ 60,477	\$ -	\$ 60,477
<b>Total Nonspendable</b>	<b>\$ -</b>	<b>\$ 60,477</b>	<b>\$ -</b>	<b>\$ 60,477</b>
<u>Restricted -</u>				
Construction of				
Capital Assets	\$ 13,172,287	\$ -	\$ 19,256,732	\$ 32,429,019
Transportation	-	-	976,607	976,607
Workers' Compensation	1,979,679	-	-	1,979,679
Unemployment Costs	1,994,598	-	-	1,994,598
Retirement Contribution	14,777,708	-	-	14,777,708
Tax certiorari	1,151,010	-	-	1,151,010
<b>Total Restricted</b>	<b>\$ 33,075,282</b>	<b>\$ -</b>	<b>\$ 20,233,339</b>	<b>\$ 53,308,621</b>
<u>Assigned -</u>				
Appropriated for Taxes	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Board of Education	457	-	-	457
Central Administration	4,265	-	-	4,265
Finance	19,283	-	-	19,283
Staff	807	-	-	807
Central Services	813,395	-	-	813,395
Special Items	10,271	-	-	10,271
Instruction, Administration, and Improvement	18,018	-	-	18,018
Teaching-Regular School Programs for Children with Handicapped Conditions	167,963	-	-	167,963
Instructional Media	13,760	-	-	13,760
Pupil Services	929,481	-	-	929,481
Pupil Transportation	58,045	-	-	58,045
School Lunch	33,121	-	-	33,121
	-	384,388	-	384,388
<b>Total Assigned</b>	<b>\$ 5,068,866</b>	<b>\$ 384,388</b>	<b>\$ -</b>	<b>\$ 5,453,254</b>
<u>Unassigned -</u>	<b>\$ 4,156,020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,156,020</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 42,300,168</b>	<b>\$ 444,865</b>	<b>\$ 20,233,339</b>	<b>\$ 62,978,372</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	\$ 1,979,679
Unemployment Costs	1,994,598
Tax Certiorari	<u>1,151,010</u>
<b>Total Net Assets - Restricted for Other Purposes</b>	<b><u><u>\$ 5,125,287</u></u></b>

The District appropriated funds from the following reserves for the 2012-13 budget:

<u>Reserves</u>	<u>Total</u>
Unemployment Reserve	\$ 160,000
Workers' Compensation Reserve	445,000
ERS Retirement Reserve	2,150,000
Tax Certiorari Reserve	<u>90,000</u>
<b>Total Appropriated Funds from Reserves</b>	<b><u><u>\$ 2,845,000</u></u></b>

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.



( III. ) (Continued)

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

c. **Funding Policies**

The Systems are noncontributory for the employee, except for those who joined the systems after July 27, 1976 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, currently 11.11% of the annual covered payroll for the fiscal year ended June 30, 2012. Rates applicable to the fiscal years ended June 30, 2011 and 2010 were respectively 8.62% and 6.19%. 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:

	<b><u>NYSTRS</u></b>	<b><u>NYSERS</u></b>
2012	\$ 4,245,956	\$ 2,061,882
2011	\$ 3,352,084	\$ 1,935,161
2010	\$ 2,145,241	\$ 995,719

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.

( IV. ) ( Continued )

*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:

Annual required contribution	\$ 1,437,321
Interest on net OPEB obligation	57,199
Adjustment to annual required contribution	<u>(52,600)</u>
Annual OPEB cost (expense)	\$ 1,441,920
Contributions made	<u>804,426</u>
Increase in net OPEB obligation	\$ 637,494
Net OPEB obligation - beginning of year	<u>1,271,083</u>
<b>Net OPEB obligation - end of year</b>	<b><u><u>\$ 1,908,577</u></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 2012 was as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
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
6/30/2012	\$ 1,441,920	55.79%	\$ 1,908,577

*Funded Status and Funding Progress.*

As of June 30, 2012, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$15,349,708, and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability of \$15,349,708. The covered payroll (annual payroll of active employees covered by the plan) was \$52,632,801, and the ratio of the UAAL to the covered payroll was 29.2%.

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.

( IV. ) ( Continued )

*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.

In the June 30, 2012 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, 2012, the District incurred premiums or contribution expenditures totaling \$817,064.

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, 2011, 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, 2012, the District incurred premiums or contribution expenditures totaling \$9,523,152.

( 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, 2011, 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 2011-12 fiscal year totaled \$141,711. The balance of the fund at June 30, 2012 was \$1,994,598 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2012, 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 2011-12, the District expended \$1,417,933 for this plan. The unexpended balance in the Health Care Plan account at June 30, 2012 which represents the cumulative running balance of the participants amounted to \$3,180,462 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 negotiated a settlement agreement with the County to obtain reimbursement for the amounts previously withheld. The first payment was received in January 2010. Two more annual payments are now remaining which will total approximately \$809,000.

( 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. Pending GASB Statements:

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. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the year ending June 30, 2014.

The GASB has issued Statement No. 66, *Technical Corrections – an Amendment of GASB Statements No. 10 and No. 62*, which will be effective for the year ending June 30, 2014.

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

**Required Supplemental Information**  
**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2012**

	<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	\$ 56,279,102	\$ 56,056,185	\$ 56,058,510	\$ 2,325
Real property tax items	10,901,849	10,899,766	11,538,944	639,178
Non-property taxes	4,000,000	4,000,000	4,889,642	889,642
Charges for services	718,060	718,060	583,843	(134,217)
Use of money and property	246,855	246,855	340,930	94,075
Sale of property and compensation for loss	8,000	8,000	66,659	58,659
Miscellaneous	665,000	665,000	1,221,047	556,047
Interfund revenues	-	-	50,678	50,678
<b>State Sources -</b>				
Basic formula	11,878,407	11,878,407	16,111,738	4,233,331
Lottery aid	5,900,000	5,900,000	5,379,381	(520,619)
BOCES	2,237,616	2,237,616	3,282,127	1,044,511
Textbooks	348,044	348,044	314,934	(33,110)
<b>All Other Aid -</b>				
Computer software	164,649	164,649	166,563	1,914
Library loan	35,831	35,831	34,825	(1,006)
Handicapped students	1,183,990	1,183,990	2,263,022	1,079,032
<b>Federal Sources</b>	<u>1,189,403</u>	<u>1,189,403</u>	<u>97,153</u>	<u>(1,092,250)</u>
<b>TOTAL REVENUES</b>	<u>\$ 95,756,806</u>	<u>\$ 95,531,806</u>	<u>\$ 102,399,996</u>	<u>\$ 6,868,190</u>
<b>Other Sources -</b>				
Interfund transfer - in	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ 317,491</u>	<u>\$ 92,491</u>
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>\$ 95,756,806</u>	<u>\$ 95,756,806</u>	<u>\$ 102,717,487</u>	<u>\$ 6,960,681</u>
Appropriated Fund Balance	\$ 3,225,000	\$ 13,989,467		
Appropriated Reserves	<u>2,675,000</u>	<u>2,675,000</u>		
<b>TOTAL REVENUES AND APPROPRIATED FUND BALANCE</b>	<u>\$ 101,656,806</u>	<u>\$ 112,421,273</u>		

**Required Supplemental Information**  
**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund**  
**(Unaudited)**  
**For Year Ended June 30, 2012**

	<u>Original</u>	<u>Amended</u>	<u>Current</u>		<u>Unencumbered</u>
	<u>Budget</u>	<u>Budget</u>	<u>Year's</u>	<u>Encumbrances</u>	<u>Balances</u>
			<u>Expenditures</u>		
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of education	\$ 101,926	\$ 103,436	\$ 85,611	\$ 457	\$ 17,368
Central administration	314,877	313,922	305,935	4,265	3,722
Finance	542,366	568,104	544,444	19,283	4,377
Staff	799,967	831,013	676,698	807	153,508
Central services	7,470,509	8,336,906	6,077,405	813,395	1,446,106
Special items	1,548,576	1,913,667	1,775,421	10,271	127,975
<b>Instructional</b>					
Instruction, administration and improvement	5,045,800	5,094,172	4,843,570	18,018	232,584
Teaching - regular school	29,100,246	29,040,111	27,763,070	167,963	1,109,078
Programs for children with handicapping conditions	12,175,049	11,765,134	10,980,346	13,760	771,028
Occupational education	1,985,181	1,982,846	1,875,418	-	107,428
Teaching - special schools	661,014	665,517	516,401	-	149,116
Instructional media	4,226,524	6,158,078	4,555,272	929,481	673,325
Pupil services	5,033,073	5,163,863	4,717,086	58,045	388,732
<b>Pupil Transportation</b>	6,176,166	6,330,223	6,200,330	33,121	96,772
<b>Community Services</b>	1,000	1,000	246	-	754
<b>Employee Benefits</b>	23,393,447	22,576,383	22,541,748	-	34,635
<b>Debt service - principal</b>	1,030,000	1,030,000	1,030,000	-	-
<b>Debt service - interest</b>	894,075	894,075	884,075	-	10,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 100,499,796</u>	<u>\$ 102,768,450</u>	<u>\$ 95,373,076</u>	<u>\$ 2,068,866</u>	<u>\$ 5,326,508</u>
<b>Other Uses</b>					
Interfund transfers - out	\$ 1,157,010	\$ 9,652,823	\$ 9,652,823	\$ -	\$ -
<b>TOTAL EXPENDITURES AND</b>					
<b>OTHER USES</b>	<u>\$ 101,656,806</u>	<u>\$ 112,421,273</u>	<u>\$ 105,025,899</u>	<u>\$ 2,068,866</u>	<u>\$ 5,326,508</u>
<b>EXCESS (DEFICIENCY) OF REVENUE AND</b>					
<b>OTHER FINANCING SOURCES OVER</b>					
<b>EXPENDITURES AND OTHER FINANCING USES</b>	\$ -	\$ -	\$ (2,308,412)		
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>44,608,580</u>	<u>44,608,580</u>	<u>44,608,580</u>		
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 44,608,580</u>	<u>\$ 44,608,580</u>	<u>\$ 42,300,168</u>		



**Required Supplemental Information**  
**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Funding Progress**  
**of Post Employment Benefit Plan**  
**(Unaudited)**  
**For Year Ended June 30, 2012**

<b>Actuarial Valuation Date</b>	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>	<b>(6)</b>
<b>June 30,</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Funded Ratio (1)/(2)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)</b>	<b>Active Members Covered Payroll</b>	<b>UAAL As a Percentage of Covered Payroll (4) / (5)</b>
2009	\$ -	\$ 12,308,998	0.00%	\$ 12,308,998	\$ 52,348,389	23.51%
2010	\$ -	\$ 12,664,611	0.00%	\$ 12,664,611	\$ 52,588,285	24.08%
2011	\$ -	\$ 14,719,840	0.00%	\$ 14,719,840	\$ 54,493,940	27.01%
2012	\$ -	\$ 15,349,708	0.00%	\$ 15,349,708	\$ 52,632,801	29.16%

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2012**

	<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>	<u>Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 489,923	\$ 7,215,178	\$ 7,705,101
Receivables	105,673	-	105,673
Inventories	60,477	-	60,477
<b>TOTAL ASSETS</b>	<b><u>\$ 656,073</u></b>	<b><u>\$ 7,215,178</u></b>	<b><u>\$ 7,871,251</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b><u>Liabilities -</u></b>			
Accounts payable	\$ 19,656	\$ 96,443	\$ 116,099
Due to other funds	158,032	4,775	162,807
Due to other governments	449	-	449
Deferred revenues	33,071	-	33,071
<b>TOTAL LIABILITIES</b>	<b><u>\$ 211,208</u></b>	<b><u>\$ 101,218</u></b>	<b><u>\$ 312,426</u></b>
<b><u>Fund Balances -</u></b>			
Nonspendable	\$ 60,477	\$ -	\$ 60,477
Restricted	-	7,113,959	7,113,959
Assigned	384,388	-	384,388
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 444,865</u></b>	<b><u>\$ 7,113,959</u></b>	<b><u>\$ 7,558,824</u></b>
<b>TOTAL LIABILITIES AND</b>			
<b>FUND BALANCES</b>	<b><u>\$ 656,073</u></b>	<b><u>\$ 7,215,177</u></b>	<b><u>\$ 7,871,250</u></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, 2012**

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>School Lunch Fund</u>	<u>Other Capital Projects</u>	
<b>REVENUES</b>			
Use of money and property	\$ 695	\$ -	\$ 695
State sources	55,548	208,331	263,879
Federal sources	1,101,433	-	1,101,433
Sales	1,201,903	-	1,201,903
<b>TOTAL REVENUES</b>	<u>\$ 2,359,579</u>	<u>\$ 208,331</u>	<u>\$ 2,567,910</u>
<b>EXPENDITURES</b>			
Employee benefits	\$ 462,198	\$ -	\$ 462,198
Cost of sales	1,074,946	-	1,074,946
Other expenses	970,997	-	970,997
Capital outlay	-	2,747,091	2,747,091
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,508,141</u>	<u>\$ 2,747,091</u>	<u>\$ 5,255,232</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (148,562)</u>	<u>\$ (2,538,760)</u>	<u>\$ (2,687,322)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers - in	\$ 200,000	\$ 3,000,000	\$ 3,200,000
Operating transfers - out	-	(317,491)	(317,491)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$ 200,000</u>	<u>\$ 2,682,509</u>	<u>\$ 2,882,509</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 51,438</u>	<u>\$ 143,749</u>	<u>\$ 195,187</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>393,427</u>	<u>6,970,210</u>	<u>7,363,637</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 444,865</u>	<u>\$ 7,113,959</u>	<u>\$ 7,558,824</u>

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

**GENERAL FUND**

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

**For Year Ended June 30, 2012**

<b>Original Budget</b>		\$ 101,656,806
<b>Additions:</b>		
Budget revisions	\$ 7,600,000	
Encumbrances	<u>3,164,467</u>	
<b>Total Additions</b>		<u>10,764,467</u>
<b>Revised Budget</b>		<u><u>\$ 112,421,273</u></u>

**GENERAL FUND**

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

**Beginning of Year Ended June 30, 2012**

<b>A909 Fund Balance as of Beginning of Year (Unreserved)</b>		\$ 7,291,249
<b>Less:</b>		
A599 appropriated fund balance used for levy of taxes	\$ <u>3,225,000</u>	
Total A599 Appropriated Fund Balance		<u>3,225,000</u>
<b>Fund Balance (Undesignated)</b>		<u><u>\$ 4,066,249</u></u>

RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

Schedule of Project Expenditures

June 30, 2012

Project Title	Expenditures			Unexpended Balance	Obligations	Methods of Financing			Fund Balance
	Prior Year's	Current Year	Total			Local Sources	State Sources	Total	
Bus Purchases (2007-08)	\$ 968,690	\$ 31,310	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Bus Purchases (2008-09)	988,629	11,371	1,000,000	-	-	1,000,000	-	1,000,000	-
Bus Purchases (2009-10)	-	997,001	997,001	2,999	-	1,000,000	-	1,000,000	2,999
Bus Purchases (2010-11)	-	-	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
Bus Purchases (2012-12)	-	-	-	1,000,000	-	1,000,000	-	1,000,000	1,000,000
District-Wide Additions (2004-05)	5,725,190	274,810	6,000,000	-	-	6,000,000	-	6,000,000	-
District-Wide Additions (2006-07)	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)	3,575,244	-	3,575,244	31,651	-	3,606,895	-	3,606,895	31,651
May 2007 Vote	3,528,800	-	3,528,800	621,200	-	4,150,000	-	4,150,000	621,200
Leary Additions	3,261,692	24,518	3,286,210	253,790	-	3,540,000	-	3,540,000	253,790
Various Health and Safety Related Projects (funded by budget)	-	-	-	1,764,532	-	1,757,778	-	1,757,778	1,757,778
May 2010 Vote	2,427,823	1,725,572	4,153,395	7,410	-	4,160,805	208,331	4,369,136	215,741
Phase III Capital Project	37,185	843,434.44	880,619	13,119,381	-	14,000,000	-	14,000,000	13,119,381
Buildings Project 2012	-	-	-	2,000,000	-	2,000,000	-	2,000,000	2,000,000
<b>TOTAL</b>	<b>\$ 40,521,996</b>	<b>\$ 3,908,016</b>	<b>\$ 44,430,012</b>	<b>\$ 20,031,762</b>	<b>\$ 17,710,998</b>	<b>\$ 44,915,478</b>	<b>\$ 2,036,875</b>	<b>\$ 64,663,351</b>	<b>\$ 20,233,339</b>

**RUSH - HENRIETTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Grantor / Pass - Through Agency</u>	<u>CFDA</u>	<u>Grantor</u>	<u>Pass-Through</u>	<u>Total</u>
<u>Federal Award Cluster / Program</u>	<u>Number</u>	<u>Number</u>	<u>Agency</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
Title IV - Drug Free Schools	84.186	N/A	0180-11-1400	\$ 8,149
Title IIA - Teacher Training	84.367	N/A	0147-11-1400	9,930
Title IIA - Teacher Training	84.367	N/A	0147-12-1400	132,330
Title IID - Technology	84.318	N/A	0292-11-1400	2,414
Immigrant Aid	84.365	N/A	0149-11-1400	5,766
Title III - LEP	84.365	N/A	0293-11-1400	5,566
Title III - LEP	84.365	N/A	0293-12-1400	13,103
Education JOBS Fund - ARRA	84.410	N/A	5400-12-1400	863,361
Race to the Top – ARRA	84.395	N/A	5500-11-1400	1,360
Race to the Top – ARRA	84.395	N/A	5500-12-1400	50,514
<u>Title I, Part A Cluster -</u>				
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-12-1400	560,338
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-11-1400	30,604
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-11-0385	35,042
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-12-0385	1,079,214
Special Education - Grants to States (IDEA, Part B) - ARRA	84.391	N/A	5032-11-0385	44,609
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-11-0385	1,639
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-12-0385	50,184
<b>Total U.S. Department of Education</b>				<b>\$ 2,894,123</b>
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	006540	\$ 772,685
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	006540	117,872
National School Breakfast Program	10.553	N/A	006540	210,876
<b>Total U.S. Department of Agriculture</b>				<b>\$ 1,101,433</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 3,995,556</b>

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Investment in Capital Assets, Net of Related Debt**  
**For Year Ended June 30, 2012**

<b>Capital assets, net</b>		\$ 66,321,452
<b>Add:</b>		
Unspent bond proceeds	\$ 230,799	230,799
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ 1,070,000	
Long-term portion of bonds payable	20,090,000	21,160,000
Investment in capital assets, net of related debt		\$ 45,392,251

**RUSH-HENRIETTA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Certain Revenues and Expenditures Compared to ST-3 Data**  
**For Year Ended June 30, 2012**

<u>REVENUES</u>	<u>Account</u> <u>Code</u>	<u>ST-3</u> <u>Amount</u>	<u>Audited</u> <u>Amount</u>
Property Taxes	A-1001	\$ 56,058,510	\$ 56,058,510
Non-Property Taxes	AT-1199	\$ 4,889,642	\$ 4,889,642
State Sources	AT-3999	\$ 27,552,590	\$ 27,552,590
Federal Sources	AT-4999	\$ 97,153	\$ 97,153
Total Revenues and Other Sources	AT-5999	\$ 102,717,487	\$ 102,717,487
<u>EXPENDITURES</u>			
General Support	AT-1999	\$ 9,465,514	\$ 9,465,514
Pupil Transportation	AT-5599	\$ 6,200,330	\$ 6,200,330
Debt Service - Principal	AT-9798.6	\$ 1,030,000	\$ 1,030,000
Debt Service - Interest	AT-9798.7	\$ 884,075	\$ 884,075
Total Expenditures and Other Uses	AT-9999	\$ 105,025,899	\$ 105,025,899



**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 the governmental activities, each major fund, and the aggregated remaining fund information of Rush-Henrietta Central School District, New York as of and for the year ended June 30, 2012, which collectively comprise the Rush-Henrietta Central School District's basic financial statements, and have issued our report thereon dated September 11, 2012. 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 and correct 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 other matters that we reported to the management of Rush-Henrietta Central School District in a separate letter dated September 11, 2012.

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

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

September 11, 2012