

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

AUDIT REPORT FOR THE FISCAL YEAR ENDED
JUNE 30, 2011
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASROOM ACTIVITY FUNDS

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
JUNE 30, 2011
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of
Croton-Harmon Union Free School District
Croton-on-Hudson, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Croton-Harmon Union Free School District, as of and for the year ended June 30, 2011, which collectively comprise the Croton-Harmon Union Free School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Croton-Harmon Union Free School 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 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 fiduciary funds of the Croton-Harmon Union Free School District, as of June 30, 2011, 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.

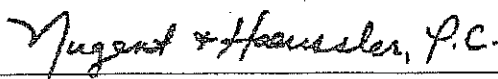
As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definitions, which clarifies the existing fund type definitions and provides clearer fund balance categories and classifications.

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2011 on our consideration of the Croton-Harmon Union Free 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 and budgetary comparison information on pages 3 through 13 and 50 through 52 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 supplementary 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 Croton-Harmon Union Free School District's financial statements as a whole. 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 schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The supplemental schedules on pages 53 through 56 were required by the New York State Education Department. All of the supplemental schedules have 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.

Respectfully submitted,



NUGENT & HAEUSSLER, P.C.

September 30, 2011

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

The following is a discussion and analysis of Croton-Harmon Union Free School District's financial performance for the fiscal year ended June 30, 2011. The section is a summary of the Croton-Harmon Union Free School District's financial activities based on currently known facts, decisions, 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 District's financial statements, which immediately follow this section.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2011 are as follows:

- The District's actual expenditures and encumbrances were less than the revised budgeted expenditures by \$5,219,413. This was due to the following key factors:
 - A conservative approach to budgeting which took into account the worst case scenario in all cases. Utility costs remained lower than anticipated and were kept low due to the initial savings from the Energy Performance Contract.
 - The use of \$488,861 of grant money to pay salaries and benefits.
 - MTA tax reimbursement of over \$69,242.
- The District received federal stimulus funds under the American Recovery and Reinvestment Act (ARRA) in the amount of \$460,929. These funds were used for salaries and benefits as well as materials and supplies.
- During the 2009-2010, the District created a Capital Reserve Fund after voter approval was received on May 19, 2009. This fund had a little over \$3.6M as of November 2010 when the voters approved the use of the fund to repair/replace roofs on all 5 district buildings. This work was done during the summer of 2011 with no bonding costs.
- The voters approved a second Capital Reserve Fund on May 17, 2011. The five-year Building Condition Survey will be reviewed and funds from this Capital Reserve Fund can be used to pay for these repairs and upgrades with voter approval.
- The District also approved the refinancing of one of the serial bonds from the construction done in the early 2000's. This transaction took place in July 2011 and will save the district over \$300,000 over the next 10 years.

Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis **(Continued)**

Overview of the Financial Statements (Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The following table summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements			
	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • 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/out flow 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

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial Statements

The district-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 of the 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 district-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.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are shown as *Governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information provided in the notes to the financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

CROTON-HARMON UNION FREE SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District as a Whole

The District's net assets at June 30, 2011 are \$36,500,382. This is a \$4,165,683 increase from last year's net assets of \$32,334,699. The following table provides a summary of the District's net assets:

Summary of Net Assets

	<u>School District Activities</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current Assets	\$ 20,221,225	\$ 16,887,964
Capital Assets, Net	49,520,821	46,316,240
Total Assets	<u>69,742,046</u>	<u>63,204,204</u>
Current Liabilities	6,006,111	5,135,903
Long-Term Debt Outstanding	27,235,553	25,733,602
Total Liabilities	<u>33,241,664</u>	<u>30,869,505</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	20,468,846	18,806,240
Restricted	5,136,020	1,376,257
Unrestricted	10,895,516	12,152,202
Total Net Assets	<u>\$ 36,500,382</u>	<u>\$ 32,334,699</u>

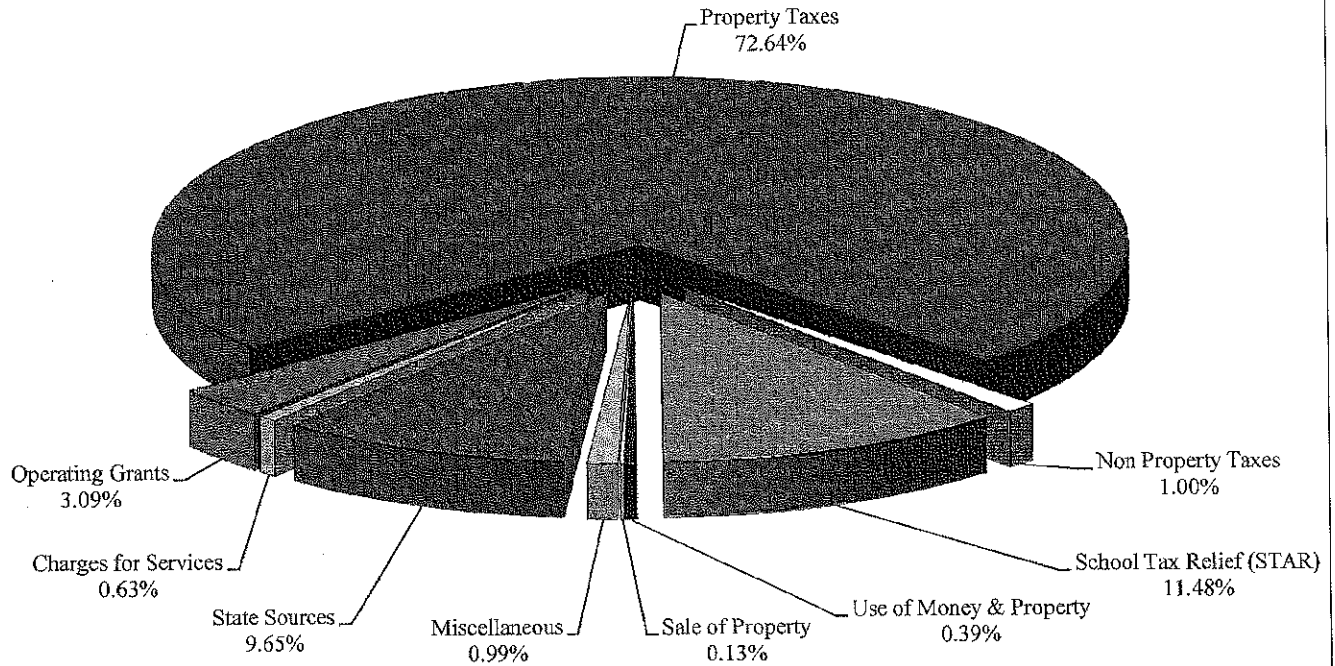
The following table and supporting graphs provides a summary of revenues, expenses and changes in net assets for the year ended June 30, 2011:

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET ASSETS

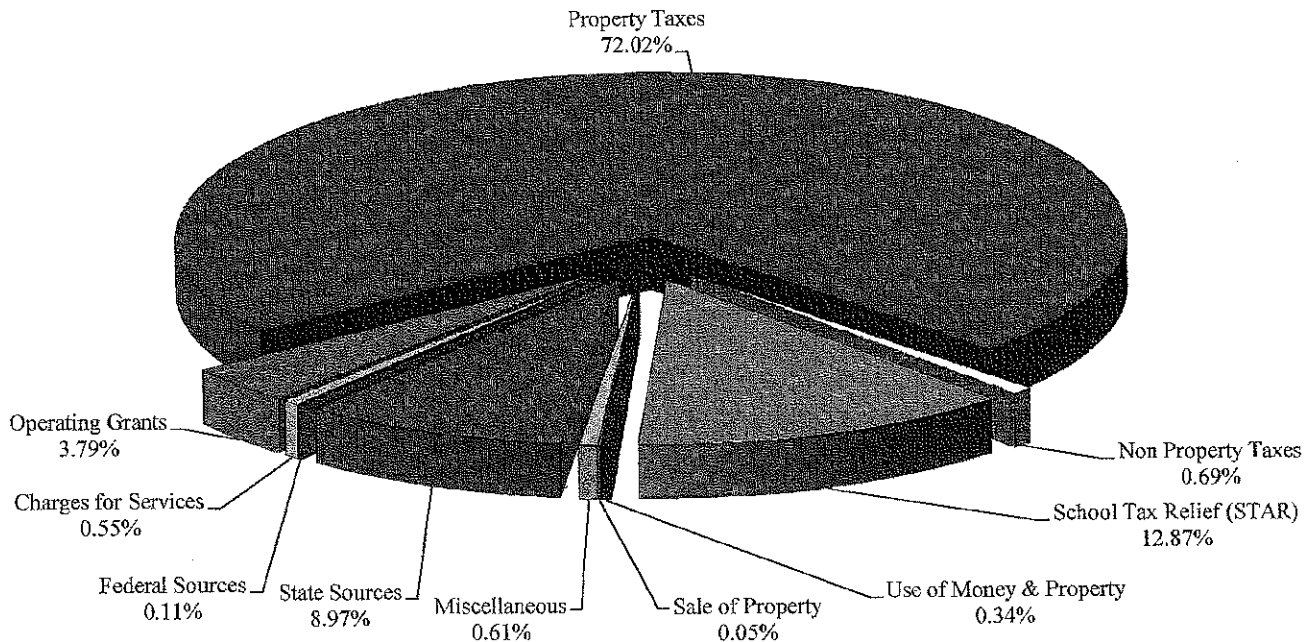
	<u>JUNE 30, 2011</u>	<u>%</u>	<u>JUNE 30, 2010</u>	<u>%</u>
<u>REVENUES</u>				
PROGRAM REVENUES:				
Charges for Services	\$ 266,623	0.63%	\$ 234,847	0.55%
Operating Grants	1,306,613	3.09%	1,607,206	3.79%
GENERAL REVENUES:				
Property Taxes	30,701,194	72.64%	30,544,868	72.02%
Non Property Taxes	420,719	1.00%	292,508	0.69%
School Tax Relief (STAR)	4,850,841	11.48%	5,458,788	12.87%
Use of Money & Property	165,758	0.39%	145,880	0.34%
Sale of Property	54,154	0.13%	22,386	0.05%
Miscellaneous	417,909	0.99%	260,241	0.61%
State Sources	4,076,856	9.65%	3,806,688	8.97%
Federal Sources	0	0.00%	44,846	0.11%
TOTAL REVENUES	<u>42,260,667</u>	<u>100.00%</u>	<u>42,418,258</u>	<u>100.00%</u>
<u>EXPENSES</u>				
General Support	5,061,020	13.29%	5,344,411	13.87%
Instruction	21,672,179	56.88%	22,330,192	57.96%
Pupil Transportation	2,072,208	5.44%	2,146,312	5.57%
Employee Benefits	6,800,762	17.85%	6,218,944	16.14%
Debt Service Interest	988,682	2.60%	1,071,716	2.78%
Depreciation	1,459,731	3.83%	1,378,407	3.58%
School Lunch Program	40,402	0.11%	37,627	0.10%
TOTAL EXPENSES	<u>38,094,984</u>	<u>100.00%</u>	<u>38,527,609</u>	<u>100.00%</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 4,165,683</u>		<u>\$ 3,890,649</u>	

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

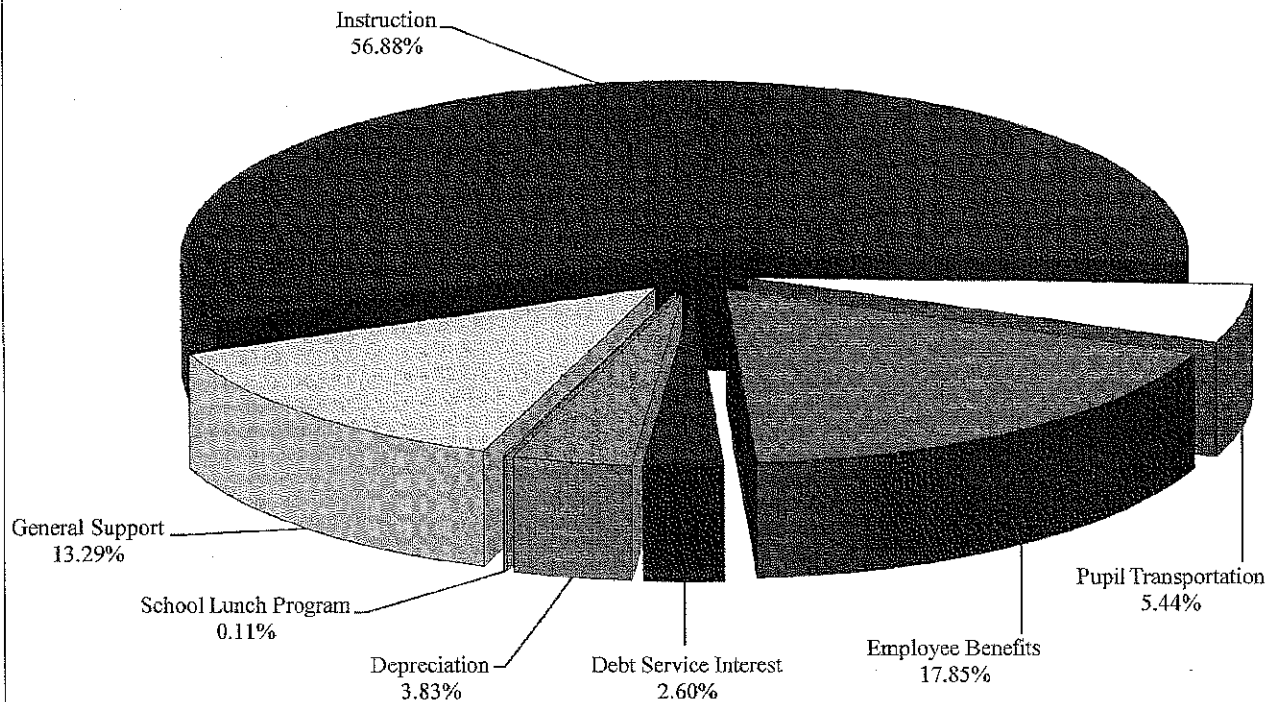


**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

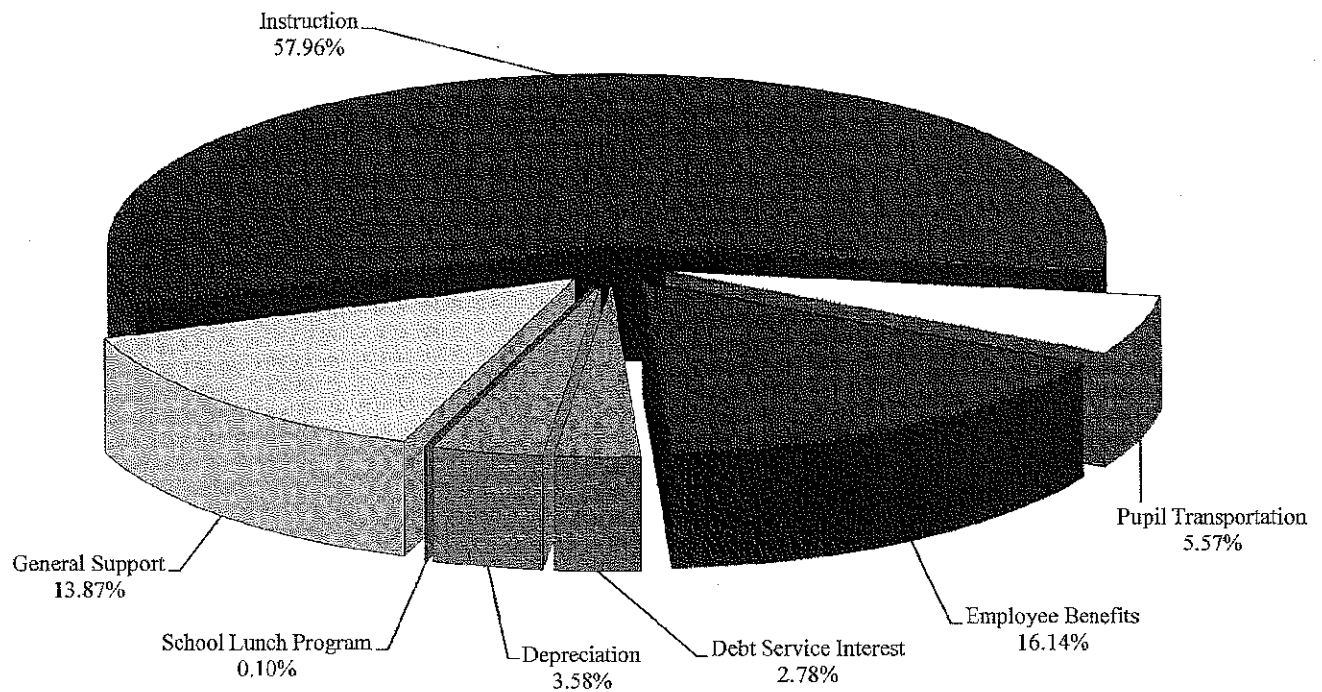


CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2011



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2010

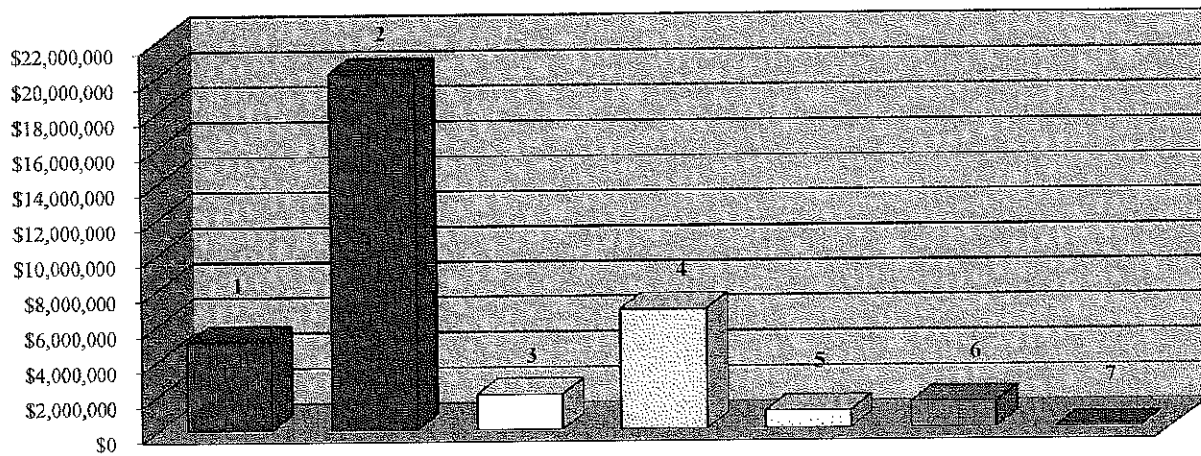


CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

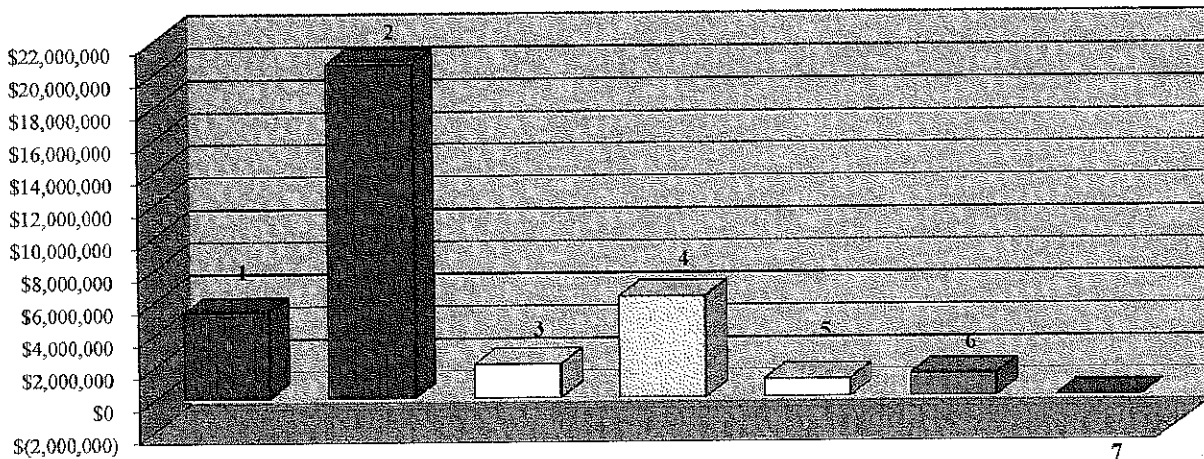
The following information is provided to disclose the net cost of governmental activities:

	TOTAL COST OF SERVICES 2010-2011	NET COST OF SERVICES 2010-2011	TOTAL COST OF SERVICES 2009-2010	NET COST OF SERVICES 2009-2010
General Support	\$ 5,061,020	\$ 5,033,007	\$ 5,344,411	\$ 5,310,105
Instruction	21,672,179	20,236,613	22,330,192	20,632,744
Pupil Transportation	3 2,072,208	1,999,302	2,146,312	2,074,655
Employee Benefits	4 6,800,762	6,800,762	6,218,944	6,218,944
Debt Service - Interest	5 988,682	988,682	1,071,716	1,071,716
Depreciation	6 1,459,731	1,459,731	1,378,407	1,378,407
School Lunch Program	7 40,402	3,651	37,627	(1,015)
	<u>\$ 38,094,984</u>	<u>\$ 36,521,748</u>	<u>\$ 38,527,609</u>	<u>\$ 36,685,556</u>

NET COSTS 2010-2011



NET COSTS 2009-2010



CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2011			
	Nonspendable	Restricted	Assigned	Unassigned
General	\$ 211,373	\$ 5,920,783	\$2,484,425	\$3,394,424
Special Aid	0	0	41,831	0
School Lunch	0	0	65,848	0
Capital Projects	0	0	4,008,231	0
Debt Service	0	581,775	0	0

	June 30, 2010			
	Nonspendable	Restricted	Assigned	Unassigned
General	\$ 0	\$ 5,405,483	\$3,393,505	\$4,699,310
Special Aid	0	0	60,452	0
School Lunch	0	0	61,934	0
Capital Projects	0	0	182,450	0
Debt Service	0	878,526	0	0

General Fund Budgetary Highlights

The original budget for the General Fund was revised by \$3,600,000 during the year. The supplemental appropriations principally consisted of appropriations for a capital project approved by the voters funded from the Capital Reserve.

In the General Fund for the fiscal year ended June 30, 2011, actual revenues were greater than revised budgeted revenues by \$87,298 (0.2%). Revenue sources significantly over budget included Miscellaneous Revenues (253.9%) due to larger than expected Westchester County sales tax payment of \$420,719 and a \$30,000 grant from NYSERDA, and Federal Sources (786.3%) due to ARRA Education Stabilization Funds which were not budgeted. Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$5,219,413 (10.8%). Once again, the District kept fiscal restraints on purchases.

For fiscal year 2011-2012, the District has appropriated \$2,000,000 of fund balance to reduce the tax levy.

Factors that continue to affect the budget process are as follows:

- Variances between estimated revenues and amounts actually received from New York State Aid
- The continued threat of mid-year state aid cuts
- Low interest rates being paid on District investments
- Rising costs of employee benefits such as health insurance, teachers' and employees' retirement
- The uncertainty in costs of utilities – electric, gasoline, diesel fuel and heating oil

CROTON-HARMON UNION FREE SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Capital Assets (Continued)

CAPITAL ASSETS

Net of Accumulated Depreciation

	School District Activities		
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>% Change</u>
<u>Non-Depreciable Assets:</u>			
Land	\$ 810,100	\$ 810,100	0.00%
Construction in Progress	3,292,030	63,614	5075.01%
<u>Depreciable Assets:</u>			
Land Improvements	833,139	896,275	-7.04%
Building and Improvements	42,636,903	43,025,761	-0.90%
Furniture and Equipment	1,119,411	855,210	30.89%
Vehicles	829,238	665,280	24.64%
TOTALS	<u>\$ 49,520,821</u>	<u>\$ 46,316,240</u>	6.92%

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$24,445,000. This amount is backed by the full faith and credit of the Croton-Harmon Union Free School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

	Beginning Balance	Issued	Paid	Ending Balance
Serial Bond	\$ 10,535,000	\$ 0	\$ 770,000	\$ 9,765,000
Serial Bond	10,790,000	0	910,000	9,880,000
Serial Bond	630,000	0	630,000	0
Serial Bond	5,230,000	0	430,000	4,800,000
Total Bonded Debt Outstanding	<u>\$ 27,185,000</u>	<u>\$ 0</u>	<u>\$ 2,740,000</u>	<u>\$ 24,445,000</u>

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of "Aa2" to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the 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. If you have questions about this report or need additional financial information, contact Diane L. Chaissan, Director of Finance and Administration, at the District's business offices at 10 Gerstein Street, Croton-on-Hudson, New York 10520.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

ASSETS

Unrestricted Cash	\$ 9,397,498
Restricted Cash	9,413,576
State & Federal Aid Receivable	698,299
Due from Other Governments	460,816
Due from Fiduciary Funds	36,028
Other Receivables, Net	3,635
Prepaid Expenditures	211,373
Capital Assets, Net	49,520,821
	<hr/>
TOTAL ASSETS	69,742,046

LIABILITIES

Accounts Payable	509,043
Accrued Liabilities	465,979
Due to Fiduciary Funds	248
Due to Teachers' Retirement System	1,491,651
Due to Employees' Retirement System	145,260
Retained Percentages	3,998
Bond Anticipation Notes	1,066,975
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	2,195,000
Installment Purchase Debt	127,957
Due and Payable In More Than One Year:	
Bonds Payable	22,250,000
Installment Purchase Debt	3,412,043
Compensated Absences	348,487
Other Postemployment Benefits	1,140,133
Judgements and Claims	84,890
	<hr/>
TOTAL LIABILITIES	33,241,664

NET ASSETS

Investment in Capital Assets, Net of Related Debt	20,468,846
Restricted for:	
Debt Service	581,775
Capital Projects	4,554,245
Unrestricted	10,895,516
	<hr/>
TOTAL NET ASSETS	\$ 36,500,382

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

FUNCTIONS & PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE & CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS	
General Support	\$ (6,472,258)	\$ 0	\$ 28,013	\$ (6,444,245)
Instruction	(27,758,482)	239,679	1,195,887	(26,322,916)
Pupil Transportation	(2,799,645)	0	72,906	(2,726,739)
Debt Service - Interest	(988,682)	0	0	(988,682)
School Lunch Program	(75,917)	26,944	9,807	(39,166)
TOTAL FUNCTIONS & PROGRAMS	\$ (38,094,984)	\$ 266,623	\$ 1,306,613	(36,521,748)
GENERAL REVENUES				
Real Property Taxes				30,701,194
Other Tax Items				4,850,841
Non Property Taxes				420,719
Use of Money & Property				165,758
Sale of Property & Compensation for Loss				54,154
Miscellaneous				417,909
State Sources				4,076,856
TOTAL GENERAL REVENUES				40,687,431
CHANGE IN NET ASSETS				4,165,683
NET ASSETS, BEGINNING OF YEAR, AS RESTATED				32,334,699
NET ASSETS, END OF YEAR				\$ 36,500,382

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Unrestricted Cash	\$ 9,287,792	\$ 43,815	\$ 65,891	\$ 0	\$ 0	\$ 9,397,498
Restricted Cash	6,654,311	0	0	2,178,450	580,815	9,413,576
State & Federal Aid Receivable	260,030	437,470	799	0	0	698,299
Due from Other Governments	460,816	0	0	0	0	460,816
Due from Other Funds	421,417	450	0	2,976,725	960	3,399,552
Due from Fiduciary Funds	36,028	0	0	0	0	36,028
Other Receivables, Net	3,635	0	0	0	0	3,635
Prepaid Expenditures	211,373	0	0	0	0	211,373
TOTAL ASSETS	<u>\$ 17,335,402</u>	<u>\$ 481,735</u>	<u>\$ 66,690</u>	<u>\$ 5,155,175</u>	<u>\$ 581,775</u>	<u>\$ 23,620,777</u>
<u>LIABILITIES & FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 429,774	\$ 3,298	\$ 0	\$ 75,971	\$ 0	\$ 509,043
Accrued Liabilities	255,942	15,188	595	0	0	271,725
Due to Other Funds	2,977,887	421,418	247	0	0	3,399,552
Due to Fiduciary Funds	248	0	0	0	0	248
Due to Teachers' Retirement System	1,491,651	0	0	0	0	1,491,651
Due to Employees' Retirement System	145,260	0	0	0	0	145,260
Retained Percentages	0	0	0	3,998	0	3,998
Bond Anticipation Notes	0	0	0	1,066,975	0	1,066,975
Deferred Revenues	23,635	0	0	0	0	23,635
TOTAL LIABILITIES	<u>5,324,397</u>	<u>439,904</u>	<u>842</u>	<u>1,146,944</u>	<u>0</u>	<u>6,912,087</u>
<u>FUND BALANCES</u>						
Nonspendable	211,373	0	0	0	0	211,373
Restricted	5,920,783	0	0	0	581,775	6,502,558
Assigned	2,484,425	41,831	65,848	4,008,231	0	6,600,335
Unassigned	3,394,424	0	0	0	0	3,394,424
TOTAL FUND BALANCES	<u>12,011,005</u>	<u>41,831</u>	<u>65,848</u>	<u>4,008,231</u>	<u>581,775</u>	<u>16,708,690</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 17,335,402</u>	<u>\$ 481,735</u>	<u>\$ 66,690</u>	<u>\$ 5,155,175</u>	<u>\$ 581,775</u>	<u>\$ 23,620,777</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET ASSETS
<u>ASSETS</u>				
Unrestricted Cash	\$ 9,397,498			\$ 9,397,498
Restricted Cash	9,413,576			9,413,576
State & Federal Aid Receivable	698,299			698,299
Due from Other Governments	460,816			460,816
Due from Other Funds	3,399,552		(3,399,552)	0
Due from Fiduciary Funds	36,028			36,028
Other Receivables, Net	3,635			3,635
Prepaid Expenditures	211,373			211,373
Capital Assets, Net	0	49,520,821		49,520,821
TOTAL ASSETS	\$ 23,620,777	\$ 49,520,821	\$ (3,399,552)	\$ 69,742,046
<u>LIABILITIES & FUND BALANCES / NET ASSETS</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 509,043			\$ 509,043
Accrued Liabilities	271,725	194,254		465,979
Due to Other Funds	3,399,552		(3,399,552)	0
Due to Fiduciary Funds	248			248
Due to Teachers' Retirement System	1,491,651			1,491,651
Due to Employees' Retirement System	145,260			145,260
Retained Percentages	3,998			3,998
Bond Anticipation Notes	1,066,975			1,066,975
Deferred Revenues	23,635	(23,635)		0
Bonds Payable	0	24,445,000		24,445,000
Installment Purchase Debt	0	3,540,000		3,540,000
Compensated Absences	0	348,487		348,487
Other Postemployment Benefits	0	1,140,133		1,140,133
Judgements and Claims	0	84,890		84,890
TOTAL LIABILITIES	6,912,087	29,729,129	(3,399,552)	33,241,664
FUND BALANCES / NET ASSETS	16,708,690	19,791,692	0	36,500,382
TOTAL LIABILITIES & FUND BALANCES / NET ASSETS	\$ 23,620,777	\$ 49,520,821	\$ (3,399,552)	\$ 69,742,046

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Real Property Taxes	\$ 30,701,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,701,194
Other Tax Items	4,850,841	0	0	0	0	4,850,841
Non Property Taxes	420,719	0	0	0	0	420,719
Charges for Services	239,679	0	0	0	0	239,679
Use of Money & Property	162,509	0	0	0	3,249	165,758
Sale of Property & Compensation for Loss	54,154	0	0	0	0	54,154
Miscellaneous	241,209	24,064	0	169,947	0	435,220
State Sources	3,802,601	226,603	0	431,669	0	4,460,873
Federal Sources	275,220	613,505	9,807	0	0	898,532
Sales	0	0	26,944	0	0	26,944
TOTAL REVENUES	40,748,126	864,172	36,751	601,616	3,249	42,253,914
<u>EXPENDITURES</u>						
General Support	5,096,033	28,013	18,563	0	0	5,142,609
Instruction	21,249,802	813,609	0	0	0	22,063,411
Pupil Transportation	2,080,489	91,133	0	0	0	2,171,622
Employee Benefits	6,496,907	393	2,435	0	0	6,499,735
Debt Service:						
Principal	2,838,000	0	0	0	0	2,838,000
Interest	1,000,909	0	0	0	0	1,000,909
Cost of Sales	0	0	21,839	0	0	21,839
Capital Outlay	0	0	0	4,126,759	0	4,126,759
TOTAL EXPENDITURES	38,762,140	933,148	42,837	4,126,759	0	43,864,884
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	1,985,986	(68,976)	(6,086)	(3,525,143)	3,249	(1,610,970)
<u>OTHER SOURCES & USES</u>						
Proceeds from Debt	0	0	0	3,540,000	0	3,540,000
Bond Anticipation Notes Paid from Current Appropriations	0	0	0	98,000	0	98,000
Operating Transfers In	300,000	50,355	10,000	3,728,000	0	4,088,355
Operating Transfers (Out)	(3,788,355)	0	0	0	(300,000)	(4,088,355)
TOTAL OTHER SOURCES & USES	(3,488,355)	50,355	10,000	7,366,000	(300,000)	3,638,000
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	(1,502,369)	(18,621)	3,914	3,840,857	(296,751)	2,027,030
FUND BALANCES, BEGINNING OF YEAR	13,498,298	60,452	61,934	182,450	878,526	14,681,660
OTHER CHANGES IN FUND BALANCES						
Increases	15,076	0	0	0	0	15,076
Decreases	0	0	0	(15,076)	0	(15,076)
TOTAL OTHER CHANGES IN FUND BALANCES	15,076	0	0	(15,076)	0	0
FUND BALANCES, END OF YEAR	\$ 12,011,005	\$ 41,831	\$ 65,848	\$ 4,008,231	\$ 581,775	\$ 16,708,690

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<u>REVENUES</u>						
Real Property Taxes	\$ 30,701,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,701,194
Other Tax Items	4,850,841	0	0	0	0	4,850,841
Non Property Taxes	420,719	0	0	0	0	420,719
Charges for Services	239,679	0	0	0	0	239,679
Use of Money & Property	165,758	0	0	0	0	165,758
Sale of Property & Compensation for Loss	54,154	0	0	0	0	54,154
Miscellaneous	435,220	6,753	0	0	0	441,973
State Sources	4,460,873	0	0	0	0	4,460,873
Federal Sources	898,532	0	0	0	0	898,532
Sales	26,944	0	0	0	0	26,944
TOTAL REVENUES	42,253,914	6,753	0	0	0	42,260,667
<u>EXPENDITURES</u>						
General Support	5,142,609	15,761	145,938	0	1,167,950	6,472,258
Instruction	22,063,411	(31,880)	617,993	0	5,108,958	27,758,482
Pupil Transportation	2,171,622	0	125,167	0	502,856	2,799,645
Employee Benefits	6,499,735	301,027	0	0	(6,800,762)	0
Debt Service:						
Principal	2,838,000	0	0	(2,740,000)	(98,000)	0
Interest	1,000,909	(12,227)	0	0	0	988,682
Cost of Sales	21,839	0	33,080	0	20,998	75,917
Capital Outlay	4,126,759	0	(4,126,759)	0	0	0
TOTAL EXPENDITURES	43,864,884	272,681	(3,204,581)	(2,740,000)	(98,000)	38,094,984
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	(1,610,970)	(265,928)	3,204,581	2,740,000	98,000	4,165,683
<u>OTHER SOURCES & USES</u>						
Proceeds from Debt	3,540,000	0	0	(3,540,000)	0	0
Bond Anticipation Notes Paid from Current Appropriations	98,000	0	0	0	(98,000)	0
Operating Transfers In	4,088,355	0	0	0	(4,088,355)	0
Operating Transfers (Out)	(4,088,355)	0	0	0	4,088,355	0
TOTAL OTHER SOURCES & USES	3,638,000	0	0	(3,540,000)	(98,000)	0
NET CHANGE FOR THE YEAR	\$ 2,027,030	\$ (265,928)	\$ 3,204,581	\$ (800,000)	\$ 0	\$ 4,165,683

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>AGENCY</u>
<u>ASSETS</u>		
Cash	\$ 87,853	\$ 1,242,536
Due from Other Funds	0	248
 TOTAL ASSETS	 <u>\$ 87,853</u>	 <u>\$ 1,242,784</u>
<u>LIABILITIES & NET ASSETS</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 36,028
Extraclassroom Activity Balances	0	78,887
Other Liabilities	0	1,127,869
 TOTAL LIABILITIES	 0	 <u>\$ 1,242,784</u>
<u>NET ASSETS</u>		
Reserved for Endowment, Scholarship and Gift Funds	87,853	
 TOTAL LIABILITIES & NET ASSETS	 <u>\$ 87,853</u>	

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>PRIVATE PURPOSE TRUSTS</u>
<u>ADDITIONS</u>	
Gifts and Contributions	\$ 9,665
Investment Earnings	<u>117</u>
TOTAL ADDITIONS	9,782
<u>DEDUCTIONS</u>	
Scholarships & Awards	<u>11,650</u>
CHANGE IN NET ASSETS	(1,868)
NET ASSETS, BEGINNING OF YEAR	<u>89,721</u>
NET ASSETS, END OF YEAR	<u><u>\$ 87,853</u></u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the Croton-Harmon Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Croton-Harmon Union Free 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 accompanying financial statements present the activities of the District. 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 description 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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint Venture

The District is a component district in the Putnam/Northern Westchester Board of Cooperative Educational Services (BOCES). A 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture (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 district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2011, the Croton-Harmon Union Free School District was billed \$2,066,893 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$615,800. Financial statements for BOCES are available from the BOCES administrative office at 200 BOCES Drive, Yorktown Heights, New York 10598.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets 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.

The Statement of Activities and Changes in Net Assets presents a comparison between program expenses and 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended in those areas. 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds 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.

The District reports the following 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.

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges participants for its services.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

The District reports the following fiduciary funds:

Fiduciary Fund: 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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 23, 2010. Taxes were collected by the Town of Cortlandt and the Town of Yorktown during the period September 1, 2010 through October 31, 2010.

Uncollected real property taxes are subsequently enforced by Westchester County. Westchester County pays an amount representing uncollected real property taxes transmitted to Westchester County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

G. Interfund Transactions (Continued)

In the district-wide statements, the amounts reported on the Statement of Net Assets for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from 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 United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J. Accounts Receivable

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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

K. Inventories and Prepaid Items

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

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 prepaid items in both the district-wide and fund financial statements. These items are reported 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.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants

M. Capital Assets

Capital assets are reported at cost for acquisitions. For assets acquired prior to June 30, 2002, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land Improvements	\$ 10,000	Straight Line	50 years
Buildings and Improvements	10,000	Straight Line	50 years
Furniture and Equipment	10,000	Straight Line	5 - 20 years
Vehicles	10,000	Straight Line	5 - 20 years

N. Deferred Revenue

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

N. Deferred Revenue (Continued)

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Deferred revenues recorded in governmental funds are typically adjusted prior to inclusion in the District-wide statements.

O. Vested Employee Benefits

1. Compensated Absences

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

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 in 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.

2. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and most of the retired employees. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

P. Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

Q. 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, 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.

R. Equity Classifications

1. District-wide Statements

In the district-wide statements there are three classes of net assets:

Invested in capital assets, net of related debt - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net assets - reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

1. District-wide Statements (Continued)

Unrestricted net assets - reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

2. Funds Statements

In the governmental fund statements, there are five classifications of fund balance:

Nonspendable: Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid items in the General Fund of \$211,373.

Restricted: Constraints have been imposed on the use of these amounts either (a) externally by creditors, grantors, contributors or laws or regulations of other governments; or (b) by law through constitutional provisions or enabling legislation. The District has established the following reserves that have been included in restricted fund balance:

Capital Reserve

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. 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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the 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. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Property Loss Reserve and Liability Reserve

Property Loss Reserve and Liability Reserve (Education Law §1709(8) (c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Tax Certiorari Reserve

Tax Certiorari Reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that 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 proceedings 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.

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §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.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Restricted fund balance at June 30, 2011 consisted of:

General Fund:

Capital Reserve	\$ 2,434,446
Unemployment Insurance Reserve	146,503
Property Loss Reserve and Liability Reserve	322,118
Tax Certiorari Reserve	2,125,216
Employee Benefit Accrued Liability Reserve	348,487
Retirement Contribution Reserve	544,013

Debt Service Fund:

Reserve for Debt Service	<u>581,775</u>
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Total Restricted Fund Balance	<u>\$ 6,502,558</u>
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Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2011.

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balance includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the General Fund that are intended to be used for a specific purpose. By reporting particular amounts that are not restricted or committed in the governmental funds other than the General Fund, the District has assigned those amounts to the purposes of the respective funds. Assigned fund balance in the General Fund includes \$484,425 assigned for specific purposes through the issuance of purchase orders that encumbered the budget for the year ended June 30, 2011. This assignment is made when purchase orders are approved by the Purchasing Agent who is designated each year by the Board of Education at its annual reorganizational meeting pursuant to the District's purchasing policy. Assigned fund balance in the General Fund also includes \$2,000,000 assigned to be used to reduce the tax levy for the year ending June 30, 2012. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

R. Equity Classifications (Continued)

2. Funds Statements (Continued)

Order of Use of Fund Balance:

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Limitation on Unexpended Surplus Funds:

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's General Fund budget 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.

S. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2011, the District implemented the following new standards issued by GASB:

- GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*
- GASB Statement 59, *Financial Instruments Omnibus*

GASB Statement 54 which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The District has reported fund balances in accordance with GASB Statement 54 in these financial statements.

GASB Statement 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The District did not own any financial instruments or external investment pools to which Statement 59 applies as of June 30, 2011.

T. Future Changes in Accounting Standards

GASB has issued Statement 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2013 financial statements.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

T. Future Changes in Accounting Standards (Continued)

GASB has issued Statement 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements 14 and 34*, which improves financial reporting for a governmental financial reporting entity. The requirements of Statement 14 and the related financial reporting requirements of Statement 34 were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2013 financial statements.

GASB has issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. These pronouncements collectively will be referred to as the "FASB and AICPA pronouncements." The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2013 financial statements.

GASB has issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2013 financial statements.

GASB has issued Statement 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2013 financial statements.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS.

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net assets" of governmental activities reported in the Statement of Net Assets. This difference primarily results from the additional long-term economic focus of the Statement of Net Assets versus the solely current financial resources focus of the governmental fund Balance Sheets.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities (Continued):

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Assets includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2011 were as follows:

Original Cost of Capital Assets	\$ 63,548,808
Accumulated Depreciation	(14,027,987)
	<u>\$ 49,520,821</u>

2. Interest is accrued in the Statement of Net Assets, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expensed when it is due, and thus requires the use of current financial resources. This liability at June 30, 2011 was as follows:

Accrued Interest	\$ 194,254
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3. Long-term liabilities are reported in the Statement of Net Assets, but not in the Balance Sheet, because they are not due and payable in the current period. The balances at June 30, 2011 were as follows:

Bonds Payable	\$ 24,445,000
Installment Purchase Debt	3,540,000
Compensated Absences	348,487
Other Postemployment Benefits	1,140,133
Judgements and Claims	84,890
	<u>\$ 29,558,510</u>

4. Revenues may be deferred on the Balance Sheet if they are not expected to be received in the current period. However on the Statement of Net Assets, these revenues are earned and not deferred accordingly. Adjustments to deferred revenues as of June 30, 2011 are as follows:

MTA Payroll Tax Reimbursement Revenue	\$ 23,635
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B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Assets:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities and Changes in Net Assets fall into one of three broad categories. The amounts shown below represent:

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Assets (Continued):

1. Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities and Changes in Net Assets reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Changes in Net Assets.

2. Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and Changes in Net Assets, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities and Changes in Net Assets.

3. Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities and Changes in Net Assets as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

Explanation of Differences between Governmental Funds Operating Statement
and the Statement of Activities and Changes in Net Assets

Total Revenues and Other Funding Sources

Total revenues and other funding sources reported in governmental funds
(Schedule 5)

\$ 45,793,914

Because some revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. However, they are considered to be earned in the Statement of Activities.

6,753

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Assets (Continued):

Explanation of Differences between Governmental Funds Operating Statement
and the Statement of Activities and Changes in Net Assets (Continued)

Proceeds from the issuance of bond and installment purchase debt is a revenue in the governmental funds, but increases liabilities in the Statement of Net Assets, and does not affect the Statement of Activities and Changes in Net Assets. (3,540,000)

Total revenues in the Statement of Activities and Changes in Net Assets (Schedule 2) \$ 42,260,667

Total Expenditures & Other Uses/Expenses

Total expenditures reported in governmental funds (Schedule 5) \$ 43,864,884

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$4,664,312 were greater than depreciation of \$1,459,731 in the current year. (3,204,581)

In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The amount by which compensated absences paid exceeded the amount earned during the year was \$16,119. Judgments and claims paid exceeded the amount earned during the year in the amount of \$47,861. (63,980)

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities and Changes in Net Assets (Continued):

In the Statement of Activities, the expense for other postemployment benefits are measured based on the actuarially determined annual required contribution (ARC) of the District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). This is the amount by which the ARC exceeded the amount of financial resources used during the year. 348,888

Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable last year exceeds the interest payable this year. (12,227)

Repayment of bond and other debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Assets, and does not affect the Statement of Activities and Changes in Net Assets. (2,838,000)

Total expenses in the Statement of Activities and Changes in Net Assets (Schedule 2) \$ 38,094,984

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

- The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that 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 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 restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #3.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 3. STEWARDSHIP AND COMPLIANCE. (Continued)

A. Budgets (Continued)

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds 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.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Other Stewardship and Compliance Matters

The District's fund balance subject to New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, was in excess of the 4% limitation. Among the actions the District may consider is continuing to fund the capital reserve established during the fiscal year.

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

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	\$	0.
Collateralized with securities held by the pledging financial institution, or or its trust department or agent, but not in the District's name	\$	9,611,255.

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 includes \$9,413,576 within the governmental funds.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL. (Continued)

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

The District participates in two multi-municipal cooperative investment pool agreements pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are \$530,923,641, which consisted of \$224,363,926 in repurchase agreements, \$206,559,715 in U. S. Treasury Securities, and \$100,000,000 in collateralized bank deposits, with various interest rate and due dates.

The following amounts invested in this cooperative are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 1,204,467	\$ 1,204,467

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of Cooperative Liquid Assets Securities System – New York (CLASS).

Total investments of the New York Liquid Asset Fund cooperative as of year-end are \$79,598,908, which consisted of \$27,812,000 in repurchase agreements, \$12,995,573 in U. S. Treasury Securities, \$2,500,000 in U.S. Government Guaranteed Securities and \$36,291,335 in collateralized bank deposits, with various interest rate and due dates.

The following amounts invested in this cooperative are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 5,449,844	\$ 5,449,844
Capital Projects Fund	660,825	660,825

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of New York Liquid Asset Fund.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5. CAPITAL ASSETS.

Capital asset balances and activity for the year ended June 30, 2011, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 810,100	\$ 0	\$ 0	\$ 810,100
Construction in Progress	63,614	3,837,634	(609,218)	3,292,030
Total Nondepreciable Assets	873,714	3,837,634	(609,218)	4,102,130
Capital assets that are depreciated:				
Land Improvements	1,274,399	0	0	1,274,399
Buildings and Improvements	52,707,642	3,775	609,218	53,320,635
Furniture & Equipment	2,139,191	533,778	(376,998)	2,295,971
Vehicles	2,582,710	289,125	(316,162)	2,555,673
Total Depreciable Assets	58,703,942	826,678	(83,942)	59,446,678
Less: Accumulated Depreciation	(13,261,416)	(1,459,731)	693,160	(14,027,987)
Capital Assets, Net	\$46,316,240	\$ 3,204,581	\$ 0	\$49,520,821

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 224,725
Instruction	977,345
Transportation	224,581
Cost of Sales	33,080
Total Depreciation	\$ 1,459,731

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 6. SHORT-TERM DEBT.

Transactions in short-term debt for the year are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance
BAN maturing 10/27/10 at 1.62%	\$ 325,000	\$ 0	\$ 325,000	\$ 0
BAN maturing 08/04/11 at 0.85%	0	839,975	0	839,975
BAN maturing 10/26/11 at 0.78%	0	227,000	0	227,000
Total Short-Term Debt	<u>\$ 325,000</u>	<u>\$ 1,066,975</u>	<u>\$ 325,000</u>	<u>\$ 1,066,975</u>

Interest on short-term debt for the year was composed of:

Interest Paid	\$ 4,554
Less: Interest Accrued in the Prior Year	(3,548)
Plus: Interest Accrued in the Current Year	<u>7,653</u>
Interest Expense	<u>\$ 8,659</u>

NOTE 7. LONG-TERM DEBT.

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes					
Payable:					
Bonds Payable	\$27,185,000	\$ 0	\$2,740,000	\$24,445,000	\$2,195,000
Installment Purchase Debt	0	3,540,000	0	3,540,000	127,957
Total Bonds and Notes Payable	<u>27,185,000</u>	<u>3,540,000</u>	<u>2,740,000</u>	<u>27,985,000</u>	<u>2,322,957</u>
Other Liabilities:					
Compensated Absences	364,606	0	16,119	348,487	0
Other Postemployment Benefits	791,245	989,250	640,362	1,140,133	0
Judgements and Claims	132,751	71,008	118,869	84,890	0
Total Other Liabilities	<u>1,288,602</u>	<u>1,060,258</u>	<u>775,350</u>	<u>1,573,510</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$28,473,602</u>	<u>\$ 4,600,258</u>	<u>\$3,515,350</u>	<u>\$29,558,510</u>	<u>\$2,322,957</u>

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7. LONG-TERM DEBT. (Continued)

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

Existing serial bond and installment purchase obligations are as follows:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Balance
Serial Bond	02/15/03	10/15/20	3.5% - 4.5%	\$ 9,765,000
Serial Bond	02/15/04	10/15/19	3% - 4%	9,880,000
Serial Bond	07/15/06	11/01/19	4% - 6%	4,800,000
Energy Performance Contract	12/21/10	05/15/26	2.84%	3,540,000
				<u>\$ 27,985,000</u>

The following is a summary of maturing debt service requirements:

For the Year Ended June 30,	Bonds and Notes Payable	
	Principal	Interest
2012	\$ 2,322,957	\$ 1,043,001
2013	2,462,402	920,481
2014	2,562,333	831,412
2015	2,662,405	737,459
2016	2,752,622	638,023
2017 - 2021	13,704,969	1,502,208
2022 - 2026	1,517,312	121,007
TOTAL	<u>\$ 27,985,000</u>	<u>\$ 5,793,591</u>

On July 20, 2011, the District issued \$8,150,000 in general obligation bonds with an average interest rate of approximately 3.51% to advance refund \$8,125,000 of outstanding bonds with an average interest rate of 4.22%. The net proceeds of \$8,616,033 (after payment of \$137,456 in underwriting fees and other issuance costs) were used to purchase state and local government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased, and the liability for those bonds has been removed from the District's financial statements. The district advance refunded the bonds to reduce future debt service requirements. The economic gain (loss) on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$394,061.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 8. PENSION PLANS.

General Information

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

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 New York State Retirement and Social Security Law (NYSRSSL). 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 Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the NYSERS. The Comptroller may adopt and may amend rules and regulations for the administration and transaction of the business of the NYSERS and for the custody and control of its funds. The NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

Funding Policies

The Systems are noncontributory, except for employees who joined the Systems after July 27, 1976 and prior to January 1, 2010, who contribute 3% of their salary for the first ten years of membership. For employees who joined after January 1, 2010, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% of their salary throughout their active membership. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS fiscal year ending March 31. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board established rates annually for NYSTRS. The District's contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2010 - 2011	\$ 1,309,313	\$ 540,207
2009 - 2010	907,673	361,904
2008 - 2009	1,097,729	337,783

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 9. INTERFUND BALANCES AND ACTIVITY.

Interfund balances and activity for the year ended June 30, 2011, were as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 457,445	\$ 2,978,135	\$ 300,000	\$ 3,788,355
Special Aid Fund	450	421,418	50,355	0
School Lunch Fund	0	247	10,000	0
Capital Fund	2,976,725	0	3,728,000	0
Debt Service Fund	960	0	0	300,000
Total Governmental Activities	3,435,580	3,399,800	4,088,355	4,088,355
Fiduciary Agency Fund	248	36,028	0	0
Totals	<u>\$ 3,435,828</u>	<u>\$ 3,435,828</u>	<u>\$ 4,088,355</u>	<u>\$ 4,088,355</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, 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 expected to be repaid within one year.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

NOTE 10. POST-EMPLOYMENT BENEFITS.

The District provides post employment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

GASB Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* requires the District to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2011 the District recognized \$640,362 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an updated actuarial valuation report as of July 1, 2010. The total liability indicated in this report for other post employment benefits as of June 30, 2011 made by the District is \$1,140,133, which is reflected in the Statement of Net Assets.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10. POST-EMPLOYMENT BENEFITS. (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an 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:

Annual Required Contribution	\$ 1,054,023
Interest on Net OPEB Obligation	47,475
Adjustment to Annual Required Contribution	<u>(112,248)</u>
Annual OPEB Cost (Expense)	989,250
Contributions Made	<u>(640,362)</u>
Increase in Net OPEB Obligation	348,888
Net OPEB Obligation, June 30, 2010	<u>791,245</u>
Net OPEB Obligation, June 30, 2011	<u><u>\$ 1,140,133</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 was follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 989,250	64.7%	\$ 1,140,133
June 30, 2010	932,393	64.1%	791,245
June 30, 2009	982,616	53.5%	456,660

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11. RISK MANAGEMENT. (Continued)

Pool, Non-Risk Retained

The District participates in Putnam/Northern Westchester Health Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 14 individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The District has essentially transferred all related risk to the pool.

Self-Insurance Plan

The District participates in the Putnam Northern Westchester School Cooperative Workers Compensation Self-Insurance Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The total undiscounted liability for the Plan as of June 30, 2011 was \$31,978,660. Fund balance available to offset this liability was \$26,000,505, leaving an unfunded liability of \$5,978,155. The District's share of this unfunded liability was \$84,890. As of June 30, 2010, the District's share of this unfunded liability was \$132,751.

Other Contingencies

The District has several claims that are currently being litigated with the support of legal counsel. The results of this litigation are unknown at this time.

NOTE 12. COMMITMENTS AND CONTINGENCIES.

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.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. Encumbrances of appropriations of budgets for the year ended June 30, 2011 have been included in the assigned fund balances of the following funds as of June 30, 2011:

General Fund	\$ 484,425
Special Aid Fund	1,309
Capital Projects Fund	<u>4,207,963</u>
Total Encumbrances	<u>\$ 4,693,697</u>

An audit of certain issues in the District is currently being conducted by the New York State Comptroller's Office. As of the date of issuance of these financial statements, no report has been received.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13. OPERATING LEASES.

The District leases certain office equipment under the terms of various non-cancelable leases. Rental expense for the year was \$10,705. Minimum annual rentals for each of the remaining years of the lease are:

<u>For the Year Ended June 30,</u>	<u>Minimum Rental</u>
2012	\$ 9,815
2013	4,089

NOTE 14. DONOR-RESTRICTED ENDOWMENTS.

The District administers endowment funds, which are restricted by the donor for the purpose of student scholarships and awards. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
7/1/2009	\$ 0	\$ 14,814,722	\$ 14,814,722	0.00%	\$ 20,910,354	70.85%

The information shown above was obtained from the most recent full actuarial valuation. Since the current valuation was actuarially rolled-forward, information as of the current valuation date, July 1, 2010, was not available.

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S REVENUES	OVER (UNDER) REVISED BUDGET
<u>REVENUES</u>				
LOCAL SOURCES:				
Real Property Taxes	\$ 30,743,410	\$ 30,743,410	\$ 30,701,194	\$ (42,216)
Other Tax Items	4,904,794	4,904,794	4,850,841	(53,953)
Non Property Taxes	264,000	264,000	420,719	156,719
Charges for Services	180,000	180,000	239,679	59,679
Use of Money & Property	100,000	100,000	162,509	62,509
Sale of Property & Compensation for Loss	0	0	54,154	54,154
Miscellaneous	95,000	95,000	241,209	146,209
STATE SOURCES	4,338,624	4,338,624	3,802,601	(536,023)
FEDERAL SOURCES	35,000	35,000	275,220	240,220
OTHER SOURCES:				
Operating Transfers In	300,000	300,000	300,000	0
TOTAL REVENUES	40,960,828	40,960,828	\$ 41,048,126	\$ 87,298
APPROPRIATED FUND BALANCE	3,693,505	7,293,505		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 44,654,333	\$ 48,254,333		

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
<u>EXPENDITURES</u>					
GENERAL SUPPORT:					
Board of Education	\$ 69,845	\$ 70,719	\$ 41,428	\$ 0	\$ 29,291
Central Administration	321,199	322,074	317,879	355	3,840
Finance	674,968	628,466	561,736	630	66,100
Staff	418,490	442,295	299,689	0	142,606
Central Services	3,970,019	3,995,154	3,298,500	197,539	499,115
Special Items	645,351	608,084	576,801	0	31,283
INSTRUCTIONAL:					
Instruction, Administration & Improvement	1,507,639	1,475,229	1,291,469	1,271	182,489
Teaching - Regular School	12,094,990	11,766,371	11,237,307	7,563	521,501
Programs for Children with Handicapping Conditions	6,152,046	6,092,174	4,315,065	23	1,777,086
Occupational Education	205,000	207,000	203,892	0	3,108
Teaching - Special Schools	249,457	295,119	224,116	0	71,003
Instructional Media	1,695,843	2,170,881	1,841,514	249,228	80,139
Pupil Services	2,384,304	2,402,898	2,136,439	26,210	240,249
PUPIL TRANSPORTATION	2,352,539	2,386,838	2,080,489	1,606	304,743
EMPLOYEE BENEFITS	7,881,733	7,760,121	6,496,907	0	1,263,214
DEBT SERVICE:					
Debt Service - Principal	2,838,000	2,838,000	2,838,000	0	0
Debt Service - Interest	1,014,910	1,004,410	1,000,909	0	3,501
TOTAL EXPENDITURES	44,476,333	44,465,833	38,762,140	484,425	5,219,268
OTHER USES:					
Operating Transfers Out	178,000	3,788,500	3,788,355	0	145
TOTAL EXPENDITURES & OTHER USES	\$ 44,654,333	\$ 48,254,333	42,550,495	\$ 484,425	\$ 5,219,413
EXCESS OF REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES			\$ (1,502,369)		

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET &
USE OF UNASSIGNED FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

CHANGE FROM ADOPTED TO REVISED BUDGET

ADOPTED BUDGET	\$ 43,860,828
ADDITIONS:	
Encumbrances from Prior Year	<u>793,505</u>
ORIGINAL BUDGET	44,654,333
BUDGET REVISIONS:	
Budget Amendments for Approved Capital Projects:	
Operating Transfers Out	<u>3,600,000</u>
REVISED BUDGET	<u>\$ 48,254,333</u>

USE OF UNASSIGNED FUND BALANCE

Unassigned Fund Balance Before Assignments as of the Beginning of the Year	\$ 4,699,310
LESS: Unassigned Fund Balance Used for the Levy of Taxes - Adopted Budget	<u>(2,600,000)</u>
Unassigned Fund Balance Remaining from the Beginning of the Year	<u>\$ 2,099,310</u>

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2011

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE			UNEXPENDED BALANCE	METHODS OF FINANCING				FUND BALANCE JUNE 30, 2011
			PRIOR YEARS	CURRENT YEAR	TOTAL		PROCEEDS FROM DEBT	STATE SOURCES	LOCAL SOURCES	TOTAL	
05/06 Bus Purchases*	\$ 243,300	\$ 243,300	\$ 232,890	\$ 0	\$ 232,890	\$ 10,410	\$ 0	\$ 0	\$ 208,500	\$ 208,500	\$ (24,390)
06/07 Bus Purchases*	159,600	159,600	159,438	0	159,438	162	0	0	139,400	139,400	(20,038)
Excel Project**	539,975	539,975	59,369	471,277	530,646	9,329	0	431,669	0	431,669	(98,977)
09/10 Bus Purchases*	215,000	215,000	156,484	0	156,484	58,516	0	0	43,000	43,000	(113,484)
Asbestos Abatement	86,900	86,900	4,245	74,327	78,572	8,328	0	0	86,900	86,900	8,328
Science Labs	400,000	667,947	0	24,058	24,058	643,889	0	0	667,947	667,947	643,889
10/11 Bus Purchases*	300,000	300,000	0	289,125	289,125	10,875	0	0	0	0	(289,125)
Energy Performance	3,540,000	3,540,000	0	3,009,000	3,009,000	531,000	3,540,000	0	30,000	3,570,000	561,000
Roof Projects & Related Asbestos	3,600,000	3,207,909	0	258,972	258,972	2,948,937	0	0	3,600,000	3,600,000	3,341,028
11/12 Bus Purchases*	115,000	115,000	0	0	0	115,000	0	0	0	0	0
	<u>\$ 9,199,775</u>	<u>\$ 9,075,631</u>	<u>\$ 612,426</u>	<u>\$ 4,126,759</u>	<u>\$ 4,739,185</u>	<u>\$ 4,336,445</u>	<u>\$ 3,540,000</u>	<u>\$ 431,669</u>	<u>\$ 4,775,747</u>	<u>\$ 8,747,416</u>	<u>\$ 4,008,231</u>

* Funding for these projects will be provided when bond anticipation notes are redeemed from General Fund appropriations.

** Funding for this project will be provided when related state aid revenue is recorded.

See paragraph on supplementary schedules included in auditor's report.

CROTON-HARMON UNION FREE SCHOOL DISTRICTCROTON-ON-HUDSON, NEW YORKGENERAL FUNDSCHEDULE OF CERTAIN REVENUES & EXPENDITURES COMPARED TO ST-3 DATAFOR THE YEAR ENDED JUNE 30, 2011

	<u>ACCOUNT CODE</u>	<u>ST-3 AMOUNT</u>	<u>AUDITED AMOUNT</u>
<u>REVENUES</u>			
Property Taxes	A -1001	\$ 30,701,194	\$ 30,701,194
Non Property Taxes	AT-1199	420,719	420,719
State Aid	AT-3999	3,802,601	3,802,601
Federal Aid	AT-4999	275,220	275,220
Total Revenues	AT-5999	41,048,126	41,048,126
<u>EXPENDITURES</u>			
General Support	AT-1999	5,096,033	5,096,033
Pupil Transportation	AT-5599	2,080,489	2,080,489
Debt Service - Principal	AT-9798.6	2,838,000	2,838,000
Debt Service - Interest	AT-9798.7	1,000,909	1,000,909
Total Expenditures	AT-9999	42,550,495	42,550,495

See paragraph on supplementary schedules included in auditor's report.

SUPPLEMENTAL SCHEDULE #6

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2011

CAPITAL ASSETS, NET		\$ 49,520,821
DEDUCT:		
Bond Anticipation Note	\$ 1,066,975	
Short-term Portion of Bonds Payable	2,195,000	
Long-term Portion of Bonds Payable	22,250,000	
Short-term Portion of Installment Debt	127,957	
Long-term Portion of Installment Debt	<u>3,412,043</u>	
Related Debt		<u>(29,051,975)</u>
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT		<u>\$ 20,468,846</u>

See paragraph on supplementary schedules included in auditor's report.



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

To the President and Members
of the Board of Education of the
Croton-Harmon Union Free School District
Croton-on-Hudson, New York

Peter J. Bullis, CPA, FACHE, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
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Justin B. Wood, CPA

— CONSULTANT —
Randy E. Bullis, CPA

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of Croton-Harmon Union Free School District as of and for the year ended June 30, 2011, which collectively comprise the Croton-Harmon Union Free School District's basic financial statements and have issued our report thereon dated September 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Croton-Harmon Union Free School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Croton-Harmon Union Free School District's financial statements that is more than inconsequential will not be prevented or detected by the Croton-Harmon Union Free School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Croton-Harmon Union Free School District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

To the President and Members
of the Board of Education of the
Croton-Harmon Union Free School District
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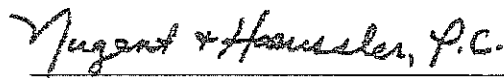
Compliance and Other Matters

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

We noted certain matters that we reported to management of Croton-Harmon Union Free School District, in a separate letter dated September 30, 2011.

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

Respectfully submitted,



NUGENT & HAEUSSLER, P.C.

September 30, 2011



Nugent & Haeussler, P.C.
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REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the President and Members
of the Board of Education of the
Croton-Harmon Union Free School District
Croton-on-Hudson, New York

Compliance

We have audited the compliance of Croton-Harmon Union Free School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. Croton-Harmon Union Free School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Croton-Harmon Union Free School District's management. Our responsibility is to express an opinion on Croton-Harmon Union Free School District's compliance based on our audit.

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

In our opinion, Croton-Harmon Union Free School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

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— CONSULTANT —
Randy E. Bullis, CPA

To the President and Members
of the Board of Education of the
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Page 2

Internal Control over Compliance

The management of Croton-Harmon Union Free School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Croton-Harmon Union Free School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Croton-Harmon Union Free School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Respectfully submitted,



NUGENT & HAEUSSLER, P.C.

September 30, 2011

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed-through NYS Education Department:			
Special Education Cluster:			
IDEA - Part B, Section 611	84.027	0032-11-1045	\$ 334,013
IDEA - Part B, Section 611	84.027	0032-10-1045	813
IDEA - Part B, Section 611, Recovery Act	84.391	5032-11-1045	177,466
IDEA - Part B, Section 611, Recovery Act	84.391	5032-10-1045	1,025
IDEA - Part B, Section 619	84.173	0033-11-1045	6,470
IDEA - Part B, Section 619	84.173	0033-10-1045	2,938
IDEA - Part B, Section 619, Recovery Act	84.392	5033-11-1045	5,070
IDEA - Part B, Section 619, Recovery Act	84.392	5033-10-1045	2,399
Total Special Education Cluster			530,194
Title I Parts A&D, Basic Program	84.010	0021-11-3610	35,136
Title II Part A, Teacher & Principal Training & Recruiting	84.367	0147-11-3610	48,125
Title II Part A, Teacher & Principal Training & Recruiting	85.367	0147-10-3610	50
State Fiscal Stabilization Fund, Recovery Act	84.394	5000-11-3610	275,220
TOTAL U.S. DEPARTMENT OF EDUCATION			888,725
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed-through NYS Education Department:			
Special Milk Program for Children	10.556	N/A	9,807
TOTAL FEDERAL AWARDS EXPENDED			\$ 898,532

The accompanying notes are an integral part of the schedule.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Opinion Issued: Unqualified

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses _____ Yes X None Reported

Type of Auditor's Opinion Issued on Compliance for
Major Programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133? _____ Yes X No

IDENTIFICATION OF MAJOR PROGRAMS:

<u>CFDA NUMBERS</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.027, 84.173, 84.391, 84.392	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings relating to the financial statements which were required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings relating to the major federal awards as required to be reported in accordance with Section 510(a) of Circular A-133.

B. Compliance Findings

There were no findings relating to the major federal awards as required to be reported in accordance with Section 510(a) of Circular A-133.



Nugent & Haeussler, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Croton-Harmon Union Free School District
Croton-on-Hudson, New York

— CONSULTANT —
Randy E. Bullis, CPA

We have audited the statement of assets, liabilities, and fund balance-cash basis of the extraclassroom activity funds of the Croton-Harmon Union Free School District as of June 30, 2011, and the related statement of receipts and disbursements-cash basis for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note #1, these financial statements were prepared on the cash basis of accounting and are not intended to be presented in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the extraclassroom activity funds of Croton-Harmon Union Free School District as of June 30, 2011, and its cash receipts and cash disbursements for the year then ended, on the basis of accounting described in Note #1.

Respectfully submitted,

Nugent & Haeussler, P.C.

NUGENT & HAEUSSLER, P. C.

September 30, 2011

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
EXTRACLASROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2011

ASSETS

Cash in Checking	\$ 78,887
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LIABILITIES AND FUND BALANCE

LIABILITIES

Sales Tax Payable	\$ 747
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FUND BALANCE

Fund Balance, Beginning of Year	70,742
Excess of Receipts over Disbursements	<u>7,398</u>

Fund Balance, End of Year	<u>78,140</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 78,887</u></u>
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See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	FUND BALANCE JUNE 30, 2010	RECEIPTS	DISBURSEMENTS	FUND BALANCE JUNE 30, 2011
AFS Fund	\$ 1,391	\$ 0	\$ 226	\$ 1,165
Alliance For Equality	39	0	39	0
Art Club	1	697	100	598
Book Club	474	0	0	474
Cacti	0	600	600	0
Cheerleading	3,801	24,851	26,341	2,311
Chorus	358	0	0	358
Class Of 2010	2,289	0	2,289	0
Class Of 2011	1,210	19,700	17,248	3,662
Class Of 2012	470	5,472	5,505	437
Class Of 2013	1,417	7,908	9,236	89
Class Of 2014	0	1,389	89	1,300
Community Service	0	244	138	106
Drama Club	7,242	7,308	6,719	7,831
Fashion Club	58	0	58	0
FBLA	102	1,325	1,427	0
The Fourth Hour	186	446	363	269
Girl's Soccer	100	0	0	100
Green Team	324	0	21	303
GSA	0	1,369	1,172	197
Humans Rights Task Force	229	0	0	229
La Rochelle	3,394	1,161	853	3,702
National Honor Society	8,541	0	881	7,660
Photo Club	47	0	0	47
Spanish Exchange 2004	2,967	0	0	2,967
Spirit Club	1,259	0	48	1,211
TAP Fund	294	0	0	294
Tiger Tales	11,643	9,426	10,184	10,885
SFC Fundraising	294	438	578	154
SFC Interest	128	16	0	144
SFC Memorial Fund	2,000	0	0	2,000
PVC Destination Imagination	4,581	18,887	18,896	4,572
PVC Drama Club	3,786	11,750	2,745	12,791
PVC Social Action	153	1,961	2,078	36
PVC Student Council	5,675	8,451	7,338	6,788
PVC Yearbook	6,289	4,917	5,746	5,460
	<u>\$ 70,742</u>	<u>\$ 128,316</u>	<u>\$ 120,918</u>	<u>\$ 78,140</u>

See notes to financial statement.

CROTON-HARMON UNION FREE SCHOOL DISTRICT
CROTON-ON-HUDSON, NEW YORK
EXTRAClassroom Activity Funds
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Croton-Harmon Union Free School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of the Croton-Harmon Union Free School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.