

OFFICIAL STATEMENT

NEW / RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hiscock & Barclay, LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Notes is excluded from the gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except (A) interest on the Notes is included in the adjusted current earnings of corporations for purposes of calculating corporate alternative minimum taxable income and (B) that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof; (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See the caption "TAX MATTERS" herein.)

The Notes will NOT be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$33,000,000

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM
MONTGOMERY COUNTY, NEW YORK**

\$33,000,000 Bond Anticipation Notes, 2011

At an Interest Rate of 1.50% to Yield 0.75%

CUSIP #: 032249 KB9

(the "Notes")

Dated: June 29, 2011

Due: June 29, 2012

The Notes are general obligations of the Enlarged City School District of the City of Amsterdam, Montgomery County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (DTC), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, as determined by the successful bidder, without the option of prior redemption. Payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time. See "Book-Entry-Only System" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Hiscock & Barclay, LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery in Albany, Amsterdam or New York, New York on or about June 29, 2011.

June 16, 2011

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED JUNE 8, 2011 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER AND THE DATED DATE ON PAGE 29, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

JEFFERIES & COMPANY

**ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM
MONTGOMERY COUNTY, NEW YORK**

BOARD OF EDUCATION

RAYMOND E. CROSBY
President

CAROL M. GRECO
Vice President

BOARD MEMBERS:

JOHN J. BOTTISTI
REBECCA A. COZZOCREA
PAULA A. HAWKINS
PATRICK K. KROHN
MICHAEL R. PARILLO

* * *

THOMAS F. PERILLO
Superintendent of Schools

DOROTHY PHOENIX
School District Clerk

JOHN P. DUFFY
Interim Business Manager

KIM BRUMLEY
Treasurer

WILLIAM H. MYCEK, ESQ.
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
School District Financial Advisor

HISCOCK & BARCLAY, LLP
Bond Counsel

No person has been authorized by the Enlarged City School District of the City of Amsterdam to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Enlarged City School District of the City of Amsterdam.

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OFFICIAL STATEMENT
of the
ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM
MONTGOMERY COUNTY, NEW YORK

Relating To

\$33,000,000 Bond Anticipation Notes, 2011

This Official Statement, which includes the cover page, has been prepared by the Enlarged City School District of the City of Amsterdam, Montgomery County, New York (the "School District", "County", and "State", respectively) in connection with the sale by the School District of \$33,000,000 Bond Anticipation Notes, 2011 (referred to herein as the "Notes").

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The factors affecting the School District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the School District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the School District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the School District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

DESCRIPTION OF THE NOTES

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount.

The Notes are dated June 29, 2011 and mature, without option of prior redemption, on June 29, 2012. The Notes will be issued in either (i) bearer form, in denominations of \$5,000 or integral multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. See "Book-Entry-Only System" herein.

Optional Redemption

The Notes are not subject to redemption prior to maturity.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each Note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized

representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the School District. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the School District and discharging its responsibilities with respect thereto under applicable law, or the School District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank(s) or trust company(ies) located and authorized to do business in the State of New York to be named by the School District. The Notes will remain not subject to redemption prior to their stated final maturity date.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution adopted by the Board of Education on April 25, 2007 authorizing the issuance of \$61,235,300 Serial Bonds of the School District to finance the construction of additions to and the reconstruction of various School District buildings. See "Capital Project Financing Plans" herein for additional details and borrowing history.

The proceeds of the Notes will renew \$18,000,000 aggregate principal amount of bond anticipation notes maturing June 30, 2011 and provide \$15,000,000 in new monies for the above mentioned purposes.

THE SCHOOL DISTRICT

General Information

In 1966, the then Amsterdam City School District became an enlarged city school district by the consolidation of the surrounding union free and common school districts. The School District covers an area of approximately 78 square miles. The School District encompasses the entire City of Amsterdam, as well as the Villages of Hagaman and Fort Johnson, and portions of the Towns of Amsterdam, Florida and Mohawk in Montgomery County, the Town of Perth in Fulton County, the Town of Charlton in Saratoga County and the Towns of Duanesburg and Glenville in Schenectady County.

The School District has a diversified economy ranging from the industrial and commercial activities in the City of Amsterdam to the agricultural operations in the rural areas. Agricultural operations include dairy and livestock, vegetable crops and production of feed crops for the dairy and livestock activities. Additionally, District residents commute to the Albany and Schenectady areas for employment.

The School District provides public education for grades Pre K-12. Higher educational opportunities are available at the Fulton-Montgomery Community College, the State University of New York at Albany, Union College and Skidmore College.

Electric, gas and telephone services are available from public utilities. In the City of Amsterdam, municipal services for police and fire protection, water, sewage collection and garbage collection are provided by the City. In the rural areas, police protection is provided by the County Sheriff's Departments and the New York State Police. Fire protection and ambulance services are provided by various volunteer groups.

Rail transportation is provided by Amtrak and Conrail in Amsterdam. Water transportation is available via the Mohawk River and the Erie Canal. Major highways include the New York State Thruway, with Interchange #27 located in Amsterdam, and New York State Routes 5, 30 and 67. Air transportation is available at the Albany International Airport.

Population

The population of the District is estimated to be 25,220. (Source: U.S. Census)

Population Trends

	<u>City of Amsterdam</u>	<u>County of Montgomery</u>	<u>New York State</u>
1990	20,714	51,981	17,990,455
2000	18,355	49,708	18,976,457
2009 (estimate)	17,465	48,616	19,541,453

Source: U.S. Census Bureau, 2009 Population Estimates, Census 2000, 1990 Census.

Note: 2010 figures are not available at this time.

Major Employers

<u>Name</u>	<u>Description</u>	<u>Approximate Number of Employees</u>
St. Mary's Hospital	Hospital	950
Amsterdam Printing	Printing	815
Liberty Enterprises	Sheltered Workshop for Disabled	747
Amsterdam City School District	Public Education	658
Amsterdam Memorial Hospital	Hospital	530
Cranesville Block Company, Inc.	Manufacturing	425
Noteworthy Corporation	Manufacturing	300

Wealth and Income Indicators

Per capita income statistics are not available for the School District as such. The smallest areas for which such statistics are available, which includes the School District, are the City of Amsterdam, the Towns of Amsterdam, Florida, Mohawk, Perth, Duaneburg, Glenville and Charlton (collectively, the "Towns") and the County of Montgomery. The figures set below with respect to such City, Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the City, Towns or the County are necessarily representative of the School District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>1990</u>	<u>2000</u>	<u>2009</u>
City of:						
Amsterdam	\$ 11,991	\$ 16,680	\$ 22,444	\$ 29,893	\$ 37,169	\$ 48,648
Towns of:						
Amsterdam	13,826	19,099	25,663	32,417	46,667	66,063
Florida	11,739	18,246	23,154	29,741	49,100	53,347
Mohawk	11,679	17,896	22,415	30,911	43,700	63,906
Perth	11,432	16,870	26,742	32,901	46,181	55,302
Duaneburg	14,893	23,345	29,851	42,326	65,461	86,435
Glenville	17,012	24,795	30,624	45,264	62,599	79,654
Charlton	19,197	27,924	36,418	51,165	66,250	90,946
County of:						
Montgomery	11,640	17,005	22,103	29,252	40,688	53,316
State of:						
New York	16,501	23,389	30,634	39,741	51,691	67,040

Source: U.S. Census Bureau, 2005-2009 American Community Survey.

Note: 2010 figures are not available at this time.

Form of School Government

The Board of Education, which is the policy-making body of the School District, consists of seven members with overlapping three-year terms. The President and the Vice President are elected by the Board members. The President of the Board is the chief fiscal officer of the School District.

The duties of the administrative officers of the School District are to implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the School District must mail a school budget notice to all qualified voters which contains the percentage increase or decrease in the proposed budget as compared to the current budget, the percentage increase or decrease in the consumer price index and the date, time and place of the budget vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget normally is held on the third Tuesday in May of each year. All qualified School District residents may participate.

If, by majority vote, the budget is rejected, the Board of Education may change, alter or revise the budget and may hold a second public hearing and referendum. However, such Board of Education may exercise its option, pursuant to the Education Law, to adopt by resolution a contingency (also known as austerity) budget for the ensuing fiscal year. Such contingency budget provides for ordinary contingent expenses, including debt service. The budget for the 2010-11 fiscal year was approved by the voters on May 18, 2010. The budget for the 2011-2012 fiscal year was defeated by the voters on May 17, 2011. On June 1, 2011 the Board of Education adopted a contingent budget for the 2011-12 fiscal year.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, or certificates of deposit issued by a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes or revenue anticipation notes issued by any New York municipality or district corporation other than the School District; (6) obligations of New York public benefit corporations, which are lawful investments pursuant to another provision of the law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible survey bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

The School District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Policy prohibits investing through any private entity or brokerage firm and provides for written Security Agreements and/or Custodial Agreements with each commercial bank or trust company.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table illustrates the percentage of total revenues of the District for each of the last six completed fiscal years and budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2004-05	\$ 39,067,808	\$ 20,209,339	51.73%
2005-06	41,528,588	22,371,599	53.87%
2006-07	45,417,335	26,394,792	58.12%
2007-08	48,120,222	28,051,408	58.29%
2008-09	52,010,863	32,121,822	61.76%
2009-10	52,868,850	30,434,612	57.57%
2010-11 (Budgeted)	52,240,755	30,950,255	59.25%
2011-12 (Budgeted)	55,853,509	30,989,996	55.48%

The District receives substantial financial assistance from the State. In its budget for the 2010-2011 fiscal year, approximately 59.3% of the revenues of the District are estimated to be received in the form of State aid. In its contingent budget for the 2011-2012 fiscal year, approximately 55.5% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "Market Factors Affecting Financing of the State and School Districts of the State" herein).

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes for as much as 96.2% of the principal and interest on its outstanding serial bonds. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State wide average. The District may elect to use the highest building aid ratio that has been calculated since the 1981-82 fiscal year.

Recent Events Affecting State Aid to New York School Districts

During the District's fiscal year ended June 30, 2010, the District's receipt of State aid was delayed as a result of several initiatives adopted by then Governor David Paterson in response to the State's ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010. Nevertheless, the District cannot predict at this time whether there will be any delays and/or further reductions in State aid in the current year or in future fiscal years. The District expects to be able to mitigate the impact of any delays or reductions by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "Market and Risk Factors" herein).

The State 2011-2012 Enacted Budget includes school aid of \$19.6 billion. This reflects a reduction of \$1.3 billion or 6.1% from the State's 2010-11 Enacted Budget, including State operating funds and \$608 million of Federal Jobs Bill funding. This reduction represents a 2.5% of average school district total spending.

The State's 2011 – 2012 Enacted Budget provides a two-year appropriation and reflects permanent law changes to limit future school aid increases to growth in the State personal income rate. The State's 2011 – 2012 Enacted Budget creates new education performance and efficiency grants with \$500 million in total appropriations for districts that demonstrate significant student performance improvements or that undertake long-term structural changes to reduce costs and improve efficiency.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

STAR Aid payments for the 2010-11 fiscal were received in October, 2010, November, 2010, and December, 2010. Adjustment payments were made in March, 2011. See "STAR – School Tax Exemption" herein. The State adopted a Federal Medical Assistance Program (FMAP) contingency plan which includes a \$29.7 million reduction in STAR and represents a 1.1% reduction in such aid to each district in the State. See "STAR - School Tax Exemption" herein for more information regarding STAR payments.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

As enacted in 1997, STAR was phased in over four years. Homeowners over 65 years of age with household adjusted gross incomes not in excess of \$79,050 (increased annually according to a cost of living adjustment) are eligible for a “full value” exemption of \$60,100. Other homeowners with household adjusted gross income not in excess of \$500,000 are eligible for a \$30,000 “full value” exemption on their primary residence.

STAR Aid payments for the 2010-11 fiscal were received in October, 2010, in November, 2010, and in December, 2010. Adjustment payments are expected to be made in March 2011.

\$4,061,705 of the District’s \$18,399,783 school tax levy for 2010-11 was exempted by the STAR Program. The District received \$4,018,051 of such exempt taxes from the State in January, 2011. The State adopted a Federal Medical Assistance Program (FMAP) contingency plan which involves a 1.1% reduction in STAR Aid to each school district in the State. The District’s FMAP Reduction was \$43,654.

School Facilities

<u>Name</u>	<u>Grade</u>	<u>Capacity</u>	<u>Construction/Additions Date</u>
R.J. McNulty Academy for Literacy & International Studies ⁽¹⁾	Pre K-5	580	1963, '04
Clara Bacon Elementary	K-5	366	1966, '92, '02, '04
William Tecler Elementary	K-5	599	1971, '86, '03
Marie Curie Elementary	K-5	600	1975, '90
William Barkley Elementary	K-5	600	1971, '90, '07
Wilbur H. Lynch Middle School	6-8	772	1930, '89, '02, '04
Amsterdam High School	9-12	2,000	1975, '97, '04, '07
Truax Elementary	----	N/A ⁽²⁾	----

- (1) A New York State Grant was obtained for Magnet School funding in July 2005 and McNulty became a Magnet School and expanded to include a Pre K program. The school’s theme is Literacy and International Studies.
- (2) Building rented to Headstart.

Enrollment Trends

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2006-07	3,840	2011-12	3,750
2007-08	3,725	2012-13	3,750
2008-09	3,717	2013-14	3,750
2009-10	3,750	2014-15	3,750
2010-11	3,767		3,750

Employees

The School District currently employs 555 employees , including part and full time. These employees are represented by the following bargaining agents:

<u>Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
343	Amsterdam Teachers' Association	6/30/12
15	Amsterdam Administrators' Association	6/30/12
77	CSEA Teachers Aids Unit	6/30/12
32	CSEA Clerical Unit	6/30/12
41	CSEA Custodial/Maintenance Unit	6/30/12
99	Substitute Teachers' Association	6/30/13
1	Superintendent	6/30/13
3	Directors	6/30/11 ⁽¹⁾
19	Others Non-Bargaining Unit	6/30/12

⁽¹⁾ Currently under negotiations.

Source: School District officials.

Pension Payments

Professional employees (teachers and administrators) are members of the New York State Teachers' Retirement System ("TRS"). All non-professional employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employees' Retirement System ("ERS") and collectively with TRS, the "Retirement Systems". These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement 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 benefits and optional methods of benefit payments. All benefits generally begin vesting after five (5) years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement Systems are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. Other than members of Tier V (as described below), all members hired on or after July 1, 1976, with less than 10 years of service, must contribute 3% of their gross annual salary toward the costs of retirement programs until they attain ten years in the Retirement System, at such time contributions become voluntary.

On December 12, 2009, the new Tier V was signed into law.

The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

The District's payments to ERS and TRS since the 2007-08 fiscal year and the estimated and the budgeted payments for the 2010-2011 and 2011-12 fiscal years are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2007-2008	\$ 310,208	\$ 1,649,485
2008-2009	283,178	1,441,266
2009-2010	238,923	1,612,600
2010-2011 (Estimated)	518,000	1,714,200
2011-2012 (Budgeted)	542,079	2,345,000

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The School District currently does not have any early retirement incentives.

Historically, there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement Systems in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the ERS and TRS, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning the actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

On July 20, 2004, Chapter 260 of the Laws of 2004 ("Chapter 260") was signed into law. Chapter 260 contains three components which alter the way municipalities and school districts contribute to the State pension system: (1) revision of the payment due date, (2) extension of the period of time for pension debt amortization, and (3) authorization to establish a pension reserve fund. Prior to the effective date of the provisions of Chapter 260, the annual retirement bill sent to municipalities and school districts from the State had reflected pension payments due between April 1 and March 31, consistent with the State fiscal year.

Chapter 260 provides for the following changes:

- **Contribution Payment Date Change:** The law changes the date on which local pension contributions are due to the State. Effective immediately, the annual required contribution is due Feb. 1 annually instead of Dec. 15. As a result, no payment was due in calendar year 2004.
- **Pension Cost Amortization-Extension of Payout Period:** The law also extends the ability of municipalities and school districts to amortize a portion of the current year pension cost over a period of 10 years, extending the term from five years as authorized under the 2003 Chapter 49 legislation. Municipalities can amortize, either directly through the State retirement system at a fixed interest rate annually determined by the State Comptroller or through the capital markets, pension payments in excess of 7% of eligible payroll in 2005, 9.5% in 2006, and 10.5% in 2007.
- **Pension Contributions Reserve Fund:** The law creates special authorization to create a new category of reserve fund under the General Municipal Law. Municipalities and school districts may now establish a retirement contribution reserve fund that can be funded from other available current government resources.

TRS has recommended that school districts use an estimated employer contribution rate of 11.11 percent for purposes of preparing their 2011 - 2012 budgets.

During 2007, 2008 and 2009, ERS rates were 10.7%, 9.6% and 8.5%, respectively, and TRS were 8.6%, 8.7% and 7.6%, respectively.

The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District's employees is not subject to the direction of the School District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the School District which could affect other budgetary matters. Investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

While the School District is aware of the potential negative impact on its budget and will take the appropriate steps to budget accordingly for the increase, there can be no assurance that its financial position will not be negatively impacted.

Other Post-Employment Benefits

It should also be noted that the School District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The District contracted with an actuarial firm to assist in the determination of the costs and liabilities associated with the District's OPEB plan (the "Plan"). This analysis has been completed in accordance with GASB Statement No. 45; Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions. Based on the most recent actuarial evaluation dated February 1, 2010, the actuarial accrued liability (AAL), the portion of the actuarial present value of the total future benefits based on the employees' service rendered to the measurement date, is \$105,742,222. The actuarial value of the Plan's assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$105,742,222. The School District's beginning year Net OPEB obligation was \$4,020,310. The School District's annual OPEB expense was \$7,479,056 and is equal to the adjusted annual required contribution (ARC). The School District is on a pay-as-you-go funding basis and paid \$4,064,833 to the Plan for the fiscal year ending June 30, 2010, resulting in a net increase to its unfunded OPEB obligation of \$3,414,223 for a fiscal year ending June 30, 2010 total net unfunded OPEB obligation of \$7,434,533. The aforementioned liability and ARC are recognized and disclosed in accordance with GASB 45 standards in the School District's June 30, 2010 financial statements. The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are less than 200 members.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County. The information set forth below with respect to the County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the District, or vice versa.

	<u>Annual Average</u>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Montgomery County	6.5%	5.9%	5.4%	5.9%	5.9%	7.0%	9.7%	9.8%
New York State	6.4%	5.8%	5.0%	4.6%	4.5%	5.3%	8.4%	8.6%

	<u>2010-11 Monthly Figures</u>											
	<u>2010</u>							<u>2011</u>				
	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Montgomery County	9.1%	9.6%	9.2%	9.0%	8.8%	9.3%	9.6%	11.2%	11.3%	10.6%	N/A	N/A
New York State	8.4%	8.6%	8.3%	8.2%	8.0%	8.2%	8.0%	8.9%	8.7%	8.0%	N/A	N/A

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The School District will have satisfied the estoppel provisions as provided in Title 6 of Article 2 of the Local Finance Law by the date of the sale of the Notes.

No principal or interest upon any obligation of the School District is past due.

The fiscal year of the School District is July 1 to June 30.

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the School District.

Financial Statements

The School District retains Independent Certified Public Accountants. The last audited report covers the period ending June 30, 2010. A copy of the report is attached hereto as Appendix - D. Additional information can be obtained by contacting the School District Business Manager, Phone: (518) 843-5206. In addition, the State Comptroller's office, Department of Audit and Control, periodically performs a compliance review to ascertain whether the School District has complied with the requirements of various State and Federal statutes.

The School District complies with the Uniform System of Accounts as prescribed for School Districts in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending July 30, 2003 the School District is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The School District is in compliance with Statement No. 34.

2010-2011 Projected Results of Operation (Unaudited)

The School District expects the fiscal year ending June 30, 2011 to end with a positive fund balance. Summary projected results for the General Fund for the period ending June 30, 2011 is as follows:

Revenues	\$ 52,455,775
Expenditures	<u>57,813,048</u>
Operating Deficit	\$ (5,357,273)

Financial Position

The School District experienced fiscal problems beginning with its fiscal year ended June 30, 2000 as a result of an over-estimation of State Aid payments. The General Fund Deficit at June 30, 2000 was \$843,097. At June 30, 2001 the School District's deficit had increased to \$1,802,095. The growth in the deficit was attributable to budget practices that were already in place at the start of the 2000-2001 fiscal year. State aid was projected to come in at much higher levels than actual revenues while expenditures were increasing. The District implemented corrective measures including conservative spending and budget structures in order to control and minimize expenditures. As part of the School District's corrective measures, the District received State Legislation authorizing the issuance of bonds or bond anticipation notes in an amount not to exceed \$6,000,000 for the purpose of liquidating the accumulated deficit that existed in the General Fund at the close of the fiscal year ending June 30, 2001, including any revenue anticipation notes outstanding as of June 30, 2001, which were part of the deficit. Serial bonds in the amount of \$4,961,533 were issued on December 27, 2001 to liquidate the cumulative deficit in the General Fund.

Fiscal Year Ending June 30, 2001

The audit report for the period ending June 30, 2001 demonstrated a General Fund deficit of \$1,802,095. However, as a result of certain encumbrances the State Comptroller certified the District's deficit at \$1,961,533 (See also "State Legislation to Address Deficit"). The growth in the deficit from the prior year was attributable to budget practices that were already in place at the start of the 2000-2001 fiscal year. State aid was projected to come in at higher levels than actual revenues while expenditures were increasing.

During the fiscal year the District took various steps in an effort to implement corrective measures. In the preparation of the 2001-02 fiscal year Budget, revenues, such as State Aid, were decreased to amounts attainable in past years. All spending was monitored and justified. A freeze on the purchase of all supplies and materials was put in place and replacement of non-instructional positions were analyzed and replaced on a need basis. In addition, the District submitted its budgets, prior to public vote, and its quarterly reports to the State Comptroller for review as more fully described under "State Legislation to Address the Deficit" herein.

Fiscal Year Ending June 30, 2002

The audit report for the fiscal year ending June 30, 2002 demonstrated a General Fund balance of \$3,605,251. The District was able to erase its General Fund deficit through the issuance of deficit financing and conservative spending and budgeting.

Fiscal Year Ending June 30, 2003

The audit report for the fiscal year ending June 30, 2003 demonstrated a General Fund operating surplus of \$1,785,510 and a General Fund balance of \$8,942,640. The District was able to further increase its General Fund balance through conservative spending and budgeting.

Fiscal Year Ending June 30, 2004

The audit report for the fiscal year ending June 30, 2004 showed a General Fund operating surplus of \$60,526. However, when adding in the operating transfers, this became a deficit of \$37,841. This draw down, along with another change in fund balance of \$169,021 meant the District's General Fund balance at the end of year decreased to \$8,735,778. Through continued stringent budget and spending procedures, the District was able to use much less of its fund balance than was anticipated in the adopted and modified budgets.

Fiscal Year Ending June 30, 2005

The audit report for the fiscal year ending June 30, 2005 showed a General Fund operating deficit of \$1,444,194. This draw down meant the District's General Fund balance at the end of the year decreased to \$7,291,584. The District used part of fund balance to offset a larger tax increase. The fund balance remained at 18.2% of operating expenses. Through continued stringent budget and spending procedures, the District was able to use much less of its fund balance than was anticipated in the modified budget.

Fiscal Year Ending June 30, 2006

The audit report for the fiscal year ending June 30, 2006 showed a General Fund operating deficit of \$164,645 and an additional change of minus \$156, 013. This draw down meant the District's General Fund balance at the end of the year decreased to \$6,970,926. The fund balance remained at 16.8% of operating expenses. The District had anticipated using \$1,106,649 of the fund balance in the modified budget, however through continued strong spending procedures, the District was able to use much less of its fund balance than was anticipated.

Fiscal Year Ending June 30, 2007

The audit report for the fiscal year ending June 30, 2007 showed a General Fund operating surplus of \$1,968,077. This increased the District's General Fund balance at the end of year to \$8,939,003. The fund balance remained at 20.6% of operating expenses. The District had anticipated using \$1,876,527 of the fund balance in the modified budget, however through continued strong spending procedures, the District was able to keep actual costs across all expenditures down by approximately \$1.8 million. The District also saw revenues come in approximately \$2 million above the modified budget largely due to an increase in State aid.

Fiscal Year Ending June 30, 2008

The audit report for the fiscal year ending June 30, 2008 showed a General Fund operating deficit of \$1,744,365. This decreased the District's General Fund balance at the end of year to \$7,194,638. The fund balance remained at 14.4% of operating expenses. The District planned on using fund balance to mitigate a tax increase. For 2008, actual expenses were about \$450,000 above the contingent budget, while revenues were about \$200,000 above the contingent budget. This difference together with the planned use of \$1.5 million of fund balance, resulted in the District using \$1.7 million of fund balance.

Fiscal Year Ending June 30, 2009

The audit report for the fiscal year ending June 30, 2009 showed a General Fund operating surplus of \$2,823,622. This increased the District's General Fund balance at the end of year to \$10,018,260. The fund balance remained at 20.4% of operating expenses. The District planned on using fund balance to mitigate a tax increase, however revenues performed slightly better than budgeted, and expenses were under budget by approximately \$3,500,000.

Fiscal Year Ending June 30, 2010

The audit report for the fiscal year ending June 30, 2010 showed a General Fund operating deficit of \$60,987. This decreased the District's General Fund balance at the end of year to \$9,957,273. The fund balance remained at 18.9% of operating expenses. The District had anticipated using \$3,469,549 of the fund balance in the modified budget, however through continued strong spending procedures, the District was able to use much less of its fund balance than was anticipated.

Budget Year 2010-11

The budget for the 2010-11 fiscal year was approved by the voters on May 18, 2010. The total General Fund budget was increased by about 4.6%, however, the budget did not contain an increase in taxes. The District is anticipating a decline in State aid by approximately \$1.6 million and the largest expenditure increases are related to employee benefits and debt service. The debt service has increased due to a portion of the capital project being permanently financed in June 2010. A tax increase was mitigated by the use of \$5.4 million of fund balance to balance the budget. The District hopes to avoid using all of this appropriation if revenues perform better than anticipated, specifically related to State aid.

Budget Year 2011-12

The budget for the 2011-12 fiscal year was defeated by the qualified voters on May 17, 2011. On June 1, 2011 the Board of Education elected to adopt a contingent budget. The budget for 2011-12 is \$58,353,509, which is \$361,239 below the state contingent budget limit, and represents an increase of 1.14% over last year's budget. The overall tax rate is expected to increase 16.4% for District residents. The amount of reserves being utilized is \$2.5 million, a decrease of \$2.5 million from the current school year, and accounts for 13.6% of the tax levy increase for the next year. The District lost over \$1.0 million in Federal ARRA funding, and the State- mandated contribution to the Employee Retirement System (ERS) and contribution to the Teacher Retirement System (TRS) are expected to increase by \$835,800, and health, dental and prescription drug costs are expected to increase by \$554,200. To help mitigate these increases, the District cut expenditures by \$3.4 million, appropriated \$2.5 million in fund balance, and needed to raise the property tax levy.

State Legislation to Address Deficit

State Legislation was enacted as Chapter 118 of the Laws of 2001 (the "Act") which allowed the School District to issue bonds or bond anticipation notes for the specific object or purpose of liquidating the accumulated deficit in the School District's general fund at the close of its fiscal year ending June 30, 2001, including any revenue anticipation notes outstanding as of June 30, 2001, which may be a part of the deficit. The Act authorized the issuance of bonds or bond anticipation notes in an amount not to exceed \$6,000,000 with a period of probable usefulness of ten years.

The Act further provided that the State aid payments made to the School District in the 1998-1999 school year, which included excess payments of building aid, public excess cost aid and transportation aid of which the School District has been notified, and for which recovery must be made by the State through deduction of future aid payments, shall be reduced through aid deductions totaling such excess payments, by deducting one-sixth of such excess payments from the payments due to the School District and payable in the month of June in the years 2002, 2003, 2004, 2005, 2006 and 2007, provided, however, there shall be no interest penalty assessed against the School District or collected by the State, and provided further that any pending payment of moneys due to the School District as a prior year adjustment payable pursuant to Section 3604 of the Education Law for aid claims that have been previously paid in excess as current year aid payments and for which recovery of excess payment is to be made pursuant to the Act, shall be reduced at the time of actual payment by any remaining unrecovered balance of such excess payments, and the remaining scheduled deductions of such excess payments shall be reduced by the Commissioner of Education to reflect the amount so recovered.

The Act requires the School District to submit in each fiscal year to and including the last fiscal year during which the bonds or any refunding of the bonds are outstanding, a tentative budget to the State Comptroller and the Commissioner of Education within five days after its preparation. The State Comptroller and Commissioner of Education may in each year examine such proposed budget and make budget recommendations to the School District. These recommendations are required to be made after examination into the estimates of revenues and expenditures of the School District and may be made prior to the adoption of the budget. The Board of Education is required to review any recommendations and may make adjustments to the proposed budget consistent with any recommendations made by the State Comptroller and the Commissioner of Education within fifteen days. Any recommendations which the Board rejects must be explained in writing to the State Comptroller and the Commissioner of Education. In addition, the State Comptroller may review and make recommendations regarding long term and short term borrowing proposed by the School District. The action or inaction of the State Comptroller and the Commissioner of Education under the Act, however, does not affect the powers or duties of the School District with respect to the budget process.

The Act provides that for each fiscal year to and including the last fiscal year during which the bonds or any bonds issued to refund such bonds are outstanding, the President of the Board of Education, as chief fiscal officer, shall monitor all budgets and for each budget, shall prepare a quarterly report of summarized budget data depicting overall trends of actual revenues and budget expenditures for the entire budget as well as individual line items. These reports shall compare revenue estimates and appropriations as set forth in each budget with the actual revenues and expenditures made to date and projected through the close of the fiscal year. All quarterly reports shall be accompanied by a recommendation to the Board of Education of the School District setting forth any remedial action necessary to resolve any unfavorable budget variance, including the overestimation of revenue and underestimation of appropriations. The President of the Board of Education, as chief fiscal officer, also shall prepare, as part of such report, a quarterly trial balance of general ledger accounts in accordance with generally accepted accounting principles as prescribed by the State Comptroller. All reports shall be completed within thirty days after the end of each quarter and shall be submitted to the Board of Education, the New York State Division of the Budget, the Office of the State Comptroller, the Commissioner of Education, the Chairman of the Assembly Ways and Means Committee and the Chairman of the Senate Finance Committee. The State Comptroller and the Commissioner of Education may review and provide recommendations to ensure the accuracy of such annual revenue and expenditure estimates including reimbursement for State aid and may provide guidance and advice on applying for available state aid revenues within thirty days of receiving such reports. In addition, the State Comptroller and the Commissioner of Education may review the operations, management and efficiency of School District operations and may make recommendations to the Board of Education on a semi-annual basis.

The Act provided that the School District may not issue any bonds for the purpose of liquidating the accumulated deficit in its General Fund at the close of its fiscal year ending June 30, 2001 until the amount of such deficit was determined by the State Comptroller. The State Comptroller determined the deficit amount to be \$1,961,533 and stated that bonds to liquidate such deficit and to retire the outstanding revenue anticipation notes shall not be issued in an amount exceeding \$4,961,533. Bonds to liquidate such deficit were issued in the amount of \$4,961,533 on December 27, 2001.

TAX INFORMATION

Valuations ⁽¹⁾

<u>Fiscal Years Ending June 30:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Taxable Assessed Valuation	\$ 470,685,327	\$ 476,738,045	\$ 477,561,009	\$ 476,098,831	\$ 482,434,397
Full Valuation Computed Using Regular State Equalization Rates	\$ 850,311,586	\$ 965,776,905	\$ 1,040,259,148	\$ 1,072,541,949	\$ 1,045,979,343
Full Valuation Computed Using Special State Equalization Rates	\$ 1,001,679,043	\$ 1,077,344,705	\$ 1,120,634,766	\$ 1,233,985,540	\$ 1,378,703,915

⁽¹⁾ Please refer to APPENDIX – C attached hereto for greater detail as to the taxable valuations by the City and the Towns.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Years Ending June 30:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City of:					
Amsterdam	\$ 25.59	\$ 24.93	\$ 24.91	\$ 26.51	\$ 27.50
Towns of:					
Amsterdam	170.91	184.72	178.34	191.48	172.18
Florida	29.84	30.88	29.37	30.60	31.25
Glenville	30.60	20.41 ⁽¹⁾	19.82	20.84	19.85
Perth	31.26	31.40	32.14	36.09	32.45
Duanesburg	57.77	64.39	63.13	59.04	63.41
Charlton	22.65	24.30	25.48	26.05	25.18
Mohawk	45.29	49.51	44.59	49.20	52.70

⁽¹⁾ Significant change from previous year due to town wide revaluation.

Tax Levy and Collection Record

<u>Fiscal Years Ending June 30:</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Gross Tax Levy ⁽¹⁾	\$ 17,144,179	\$ 17,582,084	\$ 17,149,997	\$ 18,400,000	\$ 18,400,000
Uncollected	1,128,087	1,071,607	1,099,161	1,223,851	1,288,000
% Uncollected	6.58%	6.09%	6.41%	6.66%	7.00% ⁽²⁾

⁽¹⁾ Gross tax levy prior to adjustments (tax roll additions, shortages, cancellations and refunds). See “Tax Collection Procedure” herein. Collection period ending April 30, 2011 is still under reconciliation.

⁽²⁾ Estimated

Tax Collection Procedure

School taxes are due beginning July 1 and may be paid through August 31 without penalty. Taxpayers may also elect to make payments in installments, with payments due August 31, October 31, January 31 and April 30. Penalties accrue at varying rates depending on the payment schedule selected, but generally at the rate of 1% per month.

Taxes are collected by the Receiver of Taxes of the School District during the collection periods. Taxes remaining uncollected after the expiration of the second collection period are returned to the Treasurer of the City of Amsterdam and the Treasurers of Montgomery, Fulton, Saratoga and Schenectady Counties who, by law, must reimburse the School District in full for uncollected taxes prior to the end of the second fiscal year for which the taxes are levied.

The burden of delinquent tax collection is placed on the Counties and City subsequent to advancing the school taxes to the School District. The Counties and City may pay moneys due to the School District from funds on hand or may borrow moneys pursuant to the Local Finance Law.

Larger Taxpayers 2010 Tax Roll For 2010-11 Fiscal Year

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
National Grid	Utility	\$ 22,243,079
Alpin Haus	Commercial	2,869,400
Verizon	Utility	2,190,290
Limited Liability Co. GDC	Shopping Plaza	913,000
Target	Retail	806,678
Lowe's Home Centers Inc	Commercial	765,000
Business Trust Wal-Mart	Shopping Plaza	750,000
Holland USA, Incorporated	Manufacturing	744,100
HD Development of Maryland	Commercial	725,000
South Burlington Inc. Mart	Retail	<u>565,000</u>
	Total	\$ 31,608,739

The larger taxpayers listed above have a total assessed valuation of \$32,571,547 which represents 6.8% of the tax base of the School District.

Source: School District Tax Rolls.

Additional Tax Information

Real property located in the School District is assessed by the City and the Towns.

Senior citizens' exemptions from School District taxes are offered to those who qualify.

The assessment roll of the School District is constituted approximately as follows: 20% commercial, 15% industrial, 50% residential and 15% agricultural.

The total property tax bill of a typical residence with a market value of \$100,000 is estimated to be \$1,771 including County, Town or City and School District taxes.

REAL PROPERTY TAX CAP

On January 31, 2011, the New York State Senate passed Governor Cuomo's version of a real property tax levy cap bill (S. 2706/A. 3982) (the "Senate Tax Cap Bill"). The Senate Tax Cap Bill would apply to all local governments (including school districts) with the exception of New York City, the counties comprising New York City, and the Big 5 City School Districts (Buffalo, Rochester, Syracuse, Yonkers and New York City). The Senate Tax Cap Bill would apply directly to independent special districts and to town or county component special districts as part of their parent municipalities' tax levies.

The Senate Tax Cap Bill would set the cap at the rate of inflation or 2 percent, whichever is less. Any property tax levy increase above the inflation rate would be prohibited, unless approved by both the local governing board and by a 60 percent majority of the voters. For school districts, this vote would be part of the regular budget voting process.

The Senate Tax Cap Bill permits only limited exceptions to the cap, such as one-time needs for large legal settlements or capital expenditures. Counties also will be covered, but with appropriate exceptions for certain state mandated social service programs.

On May 24, 2011, the Governor, Speaker of the Assembly and the Majority Leader of the Senate announced that they had reached agreement on a real property tax levy cap. Also on May 24, 2011, the New York State Assembly introduced its version of the tax cap bill (A.7916) (the "Assembly Tax Cap Bill"). Like the Senate Tax Cap Bill, the Assembly Tax Cap Bill would set the cap at the rate of inflation or 2 percent, whichever is less and would allow the cap to be exceeded by a positive vote of 60 percent of the voters. In addition, the Assembly Tax Cap Bill would:

- Provide a carryover provision of up to 1.5 percent from one year to the next of any amount in which the previous year's levy was below that year's limit;
- Allow local governments and school districts to adjust the tax levy upward if there is physical or quantity growth in the property base;
- Include a tax base growth factor to account for any increase in the full value of taxable real property; and
- Exempt pension payments over two percent from the previous year and court orders and judgments that exceed five percent of the total levy from the previous year.

The Assembly Tax Cap Bill would maintain existing statewide budget timelines for school districts and require a 60 percent voter approval to override the cap. If a school district budget is rejected, the school district would be allowed to resubmit the budget for another vote or adopt a zero tax levy growth budget. School districts would be required to adopt a zero tax levy growth budget if the proposal were twice rejected by voters. The Assembly Tax Cap Bill would be effective for the 2012 – 2013 school district fiscal year.

Before being enacted into law, the same tax cap bill must be adopted by both the Assembly and the Senate and signed into law by the Governor.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations in summary form and as generally applicable to the District include the following:

Purpose and Pledge. The School District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The School District may contract indebtedness only for a School District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the School District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The School District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed five per centum of the average full valuation of the taxable real estate of the School District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining average full valuation is by dividing the assessed valuation of taxable real estate for the last completed and the four preceding assessment rolls by the equalization rates established by the State Office of Real Property Services in accordance with applicable State law.

The School District is generally required by such laws to submit propositions for the expenditure of money for capital

purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity, is commenced within twenty days after the date of such publication or,

- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The School District has complied with this estoppel procedure in connection with the Bonds and Notes.

The Board of Education, as the finance board of the School District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the School District, pursuant to the Local Finance Law.

The School District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the School District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Debt Outstanding End of Fiscal Year

The following table sets forth the indebtedness of the School District evidenced by bonds and notes as of June 30 of each of the following years.

<u>Fiscal Years Ending June 30:</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Bonds	\$ 12,250,000	\$ 25,975,000	\$ 28,280,320	\$ 25,927,162	\$ 46,170,000
Bond Anticipation Notes	9,732,000	9,317,000	14,646,000	25,000,000	15,000,000
Other Debt ⁽¹⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 21,982,000</u>	<u>\$ 35,292,000</u>	<u>\$ 42,926,320</u>	<u>\$ 50,927,162</u>	<u>\$ 61,170,000</u>

⁽¹⁾ Represents Capital, Revenue and Tax Anticipation Notes.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bonds and notes as of June 1, 2011.

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2011-2025	\$ 45,085,000
<u>Bond Anticipation Notes</u>		
Capital Project	June 30, 2011	15,000,000 ⁽¹⁾
Capital Project	June 30, 2011	<u>3,000,000</u> ⁽¹⁾
	Total Debt Outstanding	<u>\$ 63,085,000</u>

⁽¹⁾ To be renewed at maturity with proceeds of the Notes.

Summary of Constitutional Debt Limit

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 1, 2011:

	Computed Using Regular State Equalization Rates	Computed Using Special State Equalization Ratios ⁽¹⁾
Five-Year Average Full Valuation of Taxable Real Property	\$ 994,973,786	\$ 1,162,469,594
Debt Limit 5% thereof	<u>49,748,689</u>	<u>58,123,480</u>
<u>Inclusions:</u>		
Bonds	\$ 45,085,000	\$ 45,085,000
Bond Anticipation Notes	18,000,000	18,000,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>
Total Inclusions	\$ 63,085,000	\$ 63,085,000
<u>Exclusions:</u>		
Appropriations	\$ 2,055,000	\$ 2,055,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>
Total Exclusions	\$ 2,055,000	\$ 2,055,000
Total Net Indebtedness ^{(2) (3)}	<u>\$ 61,030,000</u>	<u>\$ 61,030,000</u>
Net Debt-Contracting Margin	<u>\$ (11,281,311)</u>	<u>\$ (2,906,520)</u>
The percent of debt contracting power exhausted is	122.68%	105.00%

Note: Issuance of the Notes will increase the total net indebtedness by \$15,000,000. The School District has received consent of the Board of Regents and the Office of the State Comptroller to exceed its debt limit of the debt shown above, \$18,000,000 of bond anticipation notes and \$23,265,000 serial bonds are the subject of the onsent to exceed the debt limit.

- (1) Pursuant to Article 12-B of the Real Property Tax Law, special equalization ratios are available to the School District for computing its debt limit. The School District has utilized said ratios to calculate its debt limit for Debt Statement purposes.
- (2) The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the constitutional debt limit of the School District.
- (3) The District receives New York State debt service building aid in an amount approximating 96.2% of its outstanding debt and 96.2% of the current building project. However, a fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The 2001 provisions legislate, among other things, an “assumed amortization” payout schedule for future State building aid payments based on an annual “average interest rate” and mandatory periods of probable usefulness with respect to the allocation of building aid. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive.

Capital Project Financing Plans

The District has authorized a capital project that includes improvements to various District buildings and a new bus garage. The project cost is \$61,235,300 and such amount will be borrowed in phases depending on cash flow needs and construction timeline. The District anticipates using all or a portion of the \$2,934,667 EXCEL Aid to fund a portion of the project, and with the District’s 98.0% building aid ratio, the project is anticipated to have little or no impact on the taxpayers.

The District has issued a total of \$40,000,000 of obligations against this authorization. \$25,000,000 of this amount was permanently financed as part of the Dormitory Authority of the State of New York pooled financing issued on June 15, 2010. The District issued \$23,265,000 principal amount of bonds, the proceeds of which, together with \$1,585,000 premium and \$150,000 available funds, repaid a \$25,000,000 bond anticipation note which matured on June 25, 2010. The District also issued \$15,000,000 of notes on June 30, 2010 and \$3,000,000 on February 24, 2011. The notes mature on June 30, 2011. Pending future market conditions, the District plans to permanently finance the notes with the issuance of bonds in 2012.

The current issuance of the Notes will renew the \$18,000,000 bond anticipation notes outstanding, and will provide and additional \$15,000,000 in original financing for the above authorization. Future borrowings will depend on construction cash flow. After issuance of the Notes, the District will have \$3,235,300 authorized and unissued.

The School District has no other projects authorized or contemplated at this time.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in APPENDIX - B to this Official Statement.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the School District. Estimated bonds and bond anticipation notes are listed as of the close of the 2009 fiscal year of the respective municipalities.

<u>Unit Indebtedness</u>	<u>Indebtedness</u> ⁽¹⁾	<u>Outstanding Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>% Within School District</u>	<u>Applicable Net Indebtedness</u>
Counties of: Montgomery	\$ 44,915,650	\$ 0	\$ 44,915,650	46.06%	\$ 20,688,148
Fulton	2,182,460	0	2,182,460	0.42%	9,166
Saratoga	70,370,000	0	70,370,000	0.01%	7,037
Schenectady	57,330,246	0	57,330,246	0.17%	97,461
City of: Amsterdam	18,495,995	7,661,815	10,834,180	100.00%	10,834,180
Towns of: Amsterdam	4,289,000	605,000	3,684,000	100.00%	3,684,000
Florida	0	0	0	78.58%	0
Glenville	23,141,060	11,817,477	11,323,583	1.53%	173,251
Perth	0	0	0	6.20%	0
Duanesburg	7,282,857	0	7,282,857	0.23%	16,751
Charlton	1,934,050	139,050	1,795,000	0.10%	1,795
Mohawk	0	0	0	0.02%	0
Villages of: Hagaman	90,000	90,000	0	100.00%	0
Fort Johnson	881,300	881,300	0	100.00%	0
				Total	\$ 35,511,790

- (1) Bonds and bond anticipation notes as of close of 2009 fiscal year. Not adjusted to include subsequent bond sales, if any.
- (2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller’s Special Report on Municipal Affairs for Local Finance Years Ended in 2009.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of:

June 1, 2011

	<u>Amount</u>	<u>Per Capita (a)</u>	<u>Percentage of Full Value (b)</u>
Net Indebtedness (see "Computation of Debt Limit").....	\$ 61,030,000	\$ 2,419.90	5.83%
Net Indebtedness Plus Net Overlapping Indebtedness (c).....	96,541,790	3,827.99	9.23%

- (a) The current estimated population of the District is 25,220.
- (b) The District's full value of taxable real estate for 2010-11 is \$1,045,979,343, using regular equalization ratios.
- (c) Estimated net overlapping indebtedness is \$35,511,790. See "Estimated Overlapping Indebtedness."

Note: The above ratios do not take into account State building aid the District will receive for past and current construction projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes.

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

The Federal Bankruptcy Code allows public bodies, such as the School District recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the School District.

EVENT NOTICES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the School District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Note is outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Note:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Note, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Note
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material, and tender offers
- (i) defeasances

- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the School District
- (m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material

Event (c) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Note.

With respect to event (d) the School District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the School District does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The School District reserves the right to terminate its obligation to provide the aforescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Note within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Note (including holders of beneficial interests in the Note). The right of holders of the Note to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under its event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Note nor entitle any holder of the Note to recover monetary damages.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School District; provided that the School District agrees that any such modification will be done in a manner consistent with the Rule.

An "Undertaking to Provide Notice of Events" to this effect shall be provided to the purchaser(s) at closing.

The School District is in compliance with all prior undertakings pursuant to the Rule.

MARKET AND RISK FACTORS

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the School District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "State Aid").

TAX MATTERS

In the opinion of Hiscock & Barclay, LLP., Albany, New York, Bond Counsel, under existing law, (1) interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code, except that (A) interest on the Notes is included in the adjusted current earnings of corporations for purposes of calculating corporate alternative minimum taxable income and (B) the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof, and (2) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Notes for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Notes are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing be rebated on a periodic basis to the Treasury Department of the United States of America. The School District will covenant in the Tax Certificates as to Arbitrage and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the exclusion of interest on the Notes from gross income for Federal income tax purposes pursuant to Section 103(a) of the Code, and for no other purpose, the School District shall comply with each applicable provision of the Code.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Notes to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Bond Counsel also has advised that (1) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, the Code provides that such insurance company's deduction for loss is reduced by 15% of the sum of certain items, including interest on the Notes; (2) interest on the Notes earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Notes, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Notes; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Notes, may disqualify the recipient thereof from obtaining the earned income credit.

A Noteholder's federal, state and local tax liability may otherwise be affected by the ownership or disposition of the Notes. The nature and extent of these other consequences will depend upon the Noteholder's other items of income or deduction. Bond Counsel has expressed no opinion regarding any such other tax consequences. Each purchaser of the Notes should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Notes will **NOT** be designated or deemed designated by the School District as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law and could affect the market price for, or the marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance of the Notes may affect the tax status of interest on the Notes.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hiscock & Barclay, LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the School District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (although interest on the Notes is included in the adjusted current earnings of corporations for purposes of calculating corporate alternative minimum taxable income) and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the School District.

RATING

The Notes are not rated, however Moody's Investors Service, Inc. ("Moody's") has assigned their Municipal Bond rating of "A1" with respect to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the bonds may have an adverse effect on the market price of the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the School District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the School District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

If the purchaser(s) requests the Note be issued in registered form, the School District will act as Paying Agent for the Notes. If the purchaser(s) requests the Note to be issued in bearer form, the purchaser will act as Paying Agent for the Notes. The School District contact information is as follows: Business Manager, District Offices, 11 Liberty Street, Amsterdam, New York 12010, Phone: 518-843-3180, Telefax: (518) 842-0012, email: tperillo@gasd.org.

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Enlarged City School District of the City of Amsterdam.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

Dated: June 16, 2011

RAYMOND E. CROSBY
President of the Board of Education and
Chief Fiscal Officer

APPENDIX - A
Enlarged City School District of the City of Amsterdam

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>ASSETS</u>				
Unrestricted Cash	\$ 4,534,135	\$ 6,863,823	\$ 9,173,497	\$ 8,051,415
Restricted Cash	3,760,542	-	-	-
Tax Receivables	1,561,989	1,642,128	1,615,499	1,825,976
State and Federal Aid Receivable	2,312,106	2,109,346	2,578,936	2,699,520
Due from Other Funds	602,079	2,346,419	1,160,605	2,032,007
Other Receivables	32,013	24,463	45,083	30,917
	<u>32,013</u>	<u>24,463</u>	<u>45,083</u>	<u>30,917</u>
TOTAL ASSETS	\$ 12,802,864	\$ 12,986,179	\$ 14,573,620	\$ 14,639,835
 <u>LIABILITIES AND FUND EQUITY</u>				
Accounts Payable	\$ 554,093	\$ 1,617,342	\$ 799,945	\$ 1,087,611
Accrued Liabilities	110,864	158,149	153,192	111,535
Due to Other Funds	13,099	107,527	192,266	196,391
Due to Teachers' Retirement System	1,603,763	1,753,023	1,645,638	1,442,976
Due to Employees' Retirement System	78,392	70,904	97,071	92,338
Overpayments	1,507	2,142	222	38
Deferred Revenues	1,502,143	2,082,454	1,667,026	1,751,673
Deferred Tax Revenues	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	3,863,861	5,791,541	4,555,360	4,682,562
 <u>FUND EQUITY</u>				
Reserved	\$ 6,166,165	\$ 3,498,024	\$ 4,537,821	\$ 2,472,843
Unreserved:				
Appropriated	1,300,000	1,927,993	2,063,867	5,453,629
Unappropriated	1,472,838	1,768,621	3,416,572	2,030,801
	<u>1,472,838</u>	<u>1,768,621</u>	<u>3,416,572</u>	<u>2,030,801</u>
TOTAL FUND EQUITY	8,939,003	7,194,638	10,018,260	9,957,273
 TOTAL LIABILITIES and FUND EQUITY	 \$ 12,802,864	 \$ 12,986,179	 \$ 14,573,620	 \$ 14,639,835

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 11,625,056	\$ 11,627,440	\$ 10,895,446	\$ 12,309,897	\$ 11,263,257
Other Tax Items	5,618,026	5,728,144	6,580,257	5,665,010	6,701,031
Charges for Services	137,542	49,042	100,287	27,559	56,798
Use of Money & Property	159,852	326,399	434,627	386,146	203,164
Forfeitures	-	-	-	-	-
Sale of Property and Compensation for Loss	6,992	23,167	13,243	2,517	208,815
Miscellaneous	348,474	401,873	481,978	655,520	654,887
Interfund Revenues	43,721	82,006	85,224	58,200	46,510
Revenues from State Sources	20,209,339	22,371,599	26,394,792	28,051,408	32,121,822
Revenues from Federal Sources	818,804	804,050	321,185	863,965	654,579
Total Revenues	\$ 38,967,806	\$ 41,413,720	\$ 45,307,039	\$ 48,020,222	\$ 51,910,863
Other Sources:					
Interfund Transfers	100,002	114,868	110,296	100,000	100,000
Total Revenues and Other Sources	39,067,808	41,528,588	45,417,335	48,120,222	52,010,863
<u>EXPENDITURES</u>					
General Support	\$ 4,915,858	\$ 5,272,955	\$ 5,378,734	\$ 5,888,668	\$ 5,592,928
Instruction	22,588,305	22,786,781	22,658,086	24,727,248	25,569,855
Pupil Transportation	2,535,994	2,490,851	2,795,726	3,402,554	3,474,441
Community Services	-	-	-	-	-
Employee Benefits	8,354,305	8,844,148	9,523,952	10,071,395	10,005,835
Debt Service	1,722,115	2,140,324	2,963,268	3,698,652	4,351,916
Total Expenditures	\$ 40,116,577	\$ 41,535,059	\$ 43,319,766	\$ 47,788,517	\$ 48,994,975
Other Uses:					
Interfund Transfers	395,423	158,174	129,492	2,076,070	192,266
Total Expenditures and Other Uses	40,512,000	41,693,233	43,449,258	49,864,587	49,187,241
Excess (Deficit) Revenues Over Expenditures	(1,444,194)	(164,645)	1,968,077	(1,744,365)	2,823,622
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	8,735,778	7,291,584	6,970,926	8,939,003	7,194,638
Prior Period Adjustments (net)	-	(156,013)	-	-	-
Fund Balance - End of Year	\$ 7,291,584	\$ 6,970,926	\$ 8,939,003	\$ 7,194,638	\$ 10,018,260

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2010			2011	2012
	Contingent Budget	Modified Budget	Actual	Adopted Budget	Contingent ⁽¹⁾ Budget
REVENUES					
Real Property Taxes	\$ 18,400,000	\$ 13,985,962	\$ 12,879,158	\$ 18,400,000	\$ 17,337,610
Other Tax Items	909,500	5,323,538	6,514,208	1,717,500	5,817,500
Charges for Services	82,000	82,000	48,674	43,000	43,000
Use of Money & Property	160,000	160,000	71,588	110,000	60,000
Forfeitures	-	-	-	-	-
Sale of Property and Compensation for Loss	-	-	3,826	-	32,400
Miscellaneous	445,000	470,260	823,923	480,000	531,455
Interfund Revenues	65,000	65,000	95,364	65,000	65,000
Revenues from State Sources	32,552,905	31,233,490	30,434,612	30,950,255	30,989,996
Revenues from Federal Sources	375,000	1,694,415	1,897,497	375,000	876,548
Total Revenues	\$ 52,989,405	\$ 53,014,665	\$ 52,768,850	\$ 52,140,755	\$ 55,753,509
Other Sources:					
Interfund Transfers	100,000	100,000	100,000	100,000	100,000
Total Revenues and Other Sources	53,089,405	53,114,665	52,868,850	52,240,755	55,853,509
EXPENDITURES					
General Support	\$ 6,373,568	\$ 6,515,224	\$ 5,688,444	\$ 5,915,627	\$ 5,813,066
Instruction	27,122,732	28,550,891	27,477,712	27,557,512	26,445,260
Pupil Transportation	4,231,222	4,056,849	3,520,805	4,033,375	4,233,746
Community Services	-	-	-	-	-
Employee Benefits	12,327,850	12,363,350	11,390,426	13,570,840	15,106,444
Debt Service	4,832,900	4,832,900	4,656,102	6,352,000	6,444,993
Total Expenditures	\$ 54,888,272	\$ 56,319,214	\$ 52,733,489	\$ 57,429,354	\$ 58,043,509
Other Uses:					
Interfund Transfers	265,000	265,000	196,348	265,000	310,000
Total Expenditures and Other Uses	55,153,272	56,584,214	52,929,837	57,694,354	58,353,509
Excess (Deficit) Revenues Over Expenditures	(2,063,867)	(3,469,549)	(60,987)	(5,453,599)	(2,500,000)
FUND BALANCE					
Fund Balance - Beginning of Year	2,063,867	3,469,549	10,018,260	5,453,599	2,500,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 9,957,273	\$ -	\$ -

⁽¹⁾ This budget was defeated by the voters on May 17, 2011 by a margin of 1,450 to 721.
The District has decided to adopt a contingent budget

APPENDIX - B
Enlarged City School District of the City of Amsterdam

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2011	\$ 3,140,000	\$ 2,332,895.50	\$ 5,472,895.50
2012	3,595,000	1,888,286.26	5,483,286.26
2013	3,105,000	1,753,497.51	4,858,497.51
2014	3,170,000	1,621,218.75	4,791,218.75
2015	3,235,000	1,489,550.00	4,724,550.00
2016	3,380,000	1,352,706.25	4,732,706.25
2017	3,525,000	1,206,374.99	4,731,374.99
2018	3,685,000	1,051,368.74	4,736,368.74
2019	3,835,000	897,218.74	4,732,218.74
2020	3,450,000	728,362.50	4,178,362.50
2021	3,380,000	569,650.00	3,949,650.00
2022	2,905,000	413,325.00	3,318,325.00
2023	2,175,000	276,550.00	2,451,550.00
2024	2,110,000	169,250.00	2,279,250.00
2025	1,480,000	66,600.00	1,546,600.00
TOTALS	\$ 46,170,000	\$ 15,816,854.24	\$ 61,986,854.24

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$4,961,533 2001 Deficit Bonds			\$6,155,000 2002 Refunding Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	2011	\$ 580,000	\$ 41,262.50	\$ 620,915.00	\$ 20,000	\$ 2,631.26
2012	610,000	14,106.25	619,585.00	20,000	1,831.26	21,831.26
2013				25,000	1,031.26	26,031.26
TOTALS	\$ 1,190,000	\$ 55,368.75	\$ 1,240,500.00	\$ 65,000	\$ 5,493.78	\$ 70,493.78

Fiscal Year Ending June 30th	\$4,585,000 2005 Construction			\$1,365,000 2005 Construction		
	Principal	Interest	Total	Principal	Interest	Total
	2011	\$ 310,000	\$ 112,818.74	\$ 422,818.74	\$ 100,000	\$ 37,462.50
2012	320,000	101,968.74	421,968.74	100,000	33,712.50	133,712.50
2013	330,000	90,768.74	420,768.74	105,000	29,868.75	134,868.75
2014	340,000	79,218.74	419,218.74	110,000	25,837.50	135,837.50
2015	355,000	67,318.74	422,318.74	115,000	21,618.75	136,618.75
2016	365,000	54,893.74	419,893.74	120,000	17,212.50	137,212.50
2017	380,000	42,118.74	422,118.74	125,000	12,618.75	137,618.75
2018	390,000	28,818.74	418,818.74	130,000	7,837.50	137,837.50
2019	405,000	14,681.24	419,681.24	135,000	2,700.00	137,700.00
TOTALS	\$ 3,195,000	\$ 592,606.16	\$ 3,787,606.16	\$ 1,040,000	\$ 188,868.75	\$ 1,228,868.75

Fiscal Year Ending June 30th	\$15,300,000 2007 Reconstruction			\$4,570,000 2008 Reconstruction		
	Principal	Interest	Total	Principal	Interest	Total
	2011	\$ 905,000	\$ 534,937.50	\$ 1,440,825.00	\$ 275,000	\$ 162,112.50
2012	945,000	497,606.25	1,439,937.50	290,000	152,143.75	442,143.75
2013	985,000	458,625.00	1,442,606.25	300,000	141,631.25	441,631.25
2014	1,030,000	417,993.75	1,443,625.00	310,000	130,756.25	440,756.25
2015	1,070,000	375,506.25	1,447,993.75	320,000	119,131.25	439,131.25
2016	1,120,000	331,368.75	1,445,506.25	335,000	107,131.25	442,131.25
2017	1,165,000	285,168.75	1,451,368.75	345,000	94,568.75	439,568.75
2018	1,220,000	237,112.50	1,450,168.75	360,000	81,200.00	441,200.00
2019	1,270,000	186,787.50	1,457,112.50	375,000	66,800.00	441,800.00
2020	1,325,000	132,812.50	1,456,787.50	385,000	51,800.00	436,800.00
2021	1,150,000	76,500.00	1,457,812.50	405,000	36,400.00	441,400.00
2022	570,000	27,625.00	1,226,500.00	420,000	20,200.00	440,200.00
2023	80,000	3,400.00	597,625.00	85,000	3,400.00	88,400.00
TOTALS	\$ 12,835,000	\$ 3,565,443.75	\$ 17,757,868.75	\$ 4,205,000	\$ 1,167,275.00	\$ 5,372,275.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$160,320 2007 Buses			\$337,162 2009 Buses		
	Principal	Interest	Total	Principal	Interest	Total
	2011	\$ 30,000	\$ 3,570.00	\$ 33,570.00	\$ 65,000	\$ 12,690.63
2012	35,000	2,205.00	37,205.00	70,000	9,187.50	79,187.50
2013	35,000	735.00	35,735.00	70,000	5,512.50	75,512.50
2014				70,000	1,837.50	71,837.50
TOTALS	\$ 100,000	\$ 6,510.00	\$ 106,510.00	\$ 275,000	\$ 29,228.13	\$ 304,228.13

Fiscal Year Ending June 30th	\$23,265,000 2010 - DASNY Bonds Reconstruction		
	Principal	Interest	Total
	2011	\$ 855,000	\$ 1,425,409.87
2012	1,205,000	1,075,525.01	1,439,937.50
2013	1,255,000	1,025,325.01	1,442,606.25
2014	1,310,000	965,575.01	1,443,625.00
2015	1,375,000	905,975.01	1,447,993.75
2016	1,440,000	842,100.01	1,447,993.75
2017	1,510,000	771,900.00	1,447,993.75
2018	1,585,000	696,400.00	1,447,993.75
2019	1,650,000	626,250.00	1,447,993.75
2020	1,740,000	543,750.00	1,447,993.75
2021	1,825,000	456,750.00	1,447,993.75
2022	1,915,000	365,500.00	1,447,993.75
2023	2,010,000	269,750.00	1,447,993.75
2024	2,110,000	169,250.00	1,447,993.75
2025	1,480,000	66,600.00	1,447,993.75
TOTALS	\$ 23,265,000	\$ 10,206,059.92	\$ 21,694,925.00

APPENDIX - C
Enlarged City School District of the City of Amsterdam

COMPUTATION OF FULL VALUATION

Using Regular Equalization Rates

Fiscal Year Ending June 30:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Assessed Valuation</u>					
City of: Amsterdam	\$ 341,996,488	\$ 341,776,937	\$ 341,685,953	\$ 341,955,194	\$ 345,684,627
Towns of: Amsterdam	32,066,673	32,564,032	32,905,319	32,963,604	33,778,279
Florida	80,198,728	80,040,231	80,701,500	79,881,990	80,802,621
Mohawk	13,988	13,326	13,326	13,569	16,551
Perth	7,139,891	7,333,663	7,319,244	6,477,915	7,409,239
Duanesburg	376,543	373,722	371,757	364,624	365,817
Glenville	8,590,021	14,333,179 (1)	14,262,097	14,141,296	14,075,745
Charlton	302,995	302,955	301,813	300,639	301,518
Total Assessed Valuation	\$ 470,685,327	\$ 476,738,045	\$ 477,561,009	\$ 476,098,831	\$ 482,434,397
<u>State Equalization Rates</u>					
City of: Amsterdam	81.89%	71.59%	66.80%	61.36%	66.67%
Towns of: Amsterdam	11.05%	10.00%	9.25%	9.80%	9.80%
Florida	66.10%	60.73%	57.88%	54.00%	53.00%
Mohawk	41.23%	40.00%	36.00%	32.02%	32.02%
Perth	65.00%	55.49%	49.08%	52.00%	56.00%
Duanesburg	31.70%	28.25%	26.21%	26.61%	31.45%
Glenville	100.00%	90.00%	85.00%	85.00%	91.00%
Charlton	84.00%	70.00%	68.00%	67.00%	70.00%
<u>Full Valuation</u>					
City of: Amsterdam	\$ 417,629,122	\$ 477,408,768	\$ 511,505,918	\$ 557,293,341	\$ 518,501,015
Towns of: Amsterdam	290,196,136	325,640,320	355,733,178	336,363,306	344,676,316
Florida	121,329,392	131,796,857	139,428,991	147,929,611	152,457,775
Mohawk	33,927	33,315	37,017	42,377	51,690
Perth	10,984,448	13,216,189	14,912,885	12,457,529	13,230,784
Duanesburg	1,187,833	1,322,910	1,418,378	1,370,252	1,163,170
Glenville	8,590,021	15,925,754	16,778,938	16,636,819	15,467,852
Charlton	360,708	432,793	443,843	448,715	430,740
Total Full Valuation	\$ 850,311,586	\$ 965,776,905	\$ 1,040,259,148	\$ 1,072,541,949	\$ 1,045,979,343

(1) Significant change from previous year due to town wide revaluation.

COMPUTATION OF FULL VALUATION

Using Special Equalization Ratios

Fiscal Year Ending June 30:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>Assessed Valuation</u>					
City of: Amsterdam	\$ 341,996,488	\$ 341,776,937	\$ 341,685,953	\$ 341,955,194	\$ 345,684,627
Towns of: Amsterdam	32,066,673	32,564,032	32,905,319	32,963,604	33,778,279
Florida	80,198,728	80,040,231	80,701,500	79,881,990	80,802,621
Mohawk	13,988	13,326	13,326	13,569	16,551
Perth	7,139,891	7,333,663	7,319,244	6,477,915	7,409,239
Duanesburg	376,543	373,722	371,757	364,624	365,817
Glenville	8,590,021	14,333,179 (1)	14,262,097	14,141,296	14,075,745
Charlton	302,995	302,955	301,813	300,639	301,518
Total Assessed Valuation	\$ 470,685,327	\$ 476,738,045	\$ 477,561,009	\$ 476,098,831	\$ 482,434,397
<u>Special Equalization Ratios</u>					
City of: Amsterdam	68.00%	63.50%	58.12%	52.50%	47.31%
Towns of: Amsterdam	9.72%	8.96%	9.51%	8.72%	8.03%
Florida	58.35%	57.15%	53.10%	47.53%	43.77%
Mohawk	38.24%	34.98%	31.17%	27.80%	25.17%
Perth	51.93%	45.93%	48.74%	43.42%	38.89%
Duanesburg	26.56%	24.85%	25.28%	22.45%	20.01%
Glenville	54.60%	81.24% (1)	80.38%	72.78%	66.31%
Charlton	66.05%	64.39%	63.40%	56.67%	50.86%
<u>Full Valuation</u>					
City of: Amsterdam	\$ 502,936,012	\$ 538,231,396	\$ 587,897,372	\$ 651,343,226	\$ 730,679,829
Towns of: Amsterdam	329,904,042	363,437,856	346,007,559	378,022,982	420,651,045
Florida	137,444,264	140,052,898	151,980,225	168,066,463	184,607,312
Mohawk	36,579	38,096	42,752	48,809	65,756
Perth	13,749,067	15,967,043	15,016,914	14,919,196	19,051,784
Duanesburg	1,417,706	1,503,910	1,470,558	1,624,160	1,828,170
Glenville	15,732,638	17,643,006	17,743,340	19,430,195	21,227,182
Charlton	458,735	470,499	476,045	530,508	592,838
Total Full Valuation	\$ 1,001,679,043	\$ 1,077,344,705	\$ 1,120,634,766	\$ 1,233,985,540	\$ 1,378,703,915

(1) Significant change from previous year due to town wide revaluation.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

**GENERAL PURPOSE FINANCIAL
STATEMENTS**

JUNE 30, 2010

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Enlarged City School District of the City of Amsterdam
Amsterdam, New York

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 19, 2010, on our consideration of the 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 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 11 and 36 through 37 and the schedule of post-employment benefits plan actuarial information on page 38 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 Enlarged City School District of the City of Amsterdam's financial statements as a whole. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

WEST & COMPANY CPAs PC

Gloversville, New York
October 19, 2010

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

This section of the Enlarged City School District of the City of Amsterdam's annual financial report presents its discussion and analysis of financial performance during the fiscal year ended June 30, 2010. Please read it in conjunction with the basic financial statements, which immediately follow this section.

FINANCIAL AND DISTRICT HIGHLIGHTS

The District continued to deal with the challenges of the slow recovery of the economy in New York State and, more specifically, in the upstate and capital regions. The District was able to retain many instructional and noninstructional positions with the use of funding from the American Recovery and Reinvestment Act. These funds were funneled through various streams from the Educational Stabilization Fund, Title I, IDEA 611 and 619 grants. The purpose of the ARRA funding and the use of these funds were restricted to jobs saved and/or jobs created.

The District's focus for educational programming was improvement of student performance K-12, reduction of the drop-out rate and increasing the graduation rate at the Amsterdam High School. The Amsterdam School District, in its effort to improve the academic standards of all students, provided many opportunities to the faculty and staff through in-service programs to assist in identifying areas of deficiencies and how to improve the instructions in those identified areas.

The use of technology in the classroom by means of "Smart Board", a new reading series, was purchased for the Elementary level to improve literacy, and the Response to Intervention initiative provided support to improving the overall student performance.

"Contract for Excellence" funding as part of the New York State foundation aid to the Amsterdam School District was level funded in the 2009-2010 fiscal period. The use of the \$3,040,196 is restricted to providing for programs, activities and personnel to improve academic achievement at each of the four Elementary Schools, the Middle School and the High School. The programs, activities and personnel categories allowed by the "Contract for Excellence" Class Size Reduction, Time on Task and Teacher and Principal Quality Initiative. The New York State Education Department has defined the criteria for each of the established categories above and use of funding within the categories.

The District continues to struggle with a decline in taxable property base while at the same time has not seen a decline in student enrollment. The Board of Education and Administration have been challenged with trying to keep the property tax increases to a minimum and while providing for the needs of students.

OVERVIEW OF THE BASIC 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 operation in more detail than the District-wide statements.
- The governmental fund statements tell how basic services such as instruction and support functions 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, including the employees of the District.

The basic financial statements also include notes that provide additional information about the basic financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the basic financial statements with a comparison of the District’s budget for the year.

Figure A-1 summarizes the major features of the School District’s basic financial statements, including the portion of the School District’s activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Figure A-1: Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	* Statement of net assets * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances	* 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	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

The two District-wide statements report the School District's *net assets* and how they have changed. Net assets – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net assets of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenues when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net assets:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenues and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net assets balances as follows:
 - Net assets invested in capital assets, net of debt.
 - Restricted net assets are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net assets are net assets that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information on page 15, Reconciliation of Governmental Funds Balance Sheet to Statement of Net Assets, explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenues, expenditures and changes in fund balances.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net assets and changes in net assets.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net assets as of June 30, 2010, are as detailed in Figures A-2 and A-3.

Figure A-2: Condensed Statements of Net Assets – Governmental Activities

	Fiscal Year 2010	Fiscal Year 2009	Increase (Decrease)	% Change (Fav; -Unfav)
Current and other assets	\$ 30,730,191	\$ 34,209,173	\$ (3,478,982)	-10%
Capital assets	66,719,346	46,218,739	20,500,607	44%
Total Assets	<u>97,449,537</u>	<u>80,427,912</u>	17,021,625	21%
Current liabilities	21,438,300	28,731,105	(7,292,805)	-25%
Long-term liabilities	56,834,982	31,603,288	25,231,694	80%
Total Liabilities	<u>78,273,282</u>	<u>60,334,393</u>	17,938,889	30%
Net Assets				
Invested in capital assets - net of related debt	5,549,346	(4,708,423)	10,257,769	-218%
Restricted	1,445,917	2,206,915	(760,998)	-34%
Unrestricted	12,180,992	22,595,027	(10,414,035)	-46%
Total Net Assets	<u>\$ 19,176,255</u>	<u>\$ 20,093,519</u>	<u>\$ (917,264)</u>	-5%

Changes in Net Assets

The District's fiscal year 2010 revenues totaled \$58,623,946 (see Figure A-3). Property taxes and State aid accounted for most of the District's revenues by contributing 22% and 52%, respectively, of every dollar raised (see Figure A-4). The remainder came from fees charged for services, interest earnings, the BOCES refund, Medicaid reimbursements, federal sources such as Title I, IDEA 619 and 611 grants and other miscellaneous sources.

The total cost of all programs and services totaled \$59,541,210 for fiscal year 2010. 81% of this amount is used predominantly to support general instruction, the providing of services to students with disabilities, and student transportation (see Figure A-5). The District's Board of Education, administrative, business activities and central services accounted for 14% of total costs.

Figure A-3: Changes in Net Assets from Operating Results – Governmental Activities Only

	Fiscal Year 2010	Fiscal Year 2009	Increase (Decrease)	Percentage Change (Increase, -Decrease)
Revenues				
Charges for services	\$ 352,347	\$ 362,724	\$ (10,377)	-3%
Operating grants	5,286,814	4,464,866	821,948	18%
General Revenues				
Real property taxes	12,967,972	10,843,662	2,124,310	20%
Other tax items	6,514,208	6,701,031	(186,823)	-3%
Use of money and property	127,576	364,351	(236,775)	-65%
State sources	30,434,612	32,121,822	(1,687,210)	-5%
Federal sources	1,897,497	654,579	1,242,918	190%
Sale of property/compensation for loss	3,826	208,815	(204,989)	-98%
Other	1,039,094	761,715	277,379	36%
Total Revenues	58,623,946	56,483,565	2,140,381	4%
Expenses				
General support	8,074,467	7,492,019	582,448	8%
Instruction	43,353,073	37,786,594	5,566,479	15%
Pupil transportation	5,039,398	4,729,243	310,155	7%
Debt service	1,393,531	1,676,005	(282,474)	-17%
School lunch program	1,680,741	1,503,001	177,740	12%
Total Expenses	59,541,210	53,186,862	6,354,348	12%
Increase (Decrease) in Net Assets	\$ (917,264)	\$ 3,296,703	\$ (4,213,967)	128%

Figure A4: Revenues for Fiscal Year 2010

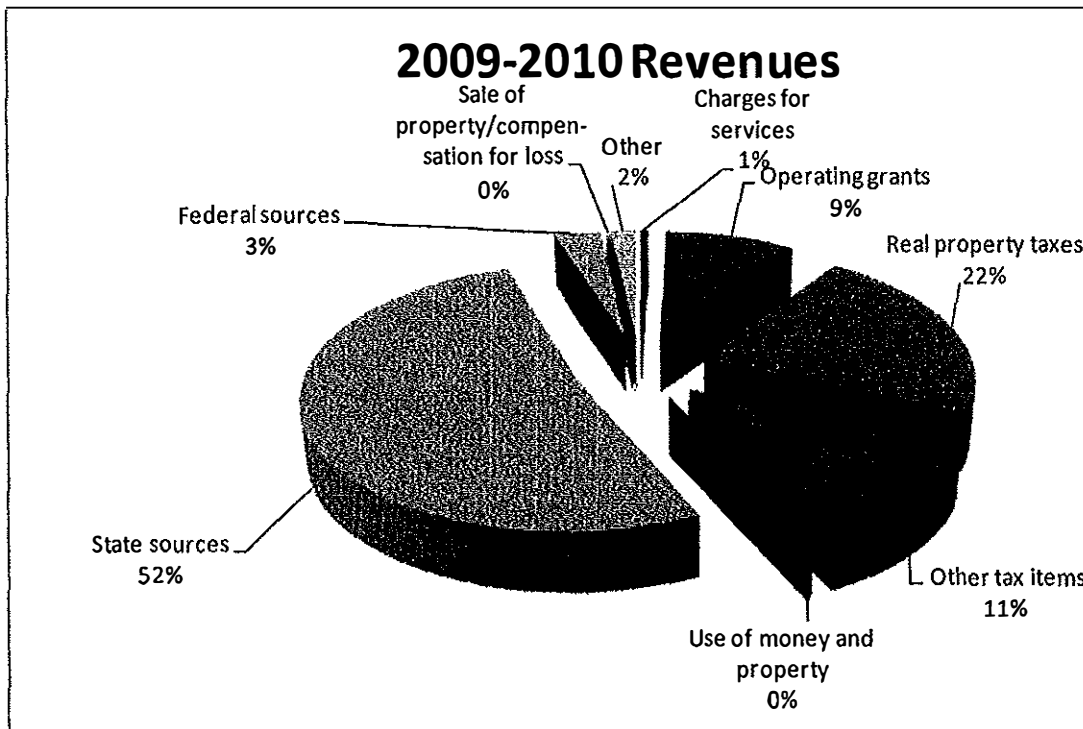
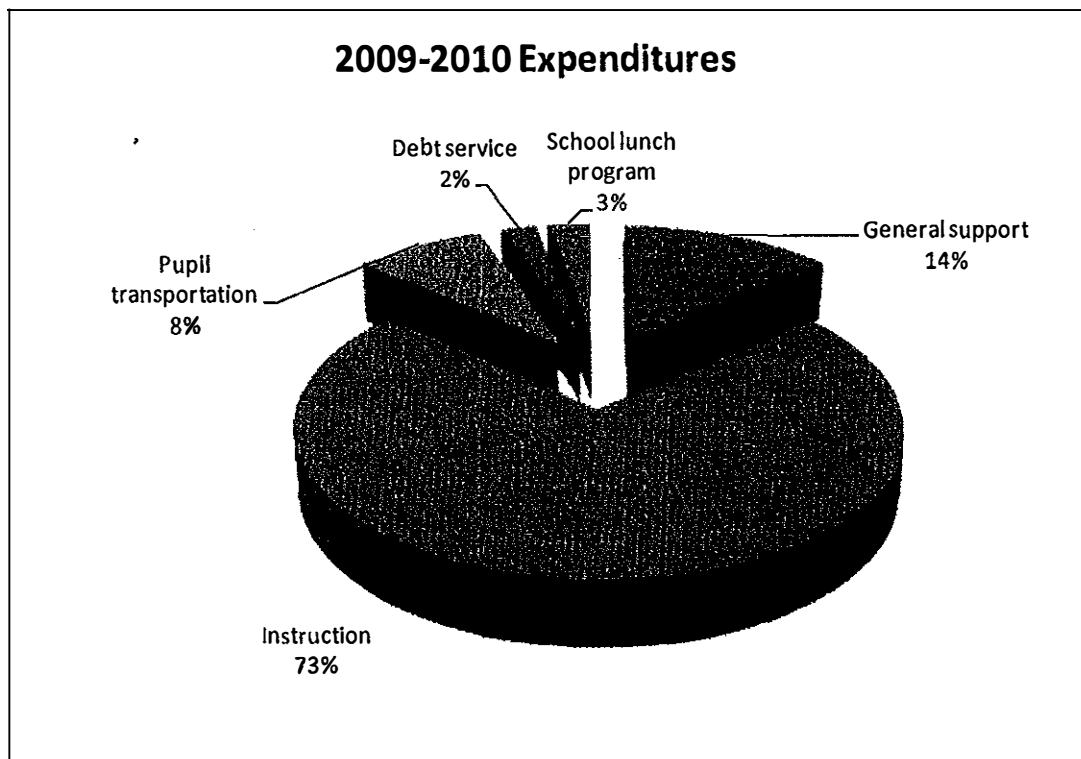


Figure A-5: Expenditures for Fiscal Year 2010



Governmental Activities

Revenues for the District's governmental activities totaled \$58,623,946 while total expenses equaled \$59,541,210. The District's stable financial condition can be credited to:

- Continued leadership by the Board of Education;
- Leadership of the Administration and support of the staff;
- Community support of the District;
- Moderately increasing State and federal Aid;
- Use of services from BOCES and subsequent year's BOCES Aid.

Figure A-6 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Figure A-6: Net Cost of Governmental Activities

	Cost		% Change	Net Cost		% Change
	<u>2010</u>	<u>2009</u>	<u>Incr. -Decr.</u>	<u>2010</u>	<u>2009</u>	<u>Incr. -Decr.</u>
General support	\$ 8,074,467	\$ 7,492,019	7.77%	\$ 8,074,467	\$ 7,492,019	7.77%
Instruction	43,353,073	37,786,594	14.73%	38,984,605	34,163,539	14.11%
Pupil transportation	5,039,398	4,729,243	6.56%	5,039,398	4,729,243	6.56%
Debt service	1,393,531	1,676,005	-16.85%	1,393,531	1,676,005	-16.85%
School lunch	1,680,741	1,503,001	11.83%	410,048	298,466	37.39%
TOTALS	<u>\$ 59,541,210</u>	<u>\$ 53,186,862</u>	11.95%	<u>\$ 53,902,049</u>	<u>\$ 48,359,272</u>	11.46%

The cost of all governmental activities this year was \$59,541,210.

- The users of the District's programs financed \$352,347 of the cost.
- The federal and State governments subsidized certain programs with grants and contributions in the amount of \$5,286,814.
- Most of the District's net costs of \$53,902,049 were financed by taxpayers and State aid.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statement are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

No other variances are reflected in the governmental fund financial statements for 2010.

Capital Assets

By the end of 2010, the District had an investment of \$66,719,346 in a broad range of capital assets.

Figure A-7: Capital Assets (net of depreciation)

	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Change Incr. -Decr.</u>	<u>% Change Incr. -Decr.</u>
Land and land improvements	\$ 898,950	\$ 898,950	\$ 0	0.0%
Buildings	64,414,041	43,737,918	20,676,123	47.3%
Equipment and furniture	1,406,355	1,581,871	(175,516)	-11.1%
TOTALS	\$ 66,719,346	\$ 46,218,739	\$ 20,500,607	44.4%

Long-Term Debt

At year-end, the District had \$55,249,982 in long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in the notes to the basic financial statements.

Figure A-8: Outstanding Long-Term Debt

	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Change Incr. -Decr.</u>	<u>% Change Incr. -Decr.</u>
General obligation bonds	\$ 46,170,000	\$ 25,927,162	\$ 20,242,838	78%
Other general obligation debt	9,079,982	5,676,126	3,403,856	60%
TOTALS	\$ 55,249,982	\$ 31,603,288	\$ 23,646,694	75%

During the year, the District increased net outstanding long-term debt by \$23,646,694. This net increase included the retirement of \$3,022,162 of bonds, the issuance of \$23,265,000 worth of serial bonds, an increase in their liability for other post-employment benefits by \$3,414,234 and a decrease in compensated absences of \$10,378.

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

At the time these basic financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly have an influence on the financial outlook of the District:

During the 2010-2011 fiscal period, the District will continue to improve the infrastructure of existing buildings with the Amsterdam High School – West building reconstruction project and anticipated Amsterdam High School – East building reconstruction project. The Amsterdam High School – West project consists of additional adaptive physical education facility, reconstruction and renovation of classrooms, site work and locker room area. This project is anticipated to be completed and occupied during the first quarter of 2011. The Amsterdam High School – East project is anticipated to begin following the completion of the High School – West project in the spring of 2011 and into the 2012 school year. The project at the McNulty and Curie Elementary Buildings are continuing in the summer of 2010 with completion in the fall of 2010.

Enrollment projections for 2010-2011 remain at the level experienced over the past few years, with approximately 3,750 students in grades Pre-K to 12, consisting of enrollment of 1,750 in elementary schools, 850 in middle school grades 6-8 and 1,150 in high school grades 9-12.

The new Hero-Beech Nut production facility is completed and in use. The jobs saved and created by this new facility will hopefully improve the economic climate of the area. Construction continues at the Global Foundries computer chip manufacturing facility location at Luther Forest, approximately 25 miles to the east of Amsterdam.

The surrounding area within the Enlarged Amsterdam City School District is experiencing development with road improvement projection continuing along the main artery, Route 30, with extensive improvements taking place with water and sewer line and highway upgrade. The southwest boundary of the District has a major building project with Hero-Beech Nut's new state-of-the-art baby food plant scheduled to be completed and in operation in the summer of 2010. Other potential developments under review and consideration are a new processing center by the State of New York locating to Amsterdam and the construction of a pedestrian bridge over the Mohawk River linking the north and south sides of the City of Amsterdam with development of stores and restaurants on the southern side of the City. The ground breaking of the Global Foundries (AMD) computer chip fabrication facility at Luther Forest less than 25 miles from the District brings new hope for development of the housing market and increasing the tax bases in the future as jobs are added when this new facility opens within the next twelve to eighteen months.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Enlarged City School District of the City of Amsterdam
11 Liberty Street
Amsterdam, New York 12010
(518) 843-5217
or visit our website www.gasd.org

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

STATEMENT OF NET ASSETS

JUNE 30, 2010

ASSETS	
Cash	
Unrestricted	\$ 23,748,412
Restricted	482,342
Receivables	
Taxes	1,825,976
Due from fiduciary funds	174,347
State and federal aid	4,438,908
Other	34,235
Inventories	25,971
Capital assets, net of depreciation	<u>66,719,346</u>
Total Assets	<u>97,449,537</u>
LIABILITIES	
Payables	
Accounts payable	3,524,900
Accrued liabilities	144,172
Retainage payable	921,532
Due to Teachers' Retirement System	1,539,152
Due to Employees' Retirement System	92,338
Bond interest and matured bonds	14,200
Notes payable	
Bond anticipation	15,000,000
Deferred credits	
Overpayments and collections in advance	38
Deferred revenues - other	201,968
Long-term liabilities	
Due and payable within one year	
Bonds payable	3,140,000
Due and payable after one year	
Bonds payable	43,030,000
Deferred bond premium	1,585,000
Other post-employment benefits	7,434,544
Compensated absences payable	<u>1,645,438</u>
Total Liabilities	<u>78,273,282</u>
NET ASSETS	
Investment in capital assets, net of related debt	5,549,346
Restricted for:	
Cash flow reserve	926,985
Debt service	518,932
Unrestricted	<u>12,180,992</u>
Total Net Assets	<u><u>\$ 19,176,255</u></u>

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Assets</u>
FUNCTIONS/PROGRAMS				
General support	\$ 8,074,467	\$ 0	\$ 0	\$ (8,074,467)
Instruction	43,353,073	48,674	4,319,794	(38,984,605)
Pupil transportation	5,039,398	0	0	(5,039,398)
Debt service	1,393,531	0	0	(1,393,531)
School lunch program	1,680,741	303,673	967,020	(410,048)
Total Functions and Programs	<u>\$59,541,210</u>	<u>\$ 352,347</u>	<u>\$ 5,286,814</u>	<u>(53,902,049)</u>
GENERAL REVENUES				
Real property taxes				12,967,972
Other tax items				6,514,208
Use of money and property				127,576
Sale of property and compensation for loss				3,826
Miscellaneous				943,730
Interfund revenue				95,364
State sources				30,434,612
Federal sources				1,897,497
Total General Revenues				<u>52,984,785</u>
CHANGES IN NET ASSETS				(917,264)
TOTAL NET ASSETS - BEGINNING OF YEAR				<u>20,093,519</u>
TOTAL NET ASSETS - END OF YEAR				<u>\$ 19,176,255</u>

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2010

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 8,051,415	\$ 141,116	\$ 504,018	\$ 15,051,863	\$ 0	\$ 23,748,412
Restricted	0	0	0	0	482,342	482,342
Receivables						
Real property taxes	1,825,976	0	0	0	0	1,825,976
Due from other funds	2,032,007	204,422	0	0	50,790	2,287,219
State and federal aid	2,699,520	1,651,898	87,490	0	0	4,438,908
Other	30,917	3,318	0	0	0	34,235
Inventories	0	0	25,971	0	0	25,971
Total Assets	\$14,639,835	\$2,000,754	\$ 617,479	\$15,051,863	\$ 533,132	\$32,843,063
LIABILITIES						
Payables						
Accounts payable	\$ 1,087,611	\$ 338,621	\$ 76,409	\$ 2,022,259	\$ 0	\$ 3,524,900
Accrued liabilities	111,535	15,474	2,963	0	14,200	144,172
Due to other funds	196,391	1,326,059	0	590,422	0	2,112,872
Retainage payable	0	0	0	921,532	0	921,532
Due to Teachers' Retirement System	1,442,976	96,176	0	0	0	1,539,152
Due to Employees' Retirement System	92,338	0	0	0	0	92,338
Notes payable						
Bond anticipation	0	0	0	15,000,000	0	15,000,000
Deferred credits						
Overpayments and collections in advance	38	0	0	0	0	38
Deferred revenue	1,751,673	201,968	0	0	0	1,953,641
Total Liabilities	4,682,562	1,978,298	79,372	18,534,213	14,200	25,288,645
FUND BALANCE (DEFICIT)						
Reserved for encumbrances	125,655	214,435	0	8,913,057	0	9,253,147
Tax certiorari reserve	68,145	0	0	0	0	68,145
Reserve for inventory	0	0	25,971	0	0	25,971
Reserve for cash flow	926,985	0	0	0	0	926,985
Reserve for debt service	0	0	0	0	518,932	518,932
Tax reduction reserve	190,000	0	0	0	0	190,000
Employee benefit accrued liability reserve	1,162,058	0	0	0	0	1,162,058
Unreserved - designated for subsequent years's expenditures	5,453,629	0	0	0	0	5,453,629
Unreserved - undesignated	2,030,801	(191,979)	512,136	(12,395,407)	0	(10,044,449)
Total Fund Balance (Deficit)	9,957,273	22,456	538,107	(3,482,350)	518,932	7,554,418
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$14,639,835	\$2,000,754	\$ 617,479	\$15,051,863	\$ 533,132	\$32,843,063

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET ASSETS

JUNE 30, 2010

Total balance – governmental funds balance sheet (page 14)	\$ 7,554,418
Add:	
Land, building and equipment, net of accumulated depreciation	66,719,346
Deferred revenues	1,751,673
Total	<u>68,471,019</u>
Deduct:	
Long and short-term debt	55,249,982
Deferred bond premium	1,585,000
Interest payable	14,200
Total	<u>56,849,182</u>
NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>\$ 19,176,255</u>

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Project</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes	\$ 12,879,158	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,879,158
Other tax items	6,514,208	0	0	0	0	6,514,208
Charges for services	48,674	0	0	0	0	48,674
Use of money and property	71,588	0	2,386	0	53,602	127,576
Sale of property and compensation for loss	3,826	0	0	0	0	3,826
Miscellaneous	823,923	69,407	0	0	50,400	943,730
Interfund revenue	95,364	0	0	0	0	95,364
State sources	30,434,612	857,694	37,558	0	0	31,329,864
Federal sources	1,897,497	3,462,100	869,894	0	0	6,229,491
Surplus food	0	0	59,568	0	0	59,568
Sales - school lunch	0	0	303,673	0	0	303,673
Total Revenues	52,768,850	4,389,201	1,273,079	0	104,002	58,535,132
EXPENDITURES						
General support	5,688,444	30,119	107,093	0	0	5,825,656
Instruction	27,477,712	4,495,299	0	0	0	31,973,011
Pupil transportation	3,520,805	60,430	0	0	0	3,581,235
Employee benefits	11,390,426	0	8,085	0	0	11,398,511
Debt service						
Principal	3,172,162	0	0	0	0	3,172,162
Interest	1,483,940	0	0	0	0	1,483,940
Capital outlay	0	0	0	21,392,683	0	21,392,683
Cost of sales	0	0	1,073,334	0	0	1,073,334
Total Expenditures	52,733,489	4,585,848	1,188,512	21,392,683	0	79,900,532
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	35,361	(196,647)	84,567	(21,392,683)	104,002	(21,365,400)
OTHER FINANCING SOURCES AND USES						
BANs redeemed from appropriations	0	0	0	150,000	0	150,000
Premiums on bonds	0	0	0	1,585,000	0	1,585,000
Proceeds from debt	0	0	0	23,265,000	0	23,265,000
Operating transfers in	100,000	196,348	0	0	0	296,348
Operating transfers (out)	(196,348)	0	(100,000)	0	0	(296,348)
Total Other Sources (Uses)	(96,348)	196,348	(100,000)	25,000,000	0	25,000,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(60,987)	(299)	(15,433)	3,607,317	104,002	3,634,600
FUND BALANCE (DEFICIT) - BEGINNING OF THE YEAR	10,018,260	22,755	553,540	(7,089,667)	414,930	3,919,818
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 9,957,273	\$ 22,456	\$ 538,107	\$(3,482,350)	\$ 518,932	\$ 7,554,418

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

REVENUES		
Governmental funds		\$ 58,535,132
Increase in deferred taxes		88,814
		<u>58,623,946</u>
EXPENDITURES – GOVERNMENTAL FUNDS	\$ 79,900,532	
Add:		
Depreciation	929,775	
Increase in other post-employment benefit liability	3,414,234	
	<u>4,344,009</u>	
Deduct:		
Principal payment of long-term debt	3,022,162	
BANs redeemed from appropriations	150,000	
Decrease in accrued interest	90,409	
Decrease in compensated absences liability	10,378	
Additions to fixed assets	21,430,382	
	<u>24,703,331</u>	
EXPENDITURES – STATEMENT OF ACTIVITIES		<u>59,541,210</u>
CHANGE IN NET ASSETS		<u>\$ (917,264)</u>

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Private Purpose Trusts	Agency
ASSETS		
Cash	\$ 37,672	\$ 507,718
Accounts receivable	0	180
Total Assets	\$ 37,672	\$ 507,898
LIABILITIES		
Due to other funds	\$ 0	\$ 174,347
Extraclassroom activity balances	0	74,863
Other liabilities	0	258,688
Total Liabilities	0	\$ 507,898
NET ASSETS		
Reserved for scholarships	\$ 37,672	

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 4,125
Investment earnings	234
Total Additions	4,359
DEDUCTIONS	
Scholarships and awards	14,300
CHANGES IN NET ASSETS	(9,941)
NET ASSETS - BEGINNING OF YEAR	47,613
NET ASSETS - END OF YEAR	\$ 37,672

See notes to basic financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Enlarged City School District of the City of Amsterdam (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as apply 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.

Certain significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Enlarged City School District of the City of Amsterdam 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 and other organizational entities determined to be includable in the District's financial reporting entity. 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. The 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 can be found with these financial statements. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint Venture

The District is one of fifteen component districts in the Hamilton, Fulton and Montgomery Counties 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.

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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

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, the District was billed \$3,539,337 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to \$1,286,900.

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

C. Basis of Presentation

1. District-Wide Statements

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

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

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.

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Funds Statements – (Continued)

Special Aid Funds – These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund – These funds are 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 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:

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

D. 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 one year 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on July 1. Taxes are collected during the period July 1 to April 30.

The City and Counties in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

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 expenditures and revenues to provide financing or other services.

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 8 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

I. Cash (and Cash Equivalents)/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.

Investments are stated at fair value.

J. Receivables

An allowance for uncollectible accounts has been provided for certain amounts which may not be collectible within 60 days.

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.

A reserve for these nonliquid assets (inventories) has been recognized to signify that a portion of fund equity is not available for other subsequent expenditures.

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, 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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	Straight-line	10 – 50
Furniture and equipment	5,000	Straight-line	5 – 20

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Revenues

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 resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of 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.

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.

Many deferred revenues recorded in governmental funds are not recorded in the District-wide statements.

N. Vested Employee Benefits

Compensated Absences

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

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

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

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

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

O. 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 provision 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 the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

P. Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), 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 RANs and TANs 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 (BANs), 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 BANs 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

District-Wide Statements

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

i) 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.

ii) 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

iii) 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.

Funds Statements

Unreserved fund balance consists of two classifications. A designation of unreserved fund balance indicates the planned use of these resources in the subsequent years' budget. The undesignated portion reports remaining fund balance that has not been designated or reserved. New York State Real Property Tax Law §1318 restricts the unreserved, undesignated fund balance of the General Fund to an amount not greater than 4% of the District's budget for the ensuing fiscal year.

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the State of New York. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Fund balance reserves currently in use by the District include the following:

Reserve for Encumbrances

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

Reserve for Debt Service

Mandatory Reserve for Debt Service (GML §6-1) 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 which 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 and interest and earnings on borrowed proceeds of a capital project if the interest and earning causes the proceeds for the project to exceed authorized levels. The reserve is accounted for in the Debt Service 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 which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Equity Classifications – (Continued)

Funds Statements – (Continued)

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (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.

Reserve for Tax Reduction

Reserve for Tax Reduction (Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the General Fund.

Reserve for Cash Flow

Pursuant to part II of chapter 118 of the laws of 2001, the School District issued deficit reduction bonds during 2002. In accordance with the provisions of the laws of 2001, \$926,985 has been reserved for future cash flow needs. This reserve is accounted for in the General Fund.

T. Future Changes in Accounting Standards

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classification that can be more consistently applied and by clarifying the existing governmental fund type definition. The District is currently studying the statement and plans on adoption if and when required, which will be for the June 30, 2012, 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 Balance of Governmental Funds vs. Net Assets of Governmental Activities

Total fund balance of the District's governmental funds differs 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.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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

B. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

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

i) 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 reports revenue 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.

ii) 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 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.

iii) 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 as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures and Budgetary Accounting

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

The voters of the District defeated the proposed appropriation budget; consequently, the Board of Education adopted a contingency budget, which includes appropriations for teachers' salaries and other ordinary contingent expenses. The contingency budget total is capped at the lesser of 120% of the CPI or 4% over the prior year's budget. In addition, the administrative component of a contingency budget, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of that percentage of the prior year's budget, or that percentage in the last defeated budget.

Appropriations are adopted at the program line item level.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgetary Procedures and Budgetary Accounting – (continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year end, unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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 occurred during the year, as follows:

Sick leave payouts	\$ 185,800
Tax refund	12,818
Donations	<u>25,260</u>
Total	<u>\$ 223,878</u>

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

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.

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 reservations 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.

Deficit Fund Balance

The Capital Projects Fund had a deficit fund balance of \$(3,482,350) at June 30, 2010. This will be funded when the District obtains permanent financing for the current projects.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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.

As of June 30, 2010, all District bank balances were fully collateralized through a third party bank with the collateral held in the District's name.

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 does not typically purchase investment denominated in a foreign currency and is not exposed to foreign currency risk.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2009, were as follows:

	<u>July 1, 2009 Balance</u>	<u>Adjustments/ Additions</u>	<u>June 30, 2010 Balance</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 898,950	\$ 0	\$ 898,950
Construction in progress	<u>35,146,082</u>	<u>21,392,683</u>	<u>56,538,765</u>
Total nondepreciable costs	<u>36,045,032</u>	<u>21,392,683</u>	<u>57,437,715</u>
Capital assets that are depreciated:			
Building and improvements	30,829,930	0	30,829,930
Furniture and equipment	<u>4,700,504</u>	<u>37,699</u>	<u>4,738,203</u>
Total depreciable historical costs	<u>35,530,434</u>	<u>37,699</u>	<u>35,568,133</u>
Less accumulated depreciation:			
Buildings and improvements	22,238,094	716,560	22,954,654
Furniture and equipment	<u>3,118,633</u>	<u>213,215</u>	<u>3,331,848</u>
Total accumulated depreciation	<u>25,356,727</u>	<u>929,775</u>	<u>26,286,502</u>
Total depreciable costs - net	<u>10,173,707</u>	<u>(892,076)</u>	<u>9,281,631</u>
GRAND TOTALS - NET	<u><u>\$ 46,218,739</u></u>	<u><u>\$ 20,500,607</u></u>	<u><u>\$ 66,719,346</u></u>

Depreciation expense was allocated as follows:

General support	\$ 139,641
Instruction	674,529
Pupil transportation	86,429
School lunch program	<u>29,176</u>
TOTAL	<u><u>\$ 929,775</u></u>

NOTE 6 – SHORT-TERM DEBT

Interest paid on short-term debt for the year was \$443,750

Short-term liability balance and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u>
BAN maturing 6/25/10, 1.50%-2.25%	\$ 25,000,000	\$ 0	\$ 25,000,000	\$ 0
BAN maturing 6/30/11, 1.25%	0	15,000,000	0	15,000,000

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7 – LONG-TERM DEBT

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

Interest paid	\$ 1,040,190	1,483,940
Less interest accrued in prior year	(104,609)	
Plus interest accrued in current year	<u>14,200</u>	
TOTAL EXPENSE	\$ <u>949,781</u>	1,393,531

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government activities:					
Capital construction	\$ 24,182,162	\$ 23,265,000	\$ 2,467,162	\$ 44,980,000	\$ 2,560,000
Deficit funding bond	<u>1,745,000</u>	<u>0</u>	<u>555,000</u>	<u>1,190,000</u>	<u>580,000</u>
Total bonds	25,927,162	23,265,000	3,022,162	46,170,000	3,140,000
Other liabilities:					
Other post-employment benefits	4,020,310	3,414,234	0	7,434,544	0
Compensated absences	<u>1,655,816</u>	<u>0</u>	<u>10,378</u>	<u>1,645,438</u>	<u>0</u>
Total other liabilities	<u>5,676,126</u>	<u>3,414,234</u>	<u>10,378</u>	<u>9,079,982</u>	<u>0</u>
TOTAL LONG-TERM LIABILITIES	\$ <u>31,603,288</u>	\$ <u>26,679,234</u>	\$ <u>3,032,540</u>	\$ <u>55,249,982</u>	\$ <u>3,140,000</u>

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

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2010</u>
Deficit funding	2001	2011	2.0 - 4.125%	\$ 1,190,000
Construction	2002	2013	2.0 - 4.125%	65,000
Construction	2005	2019	3.625 - 4.00%	1,040,000
Construction	2006	2019	3.375 - 3.625%	3,195,000
Construction	2007	2023	4.125 - 4.25%	12,835,000
Construction	2008	2023	3.625 - 4.00%	4,205,000
Construction	2010	2025	3.00 - 5.005%	23,265,000
Bus Purchase	2007	2012	4.10 - 4.20%	100,000
Bus Purchase	2008	2013	4.10 - 4.20%	<u>275,000</u>
TOTAL				\$ <u>46,170,000</u>

<u>Year Ending</u>	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2011	\$ 3,140,000	\$ 2,332,895	\$ 5,472,895
2012	3,595,000	1,888,287	5,483,287
2013	3,105,000	1,753,498	4,858,498
2014	3,170,000	1,621,218	4,791,218
2015	3,235,000	1,489,550	4,724,550
Thereafter	<u>29,925,000</u>	<u>6,731,406</u>	<u>36,656,406</u>
TOTALS	\$ <u>46,170,000</u>	\$ <u>15,816,854</u>	\$ <u>61,986,854</u>

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

<u>Governmental</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,032,007	\$ 196,391	\$ 100,000	\$ 196,348
Debt Service	50,790	0	0	0
Special Aid Funds	204,422	1,326,059	196,348	0
School Lunch Fund	0	0	0	100,000
Capital Projects Fund	0	590,422	0	0
Fiduciary	0	174,347	0	0
TOTALS	\$ 2,287,219	\$ 2,287,219	\$ 296,348	\$ 296,348

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.

Interfund revenue in the Capital Fund was a transfer from the General Fund capital reserve as approved by the voters of the District.

Interfund revenue in the General Fund is for indirect costs associated with the School Lunch Fund.

Interfund revenue in the Special Aid Fund is for General Fund required funding.

All interfund payables are expected to be repaid within one year.

NOTE 9 – 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 Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to the NYSTRS, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 9 – PENSION PLANS – (CONTINUED)

Funding Policies

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

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2010	\$ 1,233,678	\$ 206,011
2009	1,441,266	283,178
2008	1,649,485	310,208

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

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

The District implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pension, in the school year ended June 30, 2009. This required 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, 2010, the District recognized \$3,868,129 for its share of insurance premiums for currently enrolled retirees.

Plan Description

Greater Amsterdam School District provides medical and prescription drug insurance benefits for retirees, spouses and their covered dependents while contributing a portion of the expenses. Such postemployment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during postemployment. Nevertheless, both types of benefits constitute compensation for employee services.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Funding Policy

The contribution requirements of the plan members and the District are established by the Board of Education. The requires contribution is based on a projected pay-as-you-go financing requirements.

Annual Other Post-employment Benefit (OPEB) Cost and Net OPEB Obligation

The District's annual 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 component's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the healthcare plan:

Annual required contribution	\$ 7,437,246
Interest on net OPEB obligation	201,015
Adjustment to annual required contribution	<u>(159,205)</u>
Annual OPEB cost (expense)	7,479,056
Contributions made	<u>4,064,833</u>
Increase in net OPEB obligation	3,414,223
Net OPEB obligation - beginning of year	<u>4,020,310</u>
Net OPEB obligation - end of year	<u><u>\$ 7,434,533</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/10	\$ 7,437,246	54%	\$ 7,434,533
06/30/09	7,078,600	43%	4,020,310
06/30/08	0	0	0

Funding Status and Funding Progress

As of February 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$105,742,222 and the actuarial value of assets was \$-0- resulting in an unfunded actuarial accrued liability (UAAL) of \$105,742,222. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Methods and Assumptions

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

In the February 1, 2010, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), which is based on the expected earnings of the District's General Fund investments at the valuation date, and an annual healthcare cost trend rate of 9.5%, initially reduced by decrements to an ultimate rate of 5% after nine years. Both rates included a .5% decrease in inflation rate assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2010, was 28 years.

NOTE 11 – RISK MANAGEMENT

General Information

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, injuries to employees, errors and omissions and natural disasters, etc. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

The District participates in Fulmont Workers' Compensation Trust, 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 District participates in the Fulmont Health Trust, a risk-sharing pool, to insure health benefit claims. This is a public entity pool created to finance the related liability and risks related to health benefit claims.

NOTE 12 – FUND BALANCE

Portions of fund balance are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Other Items

The District has received grants which are subject to audit by agencies of the federal and State governments. Such audits may result in disallowances and a request for a return of funds to the federal and State governments. The District's administration believes that disallowances, if any, would be immaterial.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 19, 2010, the date of the issuance of the audit report. There were no issues to report that would have a material effect on the financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --
BUDGET (NON-GAAP BASIS)**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
REVENUES:				
Local Sources				
Real property taxes	\$ 18,400,000	\$ 13,985,962	\$ 12,879,158	\$ (1,106,804)
Real property tax items	909,500	5,323,538	6,514,208	1,190,670
Charges for services	82,000	82,000	48,674	(33,326)
Use of money and property	160,000	160,000	71,588	(88,412)
Sale of property and compensation for loss	0	0	3,826	3,826
Miscellaneous	445,000	470,260	823,923	353,663
Interfund revenue	65,000	65,000	95,364	30,364
Total Local Sources	20,061,500	20,086,760	20,436,741	349,981
State Sources	32,552,905	31,233,490	30,434,612	(798,878)
Federal Sources	375,000	1,694,415	1,897,497	203,082
Interfund Transfers	100,000	100,000	100,000	0
Total Revenues	53,089,405	53,114,665	52,868,850	\$ (245,815)

See paragraph on supplemental schedules included in auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE --
BUDGET (NON-GAAP BASIS)**

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
EXPENDITURES					
General Support					
Board of Education	35,710	31,458	21,297	\$ 0	\$ 10,161
Central administration	176,355	177,277	174,030	39	3,208
Finance	511,380	502,181	466,272	0	35,909
Staff	178,525	207,185	187,498	0	19,687
Central services	4,498,283	4,616,993	3,926,728	2,125	688,140
Special items	973,315	980,130	912,619	0	67,511
Instructional					
Instruction, administration and improvements	1,834,697	1,831,523	1,691,697	4,600	135,226
Teaching -- regular school	15,297,054	16,760,086	16,044,497	110,741	604,848
Programs for children with handicapping conditions	6,648,544	6,617,510	6,558,595	8,150	50,765
Occupational education	949,307	949,941	929,686	0	20,255
Teaching -- special school	51,900	12,000	1,054	0	10,946
Instructional media	888,680	907,374	863,930	0	43,444
Pupil services	1,452,550	1,472,457	1,388,253	0	84,204
Pupil Transportation	4,231,222	4,056,849	3,520,805	0	536,044
Employee Benefits	12,327,850	12,363,350	11,390,426	0	972,924
Debt Service	4,832,900	4,832,900	4,656,102	0	176,798
Total expenditures	54,888,272	56,319,214	52,733,489	125,655	3,460,070
Other Financing Uses					
Transfers to other funds	265,000	265,000	196,348	0	68,652
Total expenditures and other uses	55,153,272	56,584,214	52,929,837	\$ 125,655	\$ 3,528,722
NET CHANGE IN FUND BALANCES	(2,063,867)	(3,469,549)	(60,987)		
FUND BALANCE -- BEGINNING	10,018,260	10,018,260	10,018,260		
OTHER CHANGES IN NET ASSETS	0	0	0		
FUND BALANCE -- ENDING	\$7,954,393	\$6,548,711	\$ 9,957,273		

See paragraph on supplemental schedules included in auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF POST-EMPLOYMENT BENEFITS PLAN ACTUARIAL VALUATION

FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
02/01/10	\$ 0	\$105,742,222	\$105,742,222	0%	\$ 26,289,000	402%

See paragraph on supplemental schedules included in auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

ADOPTED BUDGET	\$ 55,153,272
Addition:	
Prior year's encumbrances	1,207,064
Budget revisions	<u>223,878</u>
	<u>1,430,942</u>
FINAL BUDGET	<u>\$ 56,584,214</u>

SCHEDULE OF USE OF FUND BALANCE – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2010

UNRESERVED FUND BALANCE AS OF BEGINNING OF YEAR	\$ 5,480,439
LESS:	
Designated fund balance used for the levy of taxes – adopted budget	<u>2,063,867</u>
UNRESERVED UNDESIGNATED FUND BALANCE AS OF BEGINNING OF YEAR	<u>\$ 3,416,572</u>

See paragraph on supplemental schedules included in auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND -- PROJECT EXPENDITURES AND FINANCING RESOURCES

JUNE 30, 2010

Project Title	Expenditures				Unexpended (Over - expended) Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2010	
	Original Appropriation	Revised Appropriation	Prior Years	Current Year		Total	Proceeds of Obligations	State Aid		Local Sources
District-wide improvements	\$ 20,000,000	\$ 20,000,000	\$ 25,159,957	\$ 0	\$ 25,159,957	\$ 19,870,000	\$ 0	\$ 2,145,888	\$ 22,015,888	\$ (3,144,069)
District-wide improvements	61,235,300	61,235,300	4,096,063	21,392,683	25,488,746	25,076,000	0	0	25,076,000	(412,746)
Lynch reconstruction	3,214,000	3,214,000	3,418,956	0	3,418,956	3,100,000	0	39,669	3,139,669	(279,287)
Teceler reconstruction	1,449,000	1,449,000	1,421,722	0	1,421,722	1,355,000	0	65,000	1,420,000	(1,722)
Teceler/HVAC	1,430,000	1,430,000	1,049,384	0	1,049,384	1,100,000	0	0	1,100,000	50,616
Bus purchase	160,320	160,320	159,383	0	159,383	160,320	0	0	160,320	937
Bus purchase	337,162	337,162	337,162	0	337,162	337,162	0	0	337,162	0
Prior projects unspent funds	0	0	0	0	0	303,921	0	0	303,921	303,921
TOTALS	\$ 87,825,782	\$ 87,825,782	\$ 35,642,627	\$ 21,392,683	\$ 57,035,310	\$ 51,302,403	\$ 0	\$ 2,250,557	\$ 53,552,960	\$ (3,482,350)

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUPPLEMENTARY INFORMATION

SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES COMPARED WITH ST-3 DATA

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Account Code</u> <u>Code</u>	<u>ST-3 Amount</u> <u>Amount</u>	<u>Audited</u> <u>Amount</u>
REVENUES:			
Real property taxes	A-1001	\$ 19,393,366	\$ 19,393,366
State aid	AT-3999	30,434,612	30,434,612
Federal aid	AT-4999	1,897,497	1,897,497
Total revenues and other funding sources	AT-5999	52,868,850	52,868,850
EXPENDITURES:			
General support	AT-1999	5,688,444	5,688,444
Pupil transportation	AT-5599	3,520,805	3,520,805
Debt service – principal	AT-9798.6	3,172,162	3,172,162
Debt service – interest	AT-9798.7	1,483,940	1,483,940
Total expenditures and other uses	AT-9999	52,929,837	52,929,837

See paragraph on supplemental schedules included in auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUPPLEMENTARY INFORMATION

INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT

FOR THE YEAR ENDED JUNE 30, 2010

CAPITAL ASSETS, NET	\$ 66,719,346
Deduct:	
Bond anticipation notes payable	15,000,000
Short-term portion of bonds payable	3,140,000
Long-term portion of bonds payable	<u>43,030,000</u>
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT	<u>\$ 5,549,346</u>

See paragraph on supplemental schedules included in auditors' report.

**ENLARGED CITY SCHOOL DISTRICT
OF THE CITY OF AMSTERDAM**

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(OMB CIRCULAR A-133)

JUNE 30, 2010



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

To the President and the Other Members
of the Board of Education of the
Enlarged City School District of the City of Amsterdam
Amsterdam, New York

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Enlarged City School District of the City of Amsterdam as of and for the year ended June 30, 2010, which collectively comprise the Enlarged City School District of the City of Amsterdam's basic financial statements and have issued our report thereon dated October 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Enlarged City School District of the City of Amsterdam'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 Enlarged City School District of the City of Amsterdam's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Enlarged City School District of the City of Amsterdam's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Enlarged City School District of the City of Amsterdam'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 the Enlarged City School District of the City of Amsterdam in a separate letter dated October 19, 2010.

This report is intended solely for the information and use of the Board of Education, management, the audit committee 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 19, 2010



**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 the Other Members
of the Board of Education of the
Enlarged City School District of the City of Amsterdam
Amsterdam, New York

Compliance

We have audited the compliance of the Enlarged City School District of the City of Amsterdam 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, 2010. The District's major federal programs are identified in the summary of auditors' 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Enlarged City School District of the City of Amsterdam 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, 2010.

Internal Control Over Compliance

Management of the Enlarged City School District of the City of Amsterdam is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, 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 Board of Education, management, the audit committee, 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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 19, 2010

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
Passed through New York State Education Department:		
Food Distribution	10.550	\$ 59,568
School Breakfast Program	10.553	193,340
National School Lunch Program	10.555	<u>676,554</u>
Total U.S. Department of Agriculture		929,462
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Passed through New York State Education Department:		
Title I Grants to Local Education Agencies	84.010	1,093,929
Title I Grants to Local Education Agencies - ARRA	84.389	403,699
Title I SQR	84.377	14,330
Special Education - Grants to Schools - Part B Section 611	84.027	984,517
Special Education - Grants to Schools - Part B Section 611 - ARRA	84.391	433,623
Special Education Preschool Grants - Part B Section 619	84.173	56,601
Special Education Preschool Grants - Part B Section 619 - ARRA	84.392	10,727
Education Stabilization Fund - ARRA	84.394	1,790,928
ESEA - Safe and Drug-Free Schools and Communities	84.186	10,619
Title VI - Part B Rural Schools	84.358B	88,476
ESEA - Title II Part D - Enhancing Ed Thru Tech	84.318	7,807
Title III, Part A LEP	84.365A	65,905
ESEA - Title II Part A, Teacher and Principal Training and Recruiting Fund	84.367	<u>291,828</u>
Total U.S. Department of Education		5,252,989
<u>U.S. CORPORATIONS FOR NATIONAL AND COMMUNITY SERVICES</u>		
Learn and Serve America - School and Community Based Programs	94.004	<u>39</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 6,182,490</u>

See paragraph on supplemental schedules included in auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2010

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the District's federal awards programs presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

NOTE B -- FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2010, the District had food commodities totaling \$25,971 in inventory.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2010

Finding 2009-1 and 2009-2 from prior year were corrected.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2010

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Enlarged City School District of the City of Amsterdam.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of the Enlarged City School District of the City of Amsterdam.
3. No instances of noncompliance material to the basic financial statements of the Enlarged City School District of the City of Amsterdam were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Enlarged City School District of the City of Amsterdam expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for the Enlarged City School District of the City of Amsterdam reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
Section 611	84.027
Section 611 – ARRA	84.391
Section 619	84.173
Section 619 – ARRA	84.391
Food Distribution	10.550
National School Lunch Program	10.555
School Breakfast Program	10.553
Title I Grants to Local Education Agencies	84.010
Title I Grants to Local Education Agencies - ARRA	84.389
Title I SQR	84.377
Education Stabilization Fund – ARRA	84.394

8. The threshold for distinguishing type A and B programs was \$300,000.
9. The Enlarged City School District of the City of Amsterdam was determined not to be a low-risk auditee.

B. Findings – Basic Financial Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

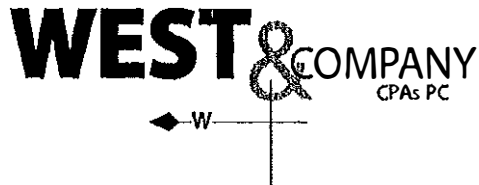
None

**ENLARGED CITY SCHOOL DISTRICT
OF THE CITY OF AMSTERDAM**

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2010



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Enlarged City School District of the City of Amsterdam
Amsterdam, New York

We have audited the statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of the Enlarged City School District of the City of Amsterdam as of June 30, 2010, and the accompanying related statement of revenues collected and expenses paid 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 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, the District prepares these financial statements on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Enlarged City School District of the City of Amsterdam as of June 30, 2010, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note #1.

WEST & COMPANY CPAs PC

Gloversville, New York
October 19, 2010

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2010

ASSETS	
Cash	\$ 74,863
TOTAL ASSETS	<u>\$ 74,863</u>
LIABILITIES AND CLUB BALANCES	
Liabilities	\$ 0
Club balances	<u>74,863</u>
TOTAL LIABILITIES AND CLUB BALANCES	<u>\$ 74,863</u>

See independent auditors' report.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balances July 1, 2009</u>	<u>Total Receipts</u>	<u>Total Disbursements</u>	<u>Balances June 30, 2010</u>
Wilbur H. Lynch Middle School:				
Special events and activities	\$ 1,001	\$ 5,482	\$ 5,915	\$ 568
National Junior Honor Society	0	5,011	5,010	1
Student council	4,549	16,976	14,335	7,190
	<hr/>	<hr/>	<hr/>	<hr/>
Total Middle School	5,550	27,469	25,260	7,759
Amsterdam High School:				
Class of 2008	668	0	668	0
Class of 2009	3,015	0	3,015	0
Class of 2010	11,810	14,477	24,384	1,903
Class of 2011	4,012	19,578	15,379	8,211
Class of 2012	976	6,541	3,413	4,104
Class of 2013	0	285	115	170
Band/Majorettes	1,198	3,231	2,490	1,939
Drama Club	10,527	19,172	17,785	11,914
Key Club	937	1,287	1,247	977
National Honor Society	78	676	754	0
AHS Ramage	0	1,171	968	203
Rotary Interact	100	330	305	125
Student Government	1,075	2	827	250
Ski Club	397	6,392	6,787	2
Varsity "A"	17,103	3,014	5,160	14,957
Yearbook	12,538	28,390	18,579	22,349
Interest	0	107	107	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total High School	64,434	104,653	101,983	67,104
	<hr/>	<hr/>	<hr/>	<hr/>
TOTALS	\$ 69,984	\$ 132,122	\$ 127,243	\$ 74,863

See note to financial statements.

ENLARGED CITY SCHOOL DISTRICT OF THE CITY OF AMSTERDAM

EXTRACLASSROOM ACTIVITY FUNDS

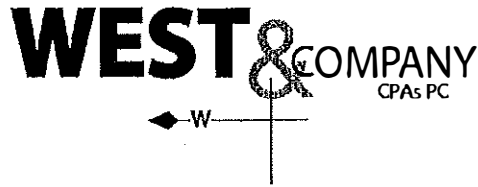
NOTE TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Extraclassroom Activity Funds of the Enlarged City School District of the City of Amsterdam (the District) are considered to be a component unit of the School District. These funds represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management.

The books and records of the Enlarged City School District of the City of Amsterdam's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenue is recognized when cash is received and expenditures recognized when cash is disbursed.



October 19, 2010

To the President and the Other
Members of the Board of Education of the
Enlarged City School District of the City of Amsterdam
Amsterdam, New York

Re: Management Letter
June 30, 2010

In planning and performing our audit of the basic financial statements of the Enlarged City School District of the City of Amsterdam (the "District") for the year ended June 30, 2010, we considered the District's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable. In addition, because of inherent limitations in internal control, misstatements due to error or fraud may occur and not be detected by such controls.

A material weakness is a condition in which the design or operation of one or more of these specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operations to be material weaknesses as defined above.

However, during our audit we became aware of the following matters and we would like to make the following comments and recommendations:

Prior-Year Comments/Conditions

1. Extraclassroom Activity Funds

Prior Comment/Condition: Our audit observed that these funds were not compliant with SED regulations. Conditions found were as follows:

- a. Fundraisers did not file profit or loss statements as required by SED regulations.
- b. Fundraisers which sell products did not control inventories by using the inventory tabulation form as required by SED regulations.
- c. Our testing of receipts and disbursements indicated that control and accounting procedures are not adequate.

Status: Conditions b-c have been corrected, condition a remains unchanged.

Recommendation: The Board must develop policy and the District management must develop accounting procedures which are in accordance with SED requirements to properly account for all activities.

2. **Capital Project Funds**

Prior Comment/Condition: Accounts payable and retainage payable in the Capital Projects Fund exceeded the June 30, 2007, unexpended balance of the revised appropriations.

Status: This condition remains unchanged as of June 30, 2010.

Recommendation: The Board should review the appropriations to determine if revisions are necessary and designate the sources of funds needed to complete the projects.

3. **Contract for Excellence**

Prior Comment/Condition: The Contract for Excellence award that was received for the year ended June 30, 2009, was not spent during the year as intended by the terms of the award. Although the unexpended funds were encumbered at June 30, 2009, those funds did not provide the benefits to the students that were intended.

Status: This condition has been corrected as of June 30, 2010

4. **Financial Report Filings**

Prior Comment/Condition: The New York State Education Department requires that all school districts have their annual audit filed by October 15th of each year. The District still had outstanding audit items at this date and did not meet this requirement.

Status: This condition has been somewhat improved.

Recommendation: We suggest that the District complete year-end accounting procedures on a timely basis to allow the audit to be completed in time to meet the filing deadline.

Current-Year Comments/Conditions

1. **Internal Audit Report**

Comment/Condition: The District is required to have an annual update to its risk assessment by its internal auditor each year as well as to test a minimum of one risk area a year. The District did not have this performed in 2009-2010 school year.

Recommendation: We recommend that the District institute policies/procedures to ensure that this is done annually.

2. **Books and Records**

Comment/Condition: Upon commencing the audit, the District was still finalizing its books and records and made entries to its reserve fund accounts during the audit process.

Recommendation: We recommend that the District make every effort to ensure that all entries are made prior to the commencement of the audit and that all accounts are complete and accurate prior to the audit date.

The preceding comments/conditions and recommendations are intended solely for the information and use of the Board, management and others within the District and should not be used by anyone other than these specific parties. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments/conditions with management, and we will be pleased to discuss these items in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

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