

SACHEM CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	Fiscal Year <u>2010</u>	Fiscal Year <u>2009</u>	Increase (Decrease)	Total Percentage Change
Capital Projects Fund:				
Reserve for encumbrances	\$ 15,849,249	-	15,849,249	
Unreserved - undesignated	<u>1,226,905</u>	<u>3,387,150</u>	<u>(2,160,245)</u>	-64%
	<u>\$ 17,076,154</u>	<u>3,387,150</u>	<u>13,689,004</u>	<u>404%</u>
Total fund balance - all funds	<u>\$ 60,632,834</u>	<u>41,201,280</u>	<u>19,431,554</u>	<u>47%</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

(a) 2009 - 2010 Budget

The District's general fund budget for the year ended June 30, 2010 was \$274,194,940. This amount was increased by a budget revision of \$3,500,000 for an Emergency Roof Project at East High School resulting in a final budget of \$277,694,940. The majority of the funding was property taxes and STAR revenue of \$146,470,655.

(b) Change in General Fund's Unreserved - Undesignated Fund Balance (Budget to Actual)

The general fund's unreserved - undesignated fund balance is a component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years' budgets. It is this balance that is commonly referred to as "fund balance." The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unreserved - undesignated fund balance	\$ 10,941,374
Revenues over budget	5,340,141
Expenditures and encumbrances under budget	12,185,574
Increase in reserves for interest allocation	(220,892)
Appropriated for June 30, 2011 budget	<u>(14,313,313)</u>
Closing, unreserved - undesignated fund balance	<u>\$ 13,932,884</u>

The unreserved - undesignated fund balance represents the fund balance retained by the District that is not reserved or designated for subsequent year's taxes. This amount should not exceed 4% of the 2010 - 2011 budget.

The revenue over budget in the amount of \$5,340,141 was primarily due to state and federal aid (see supplemental schedule 1 for detail).

The expenditures and encumbrances under budget in the amount of \$12,185,574 was primarily attributable to instruction and employee benefits (see supplemental schedule 1 for detail).

The District allocated interest to the various reserve accounts in the amount of \$220,892.

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FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations 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.

As of June 30, 2010, the District's combined governmental funds reported a total fund balance of \$60,632,834 which is an increase of \$19,431,554 over the prior year. This increase is primarily due to an operating surplus in the general fund and capital projects fund of \$5.5 million and \$13.7 million, respectively.

A summary of the change in fund balance for all funds is as follows:

	Fiscal Year <u>2010</u>	Fiscal Year <u>2009</u>	Increase (Decrease)	Total Percentage Change
General Fund:				
Reserved:				
Long-term disability	\$ 303,002	298,022	4,980	2%
Unemployment insurance	107,830	106,058	1,772	2%
Workers' compensation	7,739,805	7,612,610	127,195	2%
Employee benefit accrued liability	5,290,638	5,203,693	86,945	2%
Unreserved:				
Subsequent year's expenditures	14,313,313	12,000,000	2,313,313	19%
Undesignated	<u>13,932,884</u>	<u>10,941,374</u>	<u>2,991,510</u>	<u>27%</u>
Total fund balance - general fund	\$ <u>41,687,472</u>	<u>36,161,757</u>	<u>5,525,715</u>	<u>15%</u>
School Lunch Fund:				
Reserve for inventory	94,588	101,267	(6,679)	-7%
Unreserved - undesignated	<u>1,530,381</u>	<u>1,395,359</u>	<u>135,022</u>	<u>10%</u>
Total fund balance - school lunch fund	\$ <u>1,624,969</u>	<u>1,496,626</u>	<u>128,343</u>	<u>9%</u>
Special Aid Fund:				
Reserve for encumbrances	297,743	-	297,743	
Unreserved - undesignated	<u>(297,743)</u>	<u>-</u>	<u>(297,743)</u>	
	\$ <u>-</u>	<u>-</u>	<u>-</u>	
Debt Service Fund - reserve for debt service	\$ <u>244,239</u>	<u>155,747</u>	<u>88,492</u>	<u>57%</u>