

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

## Board of Education

### William Floyd Union Free School District

We have audited the financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of the William Floyd Union Free School District, as of and for the year ended June 30, 2007, and have issued our report thereon dated October 19, 2007. Our responsibility is to express opinions on these financial statements based on our audit.

In planning and performing our audit of the financial statements, in accordance with auditing standards generally accepted in the United States of America, we considered the William Floyd Union Free School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the a governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies that we consider to be material weaknesses. However, as discussed in the attached, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

The significant deficiencies and other matters are identified and described in the attached schedule of findings and recommendations.

This communication is intended solely for the use of Management and the Board of Education and the New York State Education Department and is not intended to be and should not be used by anyone other than these specified parties.

*D'Arcangelo + Co, LLP*

October 19, 2007

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS**

**For the Year Ended June 30, 2007**

**I. Significant Deficiencies – Extraclassroom Fund**

**A. Cash Receipts**

Our audit of the Extraclassroom accounts in the Trust and Agency Fund, we determined that insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the Central Treasurer.

Accordingly, it was impractical to extend our audit of cash receipts beyond the amounts recorded.

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To the Board of Education  
William Floyd Union Free School District

We have audited the financial statements of William Floyd Union Free School District for the year ended June 30, 2007, and have issued our report thereon dated October 19, 2007. Professional standards require that we provide you with the following information related to our audit:

## Auditor's Responsibility Under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered William Floyd Union Free School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with 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.

As part of obtaining reasonable assurance about whether William Floyd Union Free School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A 133, we examined, on a test basis, evidence about William Floyd Union Free School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major Federal programs for the purpose of expressing an opinion on William Floyd Union Free School District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on William Floyd Union Free School District's compliance with those requirements.

### Significant Accounting Policies

Management is responsible for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by William Floyd Union Free School District, are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2006-2007. We noted no transactions entered into by William Floyd Union Free School District, during the year that were both significant or unusual, and of which, under professional standards, we are required to inform you of any transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the School District's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, audit adjustments we proposed that could, in our judgment, either individually or in the aggregate, have a significant effect on William Floyd Union Free School District's financial reporting process. These adjustments are listed in the accompanying schedule.

### Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as William Floyd Union Free School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Findings and Recommendations

In addition, we have enclosed a memorandum summarizing the matters involving the internal control structure and its operation that we feel can be improved and strengthened. The matters are not considered to be a significant deficiency or material weakness.

This information is intended solely for the use of management and the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

*D'Arcangelo + Co, LLP*

October 19, 2007

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS**

**For the Year Ended June 30, 2007**

**I. Other Matters**

**A. Annual Financial Statement Preparation**

While Management currently has informal procedures to ensure the annual financial statements are complete and accurate, there are no formal written procedures for the process.

We recommend that Management implement formal written policies and procedures to ensure that the financial statements are accurate and complete. Such policies and procedures should include items such as:

- Independence of the auditing firm is maintained in accordance with the safeguards described in Government Audit Standards regarding non-attest services;
- The understanding for the preparation of the financial statements incorporated into the auditor's engagement and representation letters;
- Methods used to document Management's review and acceptance of the financial statements as a whole;
- Methods used to resolve disagreements.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR'S AUDIT FINDINGS AND RECOMMENDATIONS**

**For the Year Ended June 30, 2007**

**I. Other Matters**

**A. Terminated Employee**

Finding

During our test work of payouts for terminated employees, we noted an instance where an employee was overpaid by \$821.05. This was a result of an error in tracking the accumulated vacation/sick days.

Recommendation

We recommend the School District assess its system for tracking attendance and consider an automated system to replace the manual system currently in place.

**Status:** The School District has made significant progress in resolving this issue.

**B. Board Approval of New Hires**

Finding

During our test of new hires, we noted that in certain cases substitute teachers were hired prior to Board approval.

Recommendation

Although permitted in certain situations, the School District should not allow for substitute teachers to be officially hired prior to Board approval. The School District has currently addressed this situation and has revised its procedures when hiring substitute teachers.

**Status:** Not noted in the current year.

**C. Cash Management – Special Aid Fund**

Finding

During our test of allocations in the Special Aid Fund, it was noted that employee benefits had not been allocated to the Special Aid Fund timely. This result in claim for reimbursements that do not include a substantial portion of reimbursable expenditures.



Recommendation

We recommend the School District develop a procedure to allocate employee benefits to the Special Aid Fund monthly in order to maximize the eligible reimbursable expenses for the Special Aid Fund programs.

**Status:** Not noted in the current year.

**D. Adjusting Journal Entries**

Finding

During our review of adjusting journal entries, it was noted that there are no established approval procedures for adjusting journal entries posted to the system.

Recommendation

We recommend the School District review the current procedures regarding posting of adjusting journal entries and include a supervisory review and approval control for all nonrecurring adjusting journal entries.

**Status:** Not noted in the current year.

**II. Informational Matters**

**A. GASB – Governmental Accounting Standards Board Statements of the Governmental Accounting Standards Board (GASB) No. 45: Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions**

This statement establishes standards of accounting and financial reporting for other postemployment employee benefits (OPEB) expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of State and local governmental employers. These benefits mainly consist of health and dental insurance. The standard will require the School District to obtain an actuarial present value of the total projected benefits.

The liability will only be recorded in the Government-wide financial statement. The past service cost can be amortized over thirty years. Therefore, on an annual basis, the expense will consist of the amortized past service cost and the current annual required contributions of the employer.

Although the School District will be required to implement this standard for the year ended June 30, 2008, we recommend that an actuary be contracted with soon. All governments will be seeking the same service. Therefore, in order to have timely information, the planning must begin shortly.

**Status:** The School District is anticipating compliance with this requirement by the implementation date.

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit
AJE 1	Posted	01-A00-60-9060	Health Insurance (Med)			22,881.00	
		01-A00-20-0601	Accrued Liabilities				22,881.00
		01-A00-20-0601	Accrued Liabilities			314,006.00	
		01-A00-60-9040	Workers' Compensation (Med)				314,006.00
			to adjust ibnr to estimate and reverse workers comp accrual				
AJE 2	Posted	01-A00-64-9901	Interfund Transfers - Special			199,133.00	
		01-A00-20-0630	Due To Other Funds				199,133.00
		02-F00-10-0391	Due From Other Funds			199,133.00	
		02-F00-44-5031	Interfund Transfers				199,133.00
			to transfer 20% general fund portion of 4408 program				
AJE 3	Posted	01-A00-34-0821	Reserve for Encumbrances			18,580,869.00	
		01-A00-34-0911	Unappropriated Fund Balance				18,580,869.00
			to reclass fundbalance for encumbrances outstanding				
AJE 4	Posted	01-A00-34-0911	Unappropriated Fund Balance			1,490,725.00	
		01-A00-34-0910	Appropriated Fund Balance(Next				1,490,725.00
			to adjust appropriated fund balance to actual				
AJE 5	Posted	02-F00-10-0410	Due From Other Governments			2,841,608.00	
		02-F00-40-4289	Federal Aid - EX.CAP.NEEDS,BRK				1,476,751.00
		02-F00-40-3289	4408 State Aid - Tuition				1,364,857.00
			to record due from state and federal				
AJE 6	Posted	01-A00-34-0911	Unappropriated Fund Balance			2,214,482.00	
		01-A00-34-0814	Workers Comp Reserve				2,114,482.00
		01-A00-34-0863	Insurance Reserve				100,000.00
			to fund newly created reserves per client				
AJE 7	Posted	01-A00-34-0911	Unappropriated Fund Balance			550,000.00	
		01-A00-20-0631	Due To Other Governments				550,000.00
			to post client accrual of title i liability				
AJE 8	Posted	GW-C00-10-0105	Construction Work in Progress			1,315,775.00	
		GW-C00-10-0104	Equipment			38,516.00	
		GW-C00-60-1621	Maintenance of Plant-Constructi				1,354,291.00
		GW-C00-60-1989	Depreciation*****			6,920,540.00	
		GW-C00-10-0112	Buildings - Acc Depr				6,216,961.00
		GW-C00-10-0114	Equipment - Acc Depr				703,579.00
			to post current year capital asset activity in accordance with g34				
AJE 9	Posted	GW-C00-20-0628	Bonds Payable			7,970,000.00	
		GW-C00-60-9711	Serial Bonds Principal-Sch Con				9,345,000.00
		GW-C00-20-0628	Bond Issuance Costs			1,375,000.00	
		GW-C00-60-9711	Serial Bonds Interest-Sch Cons			76,389.00	
		GW-C00-20-0628	Accumulated Amortization				76,389.00
			to post current year long term debt activity in accordance with g34				
AJE 10	Posted	GW-C00-20-0651	Accrued Interest Payable			23,402.00	
		GW-C00-60-9711	Serial Bonds Interest-Sch Cons				23,402.00
			to accrue interest on long term bonds				
AJE 11	Posted	GW-C00-40-3101	State Aid-Basic Formula			528,060.00	
		GW-C00-20-0691	Deferred Revenues				528,060.00
			t recognize deferrals in accordance with g34				
AJE 12	Posted	GW-C00-34-0911	Unappropriated Fund Balance			2,386,587.00	
		GW-C00-34-0700	Investments in Capital Assets				2,386,587.00
			to adjust investment in capital asset to actual in accordance with g34				

10/19/2007 12:47PM

WILLIAM FLOYD CENTRAL SCHOOL DISTRICT  
Journal Entries Report : Adjusting Entries  
June 30, 2007

Page: 2  
Prepared by: CS  
Reviewed by:

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit
AJE 13	Posted	GW-C00-60-2110	Teach Reg School - K-6 Inst Sa			1,309,348.00	
		GW-C00-20-0687	Compensated Absences				1,309,348.00
			to adjust for long term compensated absences in accordance with g34				
TOTALS						<u>48,356,454.00</u>	<u>48,356,454.00</u>

WILLIAM FLOYD UNION  
FREE SCHOOL DISTRICT

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
June 30, 2007

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

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**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

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## **Independent Auditor's Report**

Board of Education

William Floyd Union Free School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the William Floyd Union Free School District as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of William Floyd Union Free School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and remaining fund information of the William Floyd Union Free School District as of June 30, 2007, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2007, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on Pages 3 through 12 and budgetary comparison information and supplementary information on Pages 36 through 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the New York State Education Department. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the William Floyd Union Free School District basic 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 not a required part of the basic financial statements of William Floyd Union Free School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*D'Arcangelo + Co., LLP*

October 19, 2007

Rome, New York



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2007**

The following is a discussion and analysis of the School District's financial performance for the year ended June 30, 2007. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide (herein known as District-wide) and fund-based financial statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The School District's net assets increased approximately \$3.1 million from the prior year.
- During the year, the School District had net expenses of \$168.3 million, which was offset by \$172.6 million generated in taxes, State aid, and other general revenues.
- The General Fund reported an operating surplus this year of \$3,820,370.
- The School District was able to retain as undesignated, unreserved fund balance 3% of the 2007-08 budget; the new limit allowable under Real Property Tax Law.
- The School District established and funded, by board resolution, two reserves; the Workers' Compensation Reserve and the Insurance Reserve. Both were established in a fiscal effort to proactively and appropriately address future outstanding liabilities of the School District.
- The School District reviewed prior year's encumbrances in order to pay and close outstanding purchase orders from its accounting system. In addition, the encumbrances needed from 2006-2007 operations into the 2007-2008 school year were carefully considered and only those which were absolutely necessary were carried forward. The result of this effort was to reduce encumbrances from \$2,133,848 in the 2006-2007 fiscal year, to \$905,298 into the 2007-2008 fiscal year; the difference resulting in an increase in the School District's June 30, 2007, fund balance of the same amount.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other nonmajor funds listed in total in one column.

- The governmental funds statements disclose how basic services such as regular and special education were financed in the short term, as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

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

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

<b>Table A-1 Major Features of the District-wide and Fund Financial Statements</b>			
	<b>Fund Financial Statements</b>		
	<b>District-wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of inflow/outflow information</b>	All revenues and expenses during the 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.

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

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

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" 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:

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

The School District has two types 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 that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that allows the reader to 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 at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **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.

## SCHOOL DISTRICT AS A WHOLE

The analysis below focuses on the net assets (Table A-2) and changes in net assets (Table A-3) of the School District's governmental activities. Illustrations A-1 and A-2 provide in graph format the revenues by source and expenses by function.

<b>Table A-2 – Condensed Statement of Net Assets</b>		
	<u>2007</u>	<u>2006</u>
Current and Other Assets	\$ 43,346,180	\$ 41,026,255
Capital Assets – Net of Depreciation	<u>228,297,030</u>	<u>233,863,279</u>
<b>Total Assets</b>	<b><u>\$271,643,210</u></b>	<b><u>\$274,889,534</u></b>
Long-Term Debt Outstanding	\$ 136,795,019	\$ 144,754,282
Other Liabilities	<u>13,980,229</u>	<u>12,402,992</u>
<b>Total Liabilities</b>	<b><u>\$150,775,248</u></b>	<b><u>\$157,157,274</u></b>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	\$ 98,261,783	\$ 95,875,196
Unrestricted	<u>22,606,179</u>	<u>21,857,064</u>
<b>Total Net Assets</b>	<b><u>\$120,867,962</u></b>	<b><u>\$117,732,260</u></b>

**Table A-3 – Changes in Net Assets from Operating Results**

	<u>2007</u>	<u>2006</u>
<b>Revenues</b>		
Program Revenues		
Operating Grants and Contributions	\$ 10,426,354	\$ 9,913,105
Charges for Services	1,798,456	1,878,217
General Revenues		
Property Taxes and Other Real Property		
Tax Items	65,385,316	59,862,854
State and Federal Aid	101,029,833	97,111,343
Sale of Property and Compensation for Loss	185,436	24,658
Use of Money and Property	4,879,165	3,605,929
Miscellaneous	<u>1,156,030</u>	<u>822,693</u>
Total Revenues	<u>184,860,590</u>	<u>173,218,799</u>
<b>Expenses</b>		
General Support	24,772,752	22,581,380
Instruction	129,568,975	123,586,404
Pupil Transportation	14,745,129	13,363,476
Community Service	15,252	74,344
Debt Service - Interest	7,867,488	8,589,199
School Lunch Program	<u>3,507,580</u>	<u>3,945,077</u>
Total Expenses	<u>180,477,176</u>	<u>172,139,881</u>
<b>Increase in Net Assets</b>	<u>\$ 4,383,414</u>	<u>\$ 1,078,918</u>

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**General Governmental Functions**

As the School District completed the year, its governmental funds (as presented in the balance sheet on Page 15) reported a combined fund balance of \$24.3 million, which was an increase of \$1.3 million over last year's total of \$23 million. This was substantially due to the School District converting its short-term obligation to long term obligations in financing its capital projects.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The budgetary comparison information presents both adopted and final modified budget totals compared with actual results for the General Fund for the year ended June 30, 2007. The significant variances between the adopted and the final budget for 2007 were as follows:

Adopted Budget	\$ 174,298,100
2007 Additional Appropriations:	
Encumbrance Carryover	<u>2,133,843</u>
Final Budget	<u>\$ 176,431,947</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2007, the School District had \$228.3 million invested in a broad range of capital assets including buildings, transportation equipment, computer equipment, and furniture and fixtures. Table A-4 categorically illustrates the School District's capital assets net of related depreciation.

	<u>2007</u>	<u>2006</u>
Land	\$ 35,132,218	\$ 35,132,218
Buildings and Improvements	183,758,466	189,975,427
Machinery and Equipment	2,478,260	3,143,323
Construction in Progress	<u>6,928,086</u>	<u>5,612,311</u>
Net Capital Assets	<u>\$228,297,030</u>	<u>\$233,863,279</u>

### Noncurrent Liabilities

At June 30, 2007, the School District had \$136.8 million in long-term debt. Table A-5 provides a summary of the debt. The notes to the basic financial statements provide additional details regarding this debt.

	<u>2007</u>	<u>2006</u>
General Obligation Bonds	\$ 131,870,000	\$ 139,840,000
Less: Bond Issuance Cost, Net of Amortization	(1,298,611)	0
Compensated Absences	<u>6,223,630</u>	<u>4,914,282</u>
Total Noncurrent Liabilities	<u>\$136,795,019</u>	<u>\$144,754,282</u>

## FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The School District continues to upgrade policies, and procedures relative to its Business and Human Resources Offices. The Board of Education in conjunction with the Policy Review Committee is at the end of its extensive review of all School District policies. The Business Office continues to improve its Internal Control Procedures Manual to ensure consistent, clear and repeatable procedures are followed for every transaction. In addition to the existing external and internal claims auditors, the new

internal audit function is in place and the Audit Committee is in the process of reviewing the draft risk assessment before commencing with extensive audits of the Human Resources/Payroll cycle and retirement/severance payouts. Further, as part of the Internal Audit, Central Treasurers at the elementary and secondary levels will be trained on appropriate fiscal controls to use in managing building-level extracurricular activity accounts. With a new senior level administrative team in place, including a new Superintendent, a new Assistant Superintendent for Business, and new Assistant Superintendents for Elementary and Secondary Instruction and Administration, the School District will continue to make the improvements needed to reach its goals and objectives for its students and community.

- The School District relies heavily on State Aid as a revenues source. Local assessed values, however, have dipped slightly, a testament to the increased volume of tax grievances, a decline in new construction, and the lack of undeveloped parcels of land to enable future growth.
- The voters of the School District approved the 2007-2008 budget in the amount of \$185,971,833 during May 2007.
- The School District has implemented a new transparent, interactive, inclusive budget development process to engage both internal and external constituents into this important annual process. Launched for the development of the 2007-08 budget, the process will be replicated for years to come.
- The School District, through its EXCEL Advisory Committee, which consists of Board Members, District engineers and architects, and residents, is currently considering placing a building referendum before its voters in order to expand and renovate its existing facilities. Combining its favorable building aid ratio(approximately 88%) with one-time EXCEL funding from the Dormitory Authority of the State of New York(DASNY), the School District has the opportunity to address an increasing secondary enrollment, as well as its instructional and safety needs, at little cost to the taxpayer.
- The School District is currently in the process of securing an actuarial analysis of its employee health plans in order to aid the Districts budgeting in this area, assist in future decision making related to employee benefits in general, and in establishing appropriate health premium levels specifically.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at William Floyd Union Free School District, 240 Mastic Beach Road, Mastic Beach, New York 11951.



Illustration A-1

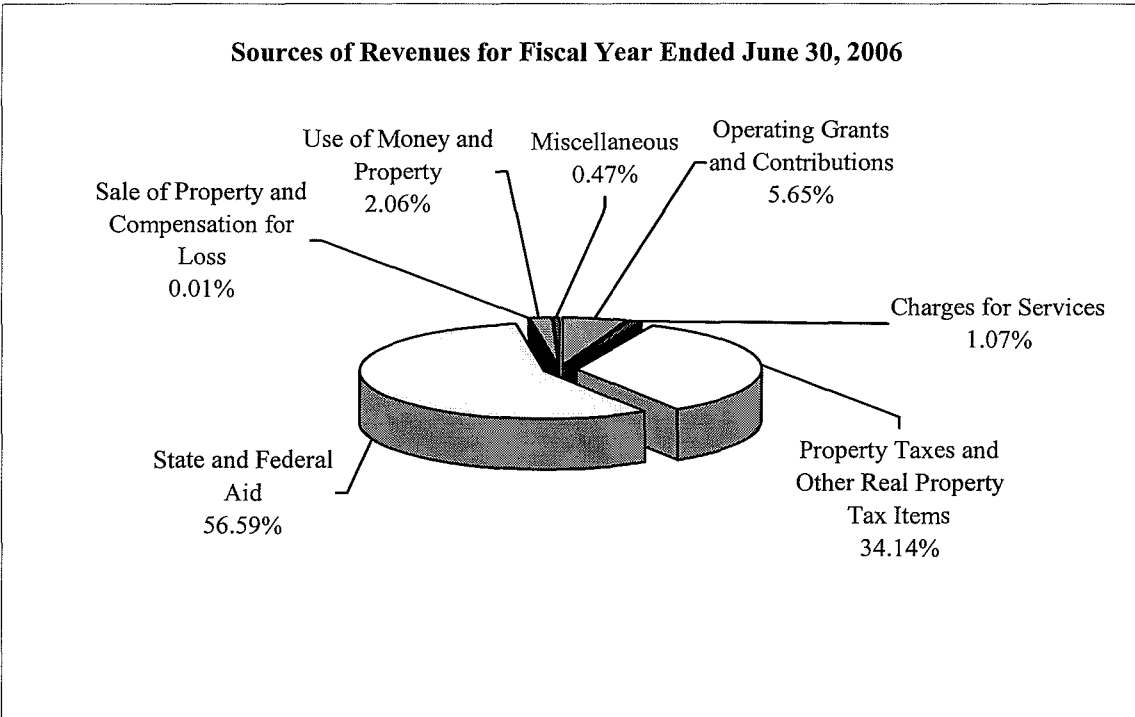
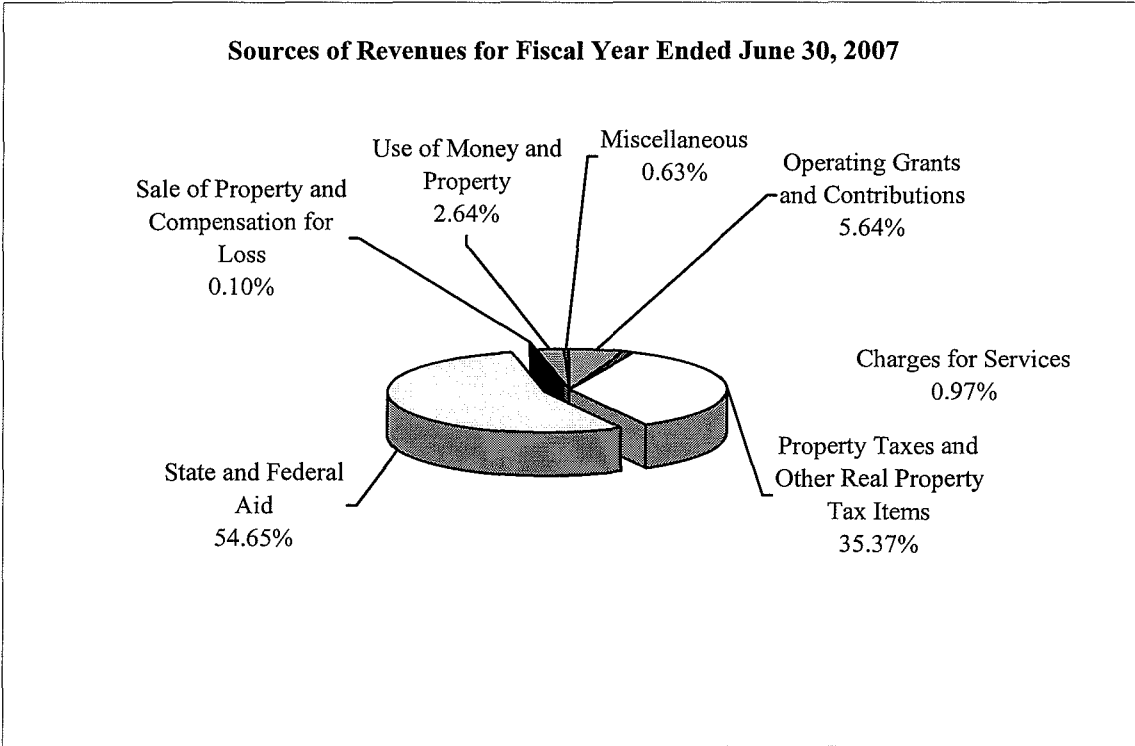
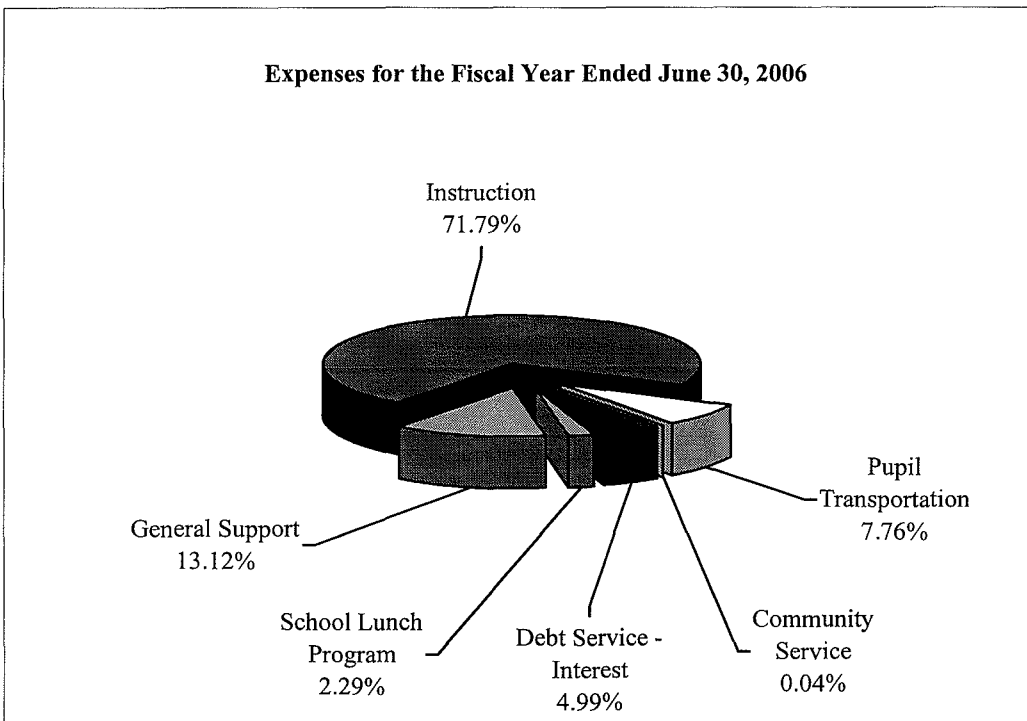
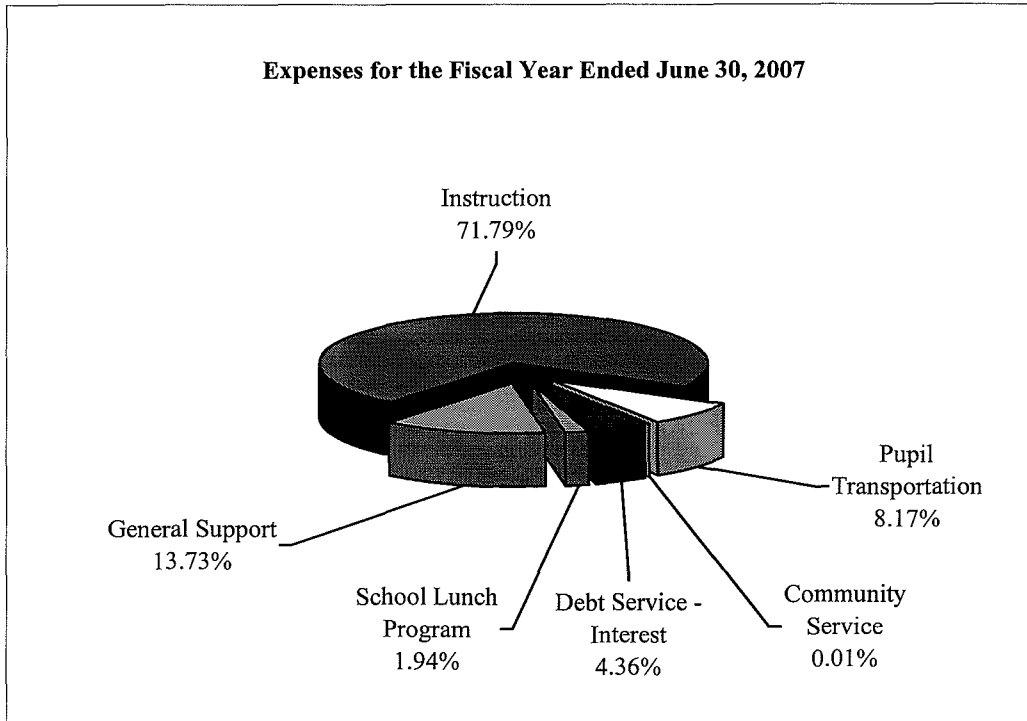


Illustration A-2



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**June 30, 2007**

**Assets**

Cash and Cash Equivalents	\$	20,561,928
Restricted Cash and Cash Equivalents		8,438,112
Receivables		
State and Federal Aid		9,115,310
Due from Fiduciary Funds		4,893,605
Other Receivables		323,472
Inventory		13,753
Capital Assets (Net of Accumulated Depreciation)		<u>228,297,030</u>
Total Assets		<u>\$ 271,643,210</u>

**Liabilities**

Payables		
Accounts Payable	\$	425,931
Accrued Liabilities		4,833,975
Due To		
Other Governments		2,103,668
Teachers' Retirement System		6,377,655
Employees' Retirement System		239,000
Noncurrent Liabilities		
Due Within One Year		9,055,000
Due in More Than One Year		<u>127,740,019</u>
Total Liabilities		<u>150,775,248</u>

**Net Assets**

Invested in Capital Assets (Net of Related Debt)		98,261,783
Unrestricted		<u>22,606,179</u>
Total Net Assets		<u>120,867,962</u>

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>271,643,210</u></b>
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**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2007**

<b>Functions/Programs</b>				Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
General Support	\$ 23,715,850	\$	\$	\$ (23,715,850)
Instruction	129,568,975	(383,335)	(9,002,062)	(120,183,578)
Pupil Transportation	14,745,129			(14,745,129)
Community Service	15,252			(15,252)
Debt Service - Interest	7,867,488			(7,867,488)
Capital Outlay	1,056,902			(1,056,902)
School Lunch Program	<u>3,507,580</u>	<u>(1,415,121)</u>	<u>(1,424,292)</u>	<u>(668,167)</u>
Total Functions/Programs	<u>\$ 180,477,176</u>	<u>\$ (1,798,456)</u>	<u>\$ (10,426,354)</u>	<u>\$ (168,252,366)</u>

**General Revenues**

Real Property Taxes	53,048,054
Other Real Property Tax Items	12,337,262
Use of Money and Property	4,879,165
Sales of Property and Compensation for Loss	185,436
State and Federal Sources	101,029,833
Miscellaneous	<u>1,156,030</u>
Total General Revenues	<u>172,635,780</u>

Change in Net Assets 4,383,414

Net Assets, Beginning of Year 117,732,260

Prior-Period Adjustment (1,247,712)

Net Assets, End of Year \$ 120,867,962

The Accompanying Notes are an Integral Parts of These Financial Statements

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**(INCLUDING THE RECONCILIATION OF TOTAL GOVERNMENTAL**  
**FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES)**

**June 30, 2007**

	General	Special Aid	School Lunch	Capital Projects	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 20,618,958	\$ (192,164)	\$ 257,744	\$ (122,610)	\$ 20,561,928
Restricted Cash and Cash Equivalents	8,438,112				8,438,112
Receivables					
Inventory			13,753		13,753
Due from Other Governments	6,304,914	2,724,988	85,408		9,115,310
Due from Other Funds	72,592,794	25,915,409	1,506,477	38,108,872	138,123,552
Other Receivables		3,052	320,419		323,471
Total Assets	\$ 107,954,778	\$ 28,451,285	\$ 2,183,801	\$ 37,986,262	\$ 176,576,126
<b>Liabilities</b>					
Payables					
Accounts Payable	\$ 425,931	\$	\$	\$	\$ 425,931
Accrued Liabilities	4,596,465				4,596,465
Due To					
Other Governments	2,080,247		23,421		2,103,668
Other Funds	66,215,351	28,451,285	1,113,191	37,450,120	133,229,947
Teachers' Retirement System	6,377,655				6,377,655
Employees' Retirement System	239,000				239,000
Deferred Revenue	5,323,624				5,323,624
Total Liabilities	85,258,273	28,451,285	1,136,612	37,450,120	152,296,290
<b>Fund Balance</b>					
Fund Balance - Reserved					
Reserve for Encumbrances	905,298	217,606	120,045	572,531	1,815,480
Reserve for Employee Benefit Accrued Liability	6,223,630				6,223,630
Reserve for Workers' Compensation	2,114,482				2,114,482
Reserve for Insurance	100,000				100,000
Reserve for Inventory			13,753		13,753
Fund Balance - Unreserved					
Designated for Subsequent Year's Expenditures	7,774,114				7,774,114
Undesignated (Deficit)	5,578,981	(217,606)	913,391	(36,389)	6,238,377
Total Fund Balance	22,696,505		1,047,189	536,142	24,279,836
<b>Total Liabilities and Fund Balance</b>	<b>\$ 107,954,778</b>	<b>\$ 28,451,285</b>	<b>\$ 2,183,801</b>	<b>\$ 37,986,262</b>	

**Amounts reported for governmental activities in the statement of net assets are different due to the following:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	228,297,030
Deferred Revenue	5,323,624
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Serial Bonds	(131,870,000)
Amortized Bond Issuance Costs	1,298,611
Compensated Absences	(6,223,630)
Accrued Interest Payable	(237,509)
Net Assets of Governmental Activities	<b>\$ 120,867,962</b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2007**

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total
<b>Revenues</b>						
Real Property Taxes	\$ 53,048,054	\$	\$			\$ 53,048,054
Other Real Property Tax Items	12,337,262					12,337,262
Charges for Services	383,335					383,335
Sales			1,415,121			1,415,121
Use of Money and Property	4,861,037		18,128			4,879,165
Sale of Property and Compensation for Loss	185,436					185,436
Miscellaneous	1,125,868	16,016	12,200			1,154,084
Interfund Revenues	1,855					1,855
State Aid	100,996,252	3,448,023	79,368			104,523,643
Federal Aid	561,641	5,554,039	1,344,924			7,460,604
<b>Total Revenues</b>	<u>173,500,740</u>	<u>9,018,078</u>	<u>2,869,741</u>			<u>185,388,559</u>
<b>Expenditures</b>						
General Support	19,825,016	1,855				19,826,871
Instruction	90,601,285	8,936,467			258,873	99,796,625
Pupil Transportation	11,325,514	278,889				11,604,403
Community Service	12,419					12,419
School Lunch Program			2,856,041			2,856,041
Employee Benefits	30,557,502		23,238			30,580,740
Capital Outlay					1,056,902	1,056,902
Debt Service - Principal	9,345,000					9,345,000
Debt Service - Interest	7,814,501					7,814,501
<b>Total Expenditures</b>	<u>169,481,237</u>	<u>9,217,211</u>	<u>2,879,279</u>		<u>1,315,775</u>	<u>182,893,502</u>
Excess (Deficit) Revenues Over Expenditures	<u>4,019,503</u>	<u>(199,133)</u>	<u>(9,538)</u>		<u>(1,315,775)</u>	<u>2,495,057</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds of Bond Refunding				56,923,423		56,923,423
Payments to Escrow Agent				(56,923,423)		(56,923,423)
Transfers from Other Funds		199,133				199,133
Transfers to Other Funds	(199,133)					(199,133)
<b>Total Other Financing Sources (Uses)</b>	<u>(199,133)</u>	<u>199,133</u>				
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>3,820,370</u>		<u>(9,538)</u>		<u>(1,315,775)</u>	<u>2,495,057</u>
<b>Fund Balance, Beginning of Year</b>	20,123,847		1,056,727		1,851,917	23,032,491
Prior-Period Adjustment	(1,247,712)					(1,247,712)
<b>Fund Balance, End of Year</b>	<u>\$ 22,696,505</u>	<u>\$ 0</u>	<u>\$ 1,047,189</u>	<u>\$ 0</u>	<u>\$ 536,142</u>	<u>\$ 24,279,836</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2007**

Net Changes in Fund Balance - Total Governmental Funds \$ 2,495,057

Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net assets and allocated over their useful lives as depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlay in the period.

Depreciation Expense	(6,920,540)	
Capital Outlays	<u>1,354,291</u>	(5,566,249)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities

Principal Payments	9,345,000
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Because some revenues will not be collected until after the school's fiscal year end, they are not considered "available" revenues in the Governmental Funds.

	<u>(528,060)</u>
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Certain expenses in the statement of activities do not require the use of current financial resources and , therefore, are not reported as expenditures in the governmental funds.

Amortization	(76,389)	
Accrued Interest	23,402	
Compensated Absences	<u>(1,309,348)</u>	<u>(1,362,335)</u>

Change in Net Assets Governmental Activities \$ 4,383,413

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**June 30, 2007**

	Private Purpose Trusts	Agency
<b>Assets</b>		
Cash and Cash Equivalents	\$	\$ 5,316,470
Restricted Cash and Cash Equivalents	126,516	
Receivables		
Due from Other Funds	41	437,091
Total Assets	\$ 126,557	\$ 5,753,561
<b>Liabilities</b>		
Payables		
Extraclassroom Activity Balances	\$	\$ 186,430
Due to Other Funds	31	5,330,707
Other Liabilities		236,424
Total Liabilities	31	\$ 5,753,561
<b>Net Assets</b>		
Restricted for Scholarships	126,526	
Total Net Assets	126,526	
<b>Total Liabilities and Net Assets</b>	<b>\$ 126,557</b>	

The Accompanying Notes are an Integral Part of These Financial Statements.



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Year Ended June 30, 2007**

	Private Purpose Trusts
<b>Additions</b>	
Gifts and Contributions	\$ 104,528
Investment Income	2,790
Total Revenues	107,318
 <b>Deductions</b>	
Scholarships and Awards	102,850
Total Disbursements	102,850
Change in Net Assets	4,468
<b>Net Assets, Beginning of Year</b>	122,058
<b>Net Assets, End of Year</b>	\$ 126,526

The Accompanying Notes are an Integral Part of These Financial Statements.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the William Floyd Union Free School District (the School District) have been prepared in conformity with U.S. 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 School District are described below:

**A. REPORTING ENTITY**

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal members.

The reporting entity of the School District is based upon criteria set forth by GASB. 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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 School District's reporting entity.

**1. EXTRACLASSROOM ACTIVITY FUNDS**

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

independent of the School 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 at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

**B. JOINT VENTURE**

The School District is a component district in the Eastern Suffolk Board of Cooperative 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.

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.

**C. BASIS OF PRESENTATION**

**1. DISTRICT-WIDE STATEMENTS**

The Statement of Net Assets and the Statement of Activities present financial information about the School 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.

# WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

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

### 2. FUND FINANCIAL STATEMENTS

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

General Fund: This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for transactions of the School District's lunch and breakfast programs.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. This fund is used in the current year to account for the transactions related to the serial bond refunding.

Capital Projects Funds: This fund is used to account for the financial resources used for the construction and major repair of the School District's facilities.

### 3. FIDUCIARY FUNDS

This fund is used to account for fiduciary activities. Fiduciary activities are those in which the School 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 School District, and are not available to be used. There are two classes of fiduciary funds:

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

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 School District or representatives of the donors may serve on committees to determine who benefits.

Agency Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School 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 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 School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, State aid, 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 School District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon after the end of the fiscal year.

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

**E. 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

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**For the Year Ended June 30, 2007**

assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

**F. CASH AND INVESTMENTS**

The School 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 School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

**G. PROPERTY TAXES**

Real property taxes are levied annually by the Board of Education. Taxes were collected during the period December 1, 2006, to June 1, 2007.

Uncollected real property taxes are subsequently enforced by the County in which the School District is located.

**H. RECEIVABLE**

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**I. INTERFUND TRANSACTIONS**

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

The amounts reported on the Statement of Net Assets for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note XI to the financial statements.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

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**J. CAPITAL ASSETS**

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of \$2,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

<u>Lives</u>	<u>Depreciation Method</u>	
Land Improvements	20 Years	Straight Line
Furniture, Equipment, and Vehicles	5-20 Years	Straight Line
Buildings and Improvements	40 Years	Straight Line

**K. INVENTORY**

The inventory, which consists of surplus food in the School Lunch Fund, is recorded at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

**L. COMPENSATED ABSENCES**

The School 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.

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

**M. RETIREMENT PLANS**

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

**N. POSTRETIREMENT BENEFITS**

In addition to providing pension benefits, the School District provides both health insurance coverage and medicare premium reimbursements for retired employees. Substantially all of the School District's employees may become

# WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

eligible for these benefits if they reach normal retirement age while working for the School District. Currently approximately 212 retirees meet those eligibility requirements. The School District paid an aggregated amount of approximately \$2.2 million for these benefits for the year ended June 30, 2007.

### O. BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted:

Appropriations are adopted at the program line item level.

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 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. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

### P. DEFERRED REVENUE

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the School 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 School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Deferred revenues recorded in governmental funds are generally not recognized in the District-wide statements.

### Q. RESTRICTED RESOURCES

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



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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

R. FUND BALANCE – RESERVATIONS AND DESIGNATIONS

The following reserve funds are available to school districts. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

1. RESERVE FOR EMPLOYEE BENEFIT ACCRUED LIABILITY

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

2. RESERVE FOR ENCUMBRANCES

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

3. RESTRICTED FOR SCHOLARSHIPS

This restriction is used to account for monies donated for scholarships, net of earnings and expenditures.

4. RESERVE FOR INVENTORY

Reserve for Inventory is used to segregate that portion of fund balance that is not available for appropriation.

5. INSURANCE RESERVE

Insurance Reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment and compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

6. WORKERS' COMPENSATION RESERVE

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

II. DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

A. TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS COMPARED TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

Total fund balances of the School 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.

B. STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES COMPARED TO STATEMENT OF ACTIVITIES

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

1. LONG-TERM REVENUE DIFFERENCES

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

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

2. CAPITAL RELATED DIFFERENCES

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and 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.

3. LONG-TERM DEBT TRANSACTION DIFFERENCES

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

4. EMPLOYEE BENEFIT ALLOCATION

Expenditures for employee benefits are not allocated a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on total salary for each function.

IV. CASH AND CASH EQUIVALENTS

A. CUSTODIAL CREDIT CURRENCY RISK

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

As of June 30, 2007 School District's bank balances of \$41,635,272 were fully collateralized by securities held by an agent of the pledging financial institution in the School District's name and not exposed to custodial credit risk.

B. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash of \$8,438,112 in the General Fund represents the following:

Description	Amount
Reserve for Employee Benefit Accrued Liability	\$ 6,223,630
Reserve for Workers' Compensation	2,114,482
Reserve for Insurance	<u>100,000</u>
Total	<u>\$ 8,438,112</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2007**

**V. PARTICIPATION IN BOCES**

During the year, the School District was billed \$17,651,294 for BOCES' administrative and program costs. Financial statements for the BOCES are available from the BOCES' administrative office at Eastern Suffolk BOCES, 201 Sunrise Highway, Patchogue, New York 11772.

**VI. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated			
Land	\$ 35,132,218	\$	\$ 35,132,218
Construction in Progress	<u>5,612,311</u>	<u>1,315,775</u>	<u>6,928,086</u>
	<u>40,744,529</u>	<u>1,315,775</u>	<u>42,060,304</u>
Capital Assets Being Depreciated			
Buildings and Improvements	250,156,461		250,156,461
Furniture, Equipment, and Vehicles	<u>16,731,830</u>	<u>38,516</u>	<u>16,770,346</u>
	<u>266,888,291</u>	<u>38,516</u>	<u>266,926,807</u>
Accumulated Depreciation			
Buildings and Improvements	60,181,034	6,216,961	66,397,995
Furniture, Equipment, and Vehicles	<u>13,588,507</u>	<u>703,579</u>	<u>14,292,086</u>
	<u>73,769,541</u>	<u>6,920,540</u>	<u>80,690,081</u>
Net Capital Assets	\$ <u>233,863,279</u>	\$ <u>(5,566,249)</u>	\$ <u>228,297,030</u>

Depreciation expense of \$6,920,540 is charged as follows:

General Support	\$ 1,038,081
Instruction	5,398,021
Transportation	<u>484,438</u>
Total	\$ <u>6,920,540</u>

**VII. SHORT-TERM DEBT**

**A. TAX ANTICIPATION NOTES**

The School District may issue Tax Anticipation Notes (TANs), in anticipation of the receipt of property tax revenues. These notes are recorded as a liability of the General Fund, the fund that will actually receive the proceeds from the issuance of the notes. The TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

Date of Maturity	Interest	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
06/29/07	4.50%	\$ 0	\$ 52,000,000	\$ 52,000,000	\$ 0
Total		\$ 0	\$ 52,000,000	\$ 52,000,000	\$ 0

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**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

Interest on short-term debt for the year was \$2,288,000.

**VIII. LONG-TERM DEBT**

**A. SERIAL BONDS**

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government. The provision to be made in the General Fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Long-Term Debt Maturity Schedule - The following is a statement of serial bonds with corresponding maturity schedules:

<u>Serial Bonds</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at 6/30/07</u>
2002 Serial Bond	12/15/02	\$40,000,000	06/15/20	4.00%	\$ 32,965,000
2003 Serial Bond	02/19/03	\$52,780,000	06/15/15	3.50%	31,355,000
2006 Serial Bond	06/21/06	\$15,690,000	06/15/24	4.20%- 4.25%	15,110,000
2007 Refunding	03/22/07	\$54,865,000	06/15/25	4.00%- 5.00%	<u>52,440,000</u>
Total					<u>\$ 131,870,000</u>

Interest on long-term debt for the year was \$5,526,501.

The following is a summary of the maturity of long-term indebtedness:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 9,055,000	\$ 5,700,060
2009	9,435,000	5,331,765
2010	9,165,000	4,953,095
2011	9,390,000	4,590,500
2012-2025	<u>94,825,000</u>	<u>26,583,201</u>
Total	<u>\$ 131,870,000</u>	<u>\$ 47,158,621</u>

**B. ADVANCE REFUNDING – CURRENT YEAR**

On March 22, 2007, the School District issued \$54,865,000 in general obligation refunding bonds with an average interest rate of 4% to provide resources to purchase United States Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$5,705,000 of General Obligation Bonds with an average

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2007**

interest rate of 4.5%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. The reacquisition price exceeded the net carrying value of the old debt by \$1,375,000 (including refinancing costs of \$395,195). This amount is being amortized over the remaining life of the old debt of 18 years and expensed as a component of interest costs. The accumulated amortization is being netted against the new debt. This refunding was undertaken due to the fact that the State of New York changed its methodology for aiding capital projects. The advance of refunding resulted in decreased total debt service payments over the next 18 years of approximately \$2,034,281.

C. Long-term liability balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable	\$139,840,000	\$ 54,865,000	\$ 62,835,000	\$131,870,000	\$ 9,055,000
Other Liabilities					
Compensated Absences	4,914,282	1,309,348	0	6,223,630	0
Bond Issuance Costs Net	<u>0</u>	<u>(1,375,000)</u>	<u>76,389</u>	<u>(1,298,611)</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$144,754,282</u>	<u>\$ 54,799,348</u>	<u>\$ 62,758,611</u>	<u>\$136,795,019</u>	<u>\$ 9,055,000</u>

**IX. PENSION PLANS**

The School 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.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 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, New York 12244.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2007**

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 School District is required to contribute at an actuarially determined rate. The NYSERS bills the School District based on a fiscal year end of March 31. All required contributions for the NYSERS fiscal year ended March 31, 2007, were paid. The required contributions for the next System fiscal year will be made in 2007-2008. The amount below for 2007-2008 represents the three months of the School District's fiscal year that will be covered in the NYSERS 2007-2008 billing cycle. The TRS contribution for the 2006-2007 year will be made in 2007-2008. The required contributions for the School District's current year and two preceding years were:

Systems' Fiscal Year	TRS		ERS	
	Rate	Amount	Rate	Amount
2004-2005	5.63%	\$ 3,346,512	10.3%	\$ 908,653
2005-2006	7.97%	\$ 5,839,947	10.72%	\$ 1,106,406
2006-2007	8.60%	\$ 5,616,388	10.50%	\$ 1,051,821
2007-2008			10.00%	\$ 239,000

**X. RISK MANAGEMENT**

**A. GENERAL INFORMATION**

The School 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; natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

**B. NONPOOL, RISK RETAINED**

The School District has chosen to establish a self-funded health and dental benefit program for its employees. The benefit programs administrator, Island Group Administration, is responsible for the approval, processing, and payment of claims, after which they bill the School District for reimbursement. The School District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the School District. At year-end, the School District has a liability of \$2,999,178, which represents reported and unreported claims, which were incurred on or before year end, but which were not paid by the School District as of that date.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**XI. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

<u>Fund</u>	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 72,592,794	\$ 66,215,351	\$	\$ 199,133
School Lunch	1,506,477	1,113,191		
Special Aid	25,915,409	28,451,285	199,133	
Trust and Agency	437,133	5,330,738		
Capital Projects	<u>38,108,872</u>	<u>37,450,120</u>		
Total Government Activities	<u>\$138,560,684</u>	<u>\$138,560,685</u>	<u>\$ 199,133</u>	<u>\$ 199,133</u>

- The School District typically transfers from the General Fund to the Special Aid Fund, as a required local match for Federal and State grants.

**XII. CONTINGENCIES AND COMMITMENTS**

**A. RISK FINANCING AND RELATED INSURANCE**

The William Floyd Union Free School 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**B. POTENTIAL GRANTOR LIABILITY**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**C. LITIGATION**

The School District is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above-noted proceedings cannot be predicted due to the insurance coverage maintained by the School District, the School District feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the School District.



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

**XIII. PRIOR-PERIOD ADJUSTMENT**

**A. GENERAL FUND**

A prior-period adjustment of \$1,247,712 was made in the General Fund to adjust for a BOCES Aid accrual of \$697,695, an accrual of an estimated liability to the Department of Education in the amount of \$550,000, and a miscellaneous adjustment of \$17.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET**  
**AND USE OF UNRESERVED FUND BALANCE - GENERAL FUND**  
**For the Year Ended June 30, 2007**

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 174,298,100
Add: Prior Year's Encumbrances	<u>2,133,843</u>
Original Budget	<u>176,431,947</u>
Final Budget	<u>\$ 176,431,947</u>

**Use of Unreserved Fund Balance**

Unreserved Fund Balance - As of the Beginning of the Year	\$ 9,769,351
Less: Designated Fund Balance Used For Subsequent Year's Budget	<u>6,283,389</u>
Undesignated Fund Balance - As of the Beginning of the Year	<u>\$ 3,485,962</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2007**

PROJECT TITLE	Expenditures					Methods of Financing					Fund
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Authorizations	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2007
Capital Projects (1987-1991)	\$ 13,683,251	\$ 13,683,251	\$ 13,683,157	\$	\$ 13,683,157	\$ 94	\$ 7,146,000	\$	\$ 6,537,251	\$ 13,683,251	\$ 94
Construction-Phase I 1995-96	29,257,000	27,321,058	26,871,768		26,871,768	449,290	24,500,000		2,260,000	26,760,000	(111,768)
Construction-Phase II 1996-97	40,800,000	39,800,000	39,198,216		39,198,216	601,784	36,941,000			36,941,000	(2,257,216)
Construction-Phase III 1999-00	<u>117,056,050</u>	<u>120,056,050</u>	<u>112,549,858</u>	<u>1,315,775</u>	<u>113,865,633</u>	<u>6,190,417</u>	<u>116,000,000</u>	<u>610,398</u>		<u>116,610,398</u>	<u>2,744,765</u>
<b>Total</b>	<u>\$ 200,796,301</u>	<u>\$ 200,860,359</u>	<u>\$ 192,302,999</u>	<u>\$ 1,315,775</u>	<u>\$ 193,618,774</u>	<u>\$ 7,241,585</u>	<u>\$ 184,587,000</u>	<u>\$ 610,398</u>	<u>\$ 8,797,251</u>	<u>\$ 193,994,649</u>	<u>375,875</u>
									Additional Unspent Proceeds		<u>160,314</u>
									Total Fund Balance		<u>\$ 536,189</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 64,942,570	\$ 53,041,744	\$ 53,048,054	\$ 6,310
Other Real Property Tax Items		12,223,967	12,337,262	113,295
Charges for Services	285,000	337,000	383,335	46,335
Use of Money and Property	3,525,000	3,516,000	4,861,038	1,345,038
Forfeitures				
Sale of Property and Compensation for Loss			185,436	185,436
Miscellaneous	840,530	734,000	1,125,868	391,868
Interfund Revenues			1,854	1,854
State Aid	99,440,000	97,597,000	100,996,252	3,399,252
Federal Aid	<u>515,000</u>	<u>565,000</u>	<u>561,641</u>	<u>(3,359)</u>
Total Revenues	169,548,100	168,014,711	173,500,740	5,486,029
<b>Other Financing Sources</b>				
Appropriated Fund Balance	<u>6,883,847</u>	<u>8,417,236</u>		<u>(8,417,236)</u>
Total Revenues and Other Financing Sources	<u>\$ 176,431,947</u>	<u>\$ 176,431,947</u>	<u>\$ 173,500,740</u>	<u>\$ (2,931,207)</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**

**For the Year Ended June 30, 2007**

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual and Encumbrances
<b>Expenditures</b>					
General Support					
Board of Education	\$ 79,711	\$ 63,447	49,471	\$ 13,976	\$
Central Administration	607,644	523,810	523,808		2
Finance	1,012,219	1,052,755	1,051,729	1,319	(293)
Staff	1,021,745	1,428,757	1,428,756		1
Central Services	14,677,939	14,486,127	14,428,340	57,494	293
Special Items	<u>2,270,437</u>	<u>2,349,765</u>	<u>2,342,912</u>	<u>6,853</u>	
Total General Support	<u>19,669,695</u>	<u>19,904,661</u>	<u>19,825,016</u>	<u>79,642</u>	<u>3</u>
Instruction					
Instruction, Administration, and Improvement	5,929,115	6,002,144	5,974,473	27,670	1
Teaching - Regular School	50,523,967	52,413,538	48,118,629	156,894	4,138,015
Programs for Children With Special Needs	1,633,493	27,620,757	26,771,219	273,880	575,658
Occupational Education	27,130,712	1,453,552	1,452,461	1,091	
Teaching - Special School	219,830	124,440	124,440		
Instructional Media	1,715,125	1,535,581	1,525,275	10,304	2
Pupil Services	<u>6,679,703</u>	<u>6,635,483</u>	<u>6,634,788</u>		<u>695</u>
Total Instruction	<u>93,831,945</u>	<u>95,785,495</u>	<u>90,601,285</u>	<u>469,839</u>	<u>4,714,371</u>
Pupil Transportation	11,841,108	11,329,808	11,325,514	4,292	2
Community Services	61,026	12,419	12,419		
Employee Benefits	33,197,730	32,000,063	30,557,502	351,525	1,091,036
Debt Service - Principal	8,625,000	9,345,000	9,345,000		
Debt Service - Interest	<u>8,965,443</u>	<u>7,814,501</u>	<u>7,814,501</u>		
Total Expenditures	176,191,947	176,191,947	169,481,237	905,298	5,805,412
Other Financing Uses					
Transfers to Other Funds	<u>240,000</u>	<u>240,000</u>	<u>199,133</u>		<u>40,867</u>
Total Expenditures and Other Financing Uses	<u>\$ 176,431,947</u>	<u>\$ 176,431,947</u>	<u>169,680,370</u>	<u>905,298</u>	<u>\$ 5,846,279</u>
<b>Net Change in Fund Balance</b>			<u>\$ 3,820,370</u>		

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES  
COMPARED TO ST-3 DATA  
For the Year Ended June 30, 2007**

	<u>Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
<b>Revenues</b>			
Real Property Taxes	A -1001	\$ 53,048,054	\$ 53,048,054
Non-Property Taxes	AT-1199		
State Aid	AT-3999	\$ 100,996,253	\$ 100,996,252
Federal Aid	AT-4999	\$ 561,641	\$ 561,641
Total Revenues	AT-5999	\$ 173,500,741	\$ 173,500,740
<b>Expenditures</b>			
General Support	AT-1999	\$ 19,825,016	\$ 19,825,016
Pupil Transportation	AT-5599	\$ 11,325,514	\$ 11,325,514
Debt Service - Interest	AT-9798.7	\$ 7,814,501	\$ 7,814,501
Total Expenditures	AT-9999	\$ 169,680,370	\$ 169,680,370

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT**  
**For the Year Ended June 30, 2007**

Capital Assets, Net		\$ 228,297,030
Add:		
Unspent Bond Proceeds		536,142
Long-Term Bonds Payable	131,870,000	
Less: Bond Issuance Costs, Net	<u>(1,298,611)</u>	<u>130,571,389</u>
Investment in Capital Assets, Net of Related Debt		<u>\$ 98,261,783</u>

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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315-336-9220 Fax: 315-336-0836

## **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**

Board of Education

William Floyd Union Free School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of William Floyd Union Free School District as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 19, 2007. 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 William Floyd Union Free School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the William Floyd Union Free School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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



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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of William Floyd Union Free School District in a separate letter dated October 19, 2007.

This report is intended solely for the information and use of the Board of Education, management, New York State Education Department, and the New York State Comptroller's Office and Federal and other awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*D'Arcangelo + Co., LLP*

October 19, 2007

Rome, New York

**Report on Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
William Floyd Union Free School District

Compliance

We have audited the compliance of the William Floyd Union Free School District, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2007. The School District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the William Floyd Union Free School District's management. Our responsibility is to express an opinion on the William Floyd Union Free School 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 William Floyd Union Free School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the William Floyd Union Free School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the William Floyd Union Free School District, 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 School District's internal control over compliance with 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 the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in the School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School District's internal control.

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

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

This report is intended solely for the information and use of the Board of Education, management, the New York State Education Department, and the New York State Comptroller's Office and Federal and other awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*D'Arcangelo + Co, LLP*

October 19, 2007

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2007**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Current Year Expenditures</u>
<u>U.S. Department of Agriculture</u>		
(Passed Through the State Education Department of the State of New York)		
School Breakfast Program	10.553	\$ 88,941
National School Lunch Program	10.555	<u>1,063,872</u>
Cash Assistance Subtotal		1,152,813
National School Lunch Program (Noncash)	10.555	<u>192,111</u>
 Total U.S. Department of Agriculture		 <u>1,344,924</u>
<u>U.S. Department of Education</u>		
(Passed Through the State Education Department of the State of New York)		
Title I Grants to Local Educational Agencies	84.010	2,590,608
Special Education - Grants to States, (IDEA, Part B)	84.027	2,424,302
Vocational Education – Basic Grants to States	84.048	102,811
Special Education - Preschool Grants, (IDEA Preschool)	84.173	199,877
Safe and Drug-Free Schools and Communities, Title IV	84.186	53,645
Education of Homeless Children and Youth	84.196	92,201
State Grants for Innovative Programs, Title VI	84.298	11,005
Educational Technology State Grants, (Title IID)	84.318	4,455
Title III	84.365	48,350
Improving Teacher Quality State Grants, (Title IIA)	84.367	<u>449,773</u>
 Total U.S. Department of Education		 <u>5,977,027</u>
 <u>Total Federal Financial Assistance</u>		 <u>\$ 7,321,951</u>

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2007**

I. SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the William Floyd Union Free School District. The School District's organization is defined in Note I to the School District's basic financial statements.

B. BASIS OF ACCOUNTING

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

C. FOOD DONATION

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2007, the School District had food commodities totaling \$13,753 in inventory.

D. CLUSTER PROGRAMS

The following programs are identified by "OMB Circular A-133 Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Agriculture

Nutrition Cluster

CFDA #10.553 School Breakfast Program

CFDA #10.555 National School Lunch Program

U.S. Department of Education

Special Education Cluster

CFDA #84.027 Special Education - Grants to States (IDEA, Part B)

CFDA #84.173 Special Education - Preschool Grants (IDEA Preschool)

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL  
 COMPLIANCE REQUIREMENTS**

**For the Year Ended June 30, 2007**

**A. Summary of Auditor's Results**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major Federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies reported for major Federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	a. <u>U.S. Department of Education</u> CFDA #84.010 Title I Grants to Local Educational Agencies  b. <u>U.S. Department of Agriculture</u> Nutrition Cluster CFDA #10.553 School Breakfast Program CFDA #10.555 National School Lunch Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**(Continued)**

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL  
COMPLIANCE REQUIREMENTS**

**For the Year Ended June 30, 2007**

**(Continued)**

B. Findings – Financial Statement Audit

None noted.

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

None noted.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED  
COSTS – FEDERAL COMPLIANCE REQUIREMENTS**

**For the Year Ended June 30, 2007**

None Noted.



**D'Arcangelo & Co., LLP**  
Certified Public Accountants & Consultants

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**Independent Auditor's Report**

Board of Education

William Floyd Union Free School District

We have audited the accompanying statement of assets, liabilities, and fund equity - cash basis of the Extraclassroom Activity Fund of William Floyd Union Free School District as of June 30, 2007, and the related statement of revenues, expenditures, and changes in fund equity - cash basis for the year then ended. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the central treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

As explained in Note I, it is the School District's policy to prepare the financial statements of the Extraclassroom Activity Fund on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of any adjustments which might have resulted had the cash collections referred to above been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund equity - cash basis of the Extraclassroom Activity Fund of William Floyd Union Free School District at June 30, 2007, and its revenues, expenditures, and changes in fund equity - cash basis for the year then ended on the basis of accounting described in Note I.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements referred to above and, in our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the third preceding paragraph is fairly stated in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note I.

*D'Arcangelo + Co, LLP*

October 19, 2007

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY - CASH BASIS**  
**June 30, 2007**

<u>Assets</u>	
Cash	\$ <u>186,430</u>
<u>Total Assets</u>	<u>\$ 186,430</u>
<u>Liabilities and Fund Equity</u>	
Fund Equity	
Unreserved and Undesignated	\$ <u>186,430</u>
Total Fund Equity	<u>186,430</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 186,430</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND EQUITY - CASH BASIS**  
**For the Year Ended June 30, 2007**

Revenues	
Charges for Services, Sale of Property, and Miscellaneous	\$ <u>363,676</u>
Total Revenues	<u>363,676</u>
Expenditures	
Instruction - Club Activities	<u>370,933</u>
Total Expenditures	<u>370,933</u>
(Deficit) Revenues Over Expenditures	(7,257)
<u>Fund Equity, Beginning of Year</u>	<u>193,687</u>
<u>Fund Equity, End of Year</u>	<u>\$ 186,430</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**WILLIAM FLOYD HIGH SCHOOL  
EXTRACLASSROOM ACTIVITY FUND  
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND  
DISBURSEMENTS - CASH BASIS  
For the Year Ended June 30, 2007**

Activities	Balance at 07/01/06	Cash Receipts	Cash Disbursements	Balance at 06/30/07
<b><u>William Floyd High School</u></b>				
9th Grade Orchestra	\$ 3,546	\$ 10,355	\$ 12,442	\$ 1,459
9th Grade Symphonic Band	2,002		2,000	2
10th-11th Grade Concert Band	4,501	12,647	11,503	5,645
Art Club	986	3,925	3,500	1,411
Business Education Club	(29)	6,111	5,807	275
Business Honor Society	1,181	3,630	3,801	1,011
Cheerleaders	915			915
Choir	1,399	17,930	12,742	6,587
Class of 2007	4,830	74,871	79,686	14
Class of 2008	2,121	4,671	1,679	5,113
Class of 2009	1,413	1,854	536	2,731
Class of 2010	1,500	967	45	2,422
Class of 2011		500		500
Colonial Times Newspaper	496	20	500	16
DECA	511	1,400	1,781	130
Drama	(1,700)	3,081	742	640
Environmental Defense Club	1,055	502	652	906
Floyd Medical Society		1,714	1,644	70
Foreign Language Honor Society	872	425	526	771
French Club	780	1,163	1,778	165
Future Business Leaders of America	794	4,807	4,702	900
Girl's Chorus	2,405	14,836	14,198	3,043
High School Band	1,942	9,380	5,876	5,446
Interact Club	1,184		1,024	160
International Club	268		200	68
Italian Club	622		500	122
JV Rockettes (JV Kickline)	128			128
Key Club	3,876	569	1,183	3,262
Latin Dance Club	256	469	250	475
Literary Magazine	869	873	1,564	178
Math Club		421		421
Math Honor Society		403		403
National Honor Society	1,398	6,207	5,565	2,040
Occupational Education Club	3,125	2,783	3,135	2,773
Orchestra	3,746	15,556	16,909	2,393
Quiz Bowl/LI Challenge	1,091	20	425	686
Renaissance	3,220	6,252	7,610	1,863
Robotics	182			182
Rockettes (Kickline)	248			248
SADD	376	1,146	1,045	477
Sales Tax Payable	688	6,532	6,209	1,011
School Store	13,231	2,475	14,877	829
Spanish Club	452	3,835	4,286	1
Sports Club	20,068	29,457	39,328	10,197
Stage Band/Jazz Ensemble	106	2725	2725	106
Step Squad	605			605
Student Council	4,920	7,865	6,863	5,922
Student's General Fund	22,552	18,414	15,995	24,971
Tri-M (Modern Music Masters)	7,884	1,893	4,552	5,225
Yearbook	21,720	8,196	18,042	11,874
Youth and Government	4,023	11,213	8,753	6,484
Total	<u>148,358</u>	<u>302,094</u>	<u>327,178</u>	<u>123,275</u>

(Continued)  
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**WILLIAM FLOYD HIGH SCHOOL**  
**EXTRACLASSROOM ACTIVITY FUND**  
**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND**  
**DISBURSEMENTS - CASH BASIS**  
**For the Year Ended June 30, 2007**  
**(Continued)**

Activities	Balance at 07/01/06	Cash Receipts	Cash Disbursements	Balance at 06/30/07
<b><u>William Paca Junior High School</u></b>				
Cadet Band	50			50
Cheerleading	1		1	
Concert Band	125	8,726	8,070	781
Drama Club	858	4,875	1,460	4,273
Festival Orchestra	141			141
Fitness Club	1,403	213		1,616
Girl's Chorus	1,717	200		1,917
Honor Society	813	450	467	796
Robotics	474	279	568	185
SADD	22		22	
Sales Tax Payable	105	18	123	
Student Council	6,069	6,375	3,398	9,046
Student's General Fund	3,678	5,012	6,253	2,437
Yearbook	5,315	759	2,723	3,351
Total	<u>20,771</u>	<u>26,907</u>	<u>23,085</u>	<u>24,593</u>
<b><u>William Floyd Middle School</u></b>				
8th Grade Field Trip	576		576	
8th Grade Italian Team Trip		852	170	682
Cadet Band	50			50
Cheerleading	1			1
Concert Band	113	6,513	6,199	427
Drama Club	403	5,583	2,171	3,815
Festival Orchestra	7			7
Girl's Chorus	1,705			1,705
Home and Careers Club	274			274
Honor Society	1,094	1,661	2,169	586
Math Club	2,984	1,590	2,030	2,544
Peace Project/National Helper		1,200		1,200
Remembrance Garden Club	2,067	1,609	1,084	2,593
SADD	10			10
Sales Tax Payable	(11)	445	434	
Student Council	2,226	123	575	1,774
Student's General Fund	12,899	12,466	5,053	20,312
Yearbook	160	2,633	210	2,583
Total	<u>24,558</u>	<u>34,675</u>	<u>20,671</u>	<u>38,562</u>
<b>Grand Total</b>	<b><u>\$ 193,687</u></b>	<b><u>\$ 363,676</u></b>	<b><u>\$ 370,933</u></b>	<b><u>\$ 186,430</u></b>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**EXTRACLASROOM ACTIVITY FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. OPERATIONS

The transactions of the Extraclassroom Activity Funds represent Funds of the students of the School District. The related year-end cash balances are shown as part of the William Floyd Union Free School District's Fiduciary Fund with an offsetting liability.

The Board of Education makes rules and regulations for the conduct, operation, and maintenance of the Extraclassroom Activity Fund and for the safeguarding, accounting, and auditing of all monies received and derived therefrom.

B. BASIS OF ACCOUNTING

The accounts of the Extraclassroom Activity Funds of William Floyd Union Free School District are maintained on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received, and expenditures are recognized when cash is disbursed.