

## REPORT TO THE BOARD

October 12, 2016

The Board of Education  
William Floyd Union Free School District

Dear Board Members:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of William Floyd Union Free School District for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standard, Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 14, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates affecting the District's financial statements were:

- Useful life of capital assets - Management's estimate of the useful life of capital assets is based on historical asset life information for the District's capital assets and industry standards, in order to determine the value and period of time over which individual capital assets are to be depreciated. We evaluated the key factors and assumptions used to develop the estimate of the useful life of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

- Accounting for pensions (ERS/TRS) - Management's estimate for the accounting and disclosures related to pensions is based upon audited information provided directly to the District. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Compensated absences liability - Management's estimate of the liability for compensated absences is based on vested accumulated sick, vacation and/or leave payouts. We evaluated the key factors and assumptions used to develop the estimate of the compensated assets liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Other postemployment benefits obligation - Management's estimate of the liability for other postemployment benefits is based on an actuarial valuation report prepared by a third party. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of long-term debt in note 6 to the financial statements.
- The disclosure of pension plans in note 7 to the financial statements.
- The disclosure of other postemployment benefits in note 8 to the financial statements.
- The disclosure of commitments and contingencies in note 12 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

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

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, only the misstatements discussed below, were detected as a result of audit procedures and corrected by management, were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole. We assisted management in finalizing certain journal entries to correct several account reconciliations that were not completed prior to our initiation of field work.

#### Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter.

#### Management 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 District'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.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the 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.

#### Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of revenue, expenditures and changes in fund balance - budget and actual - general fund, and the schedule of funding progress - other postemployment benefits, the schedule of the District's proportionate share of the net pension asset/liability, and the schedule of employer's pension contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompanies the financial statements but is not RSI. The accompanying schedule of expenditures of federal awards is required by the U.S. Office of Management and Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations, and is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \* \*

This information is intended solely for the information and use of the Board of Education and management of William Floyd Union Free School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

EFPR Group, CPAs, PLLC

EFPR GROUP, CPAs, PLLC

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis,  
Financial Statements  
and Supplementary Information  
June 30, 2016  
(With Independent Auditors' Report Thereon)

# WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

## Table of Contents

|  | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report   | 1 - 3       |
| Management's Discussion and Analysis   | 4 - 15      |
| Basic Financial Statements:  |             |
| Statement of Net Position  | 16 - 17     |
| Statement of Activities  | 18          |
| Balance Sheet - Governmental Funds   | 19          |
| Reconciliation of Balance Sheet - Governmental Funds to the Statement<br>of Net Position   | 20          |
| Statement of Revenue, Expenditures and Changes in Fund Balances -<br>Governmental Funds  | 21          |
| Reconciliation of Statement of Revenue, Expenditures and Changes in<br>Fund Balances - Governmental Funds to the Statement of Activities | 22          |
| Statement of Fiduciary Net Position - Fiduciary Funds  | 23          |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds   | 24          |
| Notes to Financial Statements  | 25 - 54     |
| Required Supplementary Information:  |             |
| Schedule of Revenue, Expenditures and Changes in Fund Balance -<br>Budget and Actual - General Fund                                      | 55 - 56     |
| Schedule of Funding Progress - Other Postemployment Benefits (OPEB)  | 57          |
| Schedule of District's Proportionate Share of the Net Pension Asset/Liability  | 58          |
| Schedule of Employer's Pension Contributions   | 59          |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Table of Contents, Continued

|  | <u>Page</u> |
|--|-------------|
| Other Supplementary Information:   |             |
| Schedule of Change from Adopted Budget to Revised Budget and<br>Final of Real Property Tax Limit Calculation   | 60          |
| Schedule of Project Expenditures - Capital Projects Fund   | 61          |
| Net Investment in Capital Assets   | 62          |
| Federal Grant Compliance Audit:  |             |
| Independent Auditors' Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance with<br><u>Government Auditing Standards</u> | 63 - 64     |
| Independent Auditors' Report on Compliance for Each Major<br>Federal Program and on Internal Control Over Compliance<br>Required by the Uniform Guidance   | 65 - 66     |
| Schedule of Expenditures of Federal Awards   | 67          |
| Notes to Schedule of Expenditures of Federal Awards  | 68          |
| Schedule of Findings and Questioned Costs  | 69          |
| Status of Prior Audit Findings   | 70          |

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
William Floyd Union Free School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the William Floyd Union Free School District (the District), as of and for the year ended June 30, 2016, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the William Floyd Union Free School District as of June 30, 2016, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the other required supplemental information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 12, 2016

# WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2016

The William Floyd Union Free School District's management's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016 in comparison with the year ended June 30, 2015, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

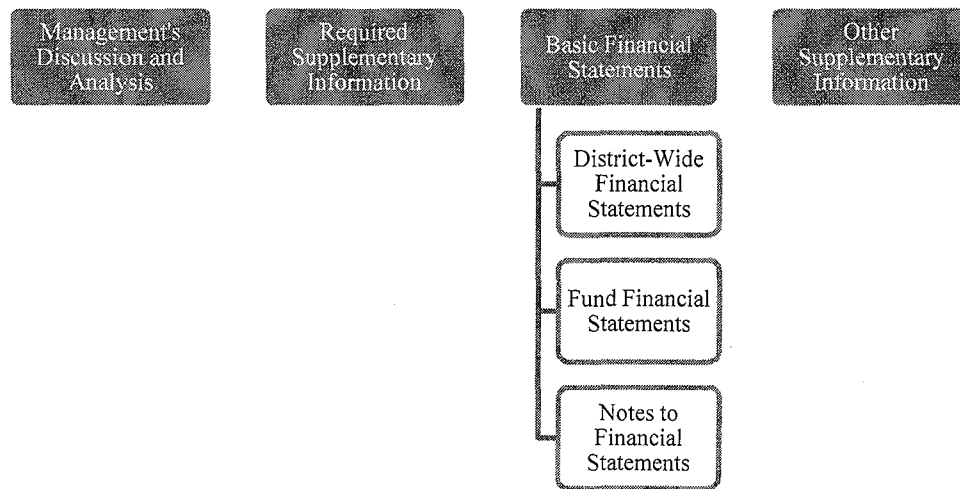
### **1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2016 are as follows:

- The District's total net position, as reflected in the District-wide financial statements increased by \$23,559,597.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$203,982,617. Of this amount, \$1,456,399 was offset by program charges for services, \$10,362,893 was offset by operating grants and contributions. General revenue offset the remaining expenses of \$192,163,325 as well as increasing net position by \$23,559,597.
- Expenses decreased by \$1,987,618 to \$203,982,617 in 2016 from \$205,970,235 in 2015.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$6,169,011. This was due to a budgeted use of Suffolk County Tax Act funds.

### **2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: management's discussion and analysis (MD&A), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements and notes to financial statements. A graphic display of the relationship of these statements follows:



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**A. District-Wide Financial Statements**

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the statement of net position and the statement of activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net of the four reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The statement of activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Funds Financial Statements**

The funds financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenue in the period that it becomes measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental funds financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental funds statements provide a detailed short-term view of the District's operations and the services it provides.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis, Continued

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds: general fund, school lunch fund, special aid fund, debt service fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the funds financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. The fiduciary activities have been excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position increased by \$23,559,597 between fiscal year 2016 and 2015. This is primarily a result of amounts reported by New York State for ERS and TRS as required by GASB Statements No. 68 and 71. A summary of the District's Statements of Net Position is as follows:

|                                  | <u>2016</u>           | <u>2015</u>        | Increase<br>(decrease) | Percentage<br>change |
|----------------------------------|-----------------------|--------------------|------------------------|----------------------|
| Current and other assets         | \$ 94,516,260         | 89,206,601         | 5,309,659              | 6.0%                 |
| Capital assets, net              | 217,826,905           | 225,310,195        | (7,483,290)            | (3.3%)               |
| Net pension asset                | <u>53,111,952</u>     | <u>56,460,619</u>  | <u>(3,348,667)</u>     | (5.9%)               |
| Total assets                     | <u>365,455,117</u>    | <u>370,977,415</u> | <u>(5,522,298)</u>     | (1.5%)               |
| Deferred outflows of resources   | <u>18,040,227</u>     | <u>15,093,045</u>  | <u>2,947,182</u>       | 19.5%                |
| Noncurrent liabilities           | 121,221,620           | 122,779,539        | (1,557,919)            | (1.3%)               |
| Net pension liability            | 7,224,935             | 1,567,627          | 5,657,308              | 360.9%               |
| Other liabilities                | <u>27,733,452</u>     | <u>38,141,487</u>  | <u>(10,408,035)</u>    | (27.3%)              |
| Total liabilities                | <u>156,180,007</u>    | <u>162,488,653</u> | <u>(6,308,646)</u>     | (3.9%)               |
| Deferred inflows of resources    | <u>19,880,960</u>     | <u>39,526,295</u>  | <u>(19,645,335)</u>    | (49.7%)              |
| Net position:                    |                       |                    |                        |                      |
| Net investment in capital assets | 151,922,530           | 152,591,584        | (669,054)              | (0.4%)               |
| Restricted                       | 45,208,244            | 28,919,968         | 16,288,276             | 56.3%                |
| Unrestricted                     | <u>10,484,335</u>     | <u>2,543,960</u>   | <u>7,940,375</u>       | 321.1%               |
| Total net position               | <u>\$ 207,615,109</u> | <u>184,055,512</u> | <u>23,559,597</u>      | 12.8%                |

## WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis, Continued

Current and other assets increased by \$5,309,659, as compared to the prior year. The increase is primarily due increased revenues while expenditures remained flat.

Capital assets decreased by \$7,483,290, as compared to the prior year. Note 5 to the Financial Statements provides additional information.

A net pension asset of \$53,111,952 for the District's proportionate share of the Teachers' Retirement System net assets has been recorded as required by GASB Statements No. 68 and No. 71 based on information provided by New York State. This is a decrease of \$3,348,667 as compared to the prior year.

Deferred outflows of resources increased by \$2,947,182, as compared to the prior year. This is primarily a result of changes as required by GASB Statements No. 68 and No. 71 in the amounts reported the District by New York State.

Noncurrent liabilities decreased by \$1,557,919, as compared to the prior year. This decrease is due to principal payments made on existing debt of \$6,710,000 offset by an increase in other postemployment benefits of \$4,929,309.

Other liabilities decreased by \$10,408,035, primarily due to a decrease in amounts due to the Teachers' Retirement System and a recognition of \$5,000,000 in unearned revenue used to fund capital reserves.

Deferred inflows of resources decreased by \$19,645,335, as compared to the prior year. This is primarily a result of changes in amounts reported to the District by New York State for amounts related to the Teachers Retirement System and Employees' Retirement System.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The unrestricted net position at June 30, 2016 is \$10,484,335 which represents the amount by which the District's assets, other than capital assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources, excluding debt related to capital construction, less amounts restricted by enabling legislation.

#### **B. Changes in Net Position**

The results of this year's operations as a whole are reported in the statement of activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items lines. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2016 and 2015 is as follows:

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

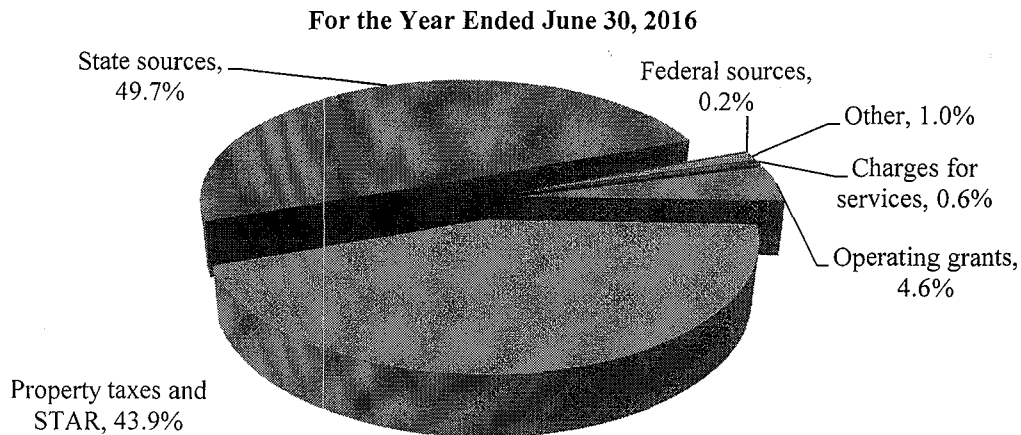
|                                 | <u>2016</u>          | <u>2015</u>        | <u>Increase<br/>(decrease)</u> | <u>Percentage<br/>change</u> |
|---------------------------------|----------------------|--------------------|--------------------------------|------------------------------|
| <b>Revenues:</b>                |                      |                    |                                |                              |
| Program revenues:               |                      |                    |                                |                              |
| Charges for services            | \$ 1,456,399         | 1,397,245          | 59,154                         | 4.2%                         |
| Operating grants                | 10,362,893           | 10,457,425         | (94,532)                       | (0.9%)                       |
| General revenues:               |                      |                    |                                |                              |
| Property taxes and STAR         | 99,948,787           | 93,889,040         | 6,059,747                      | 6.5%                         |
| State sources                   | 112,997,116          | 108,699,073        | 4,298,043                      | 4.0%                         |
| Federal sources                 | 439,170              | 319,008            | 120,162                        | 37.7%                        |
| Other sources                   | 2,337,849            | 2,767,372          | (429,523)                      | (15.5%)                      |
| <b>Total revenues</b>           | <u>227,542,214</u>   | <u>217,529,163</u> | <u>10,013,051</u>              | 4.6%                         |
| <b>Expenses:</b>                |                      |                    |                                |                              |
| General support                 | 28,859,233           | 26,923,621         | 1,935,612                      | 7.2%                         |
| Instruction                     | 154,280,661          | 158,386,464        | (4,105,803)                    | (2.6%)                       |
| Pupil transportation            | 14,151,934           | 12,473,551         | 1,678,383                      | 13.5%                        |
| Community service               | 1,234                | 2,063              | (829)                          | (40.2%)                      |
| Debt service - interest         | 2,973,373            | 3,981,702          | (1,008,329)                    | (25.3%)                      |
| Food service program            | 3,716,182            | 4,202,834          | (486,652)                      | (11.6%)                      |
| <b>Total expenses</b>           | <u>203,982,617</u>   | <u>205,970,235</u> | <u>(1,987,618)</u>             | 1.0%                         |
| <b>Increase in net position</b> | <u>\$ 23,559,597</u> | <u>11,558,928</u>  | <u>12,000,669</u>              | 103.8%                       |

The District's revenues increased by 4.6% in 2016 or \$10,013,051. The major factors that contributed to the increase were:

- Property tax and STAR revenues increased by 6.5% or \$6,059,747. This was primarily a result of recognizing \$5,000,000 of unearned revenue (Suffolk County Tax Act).
- State sources increased by 4.0% or \$4,298,043.

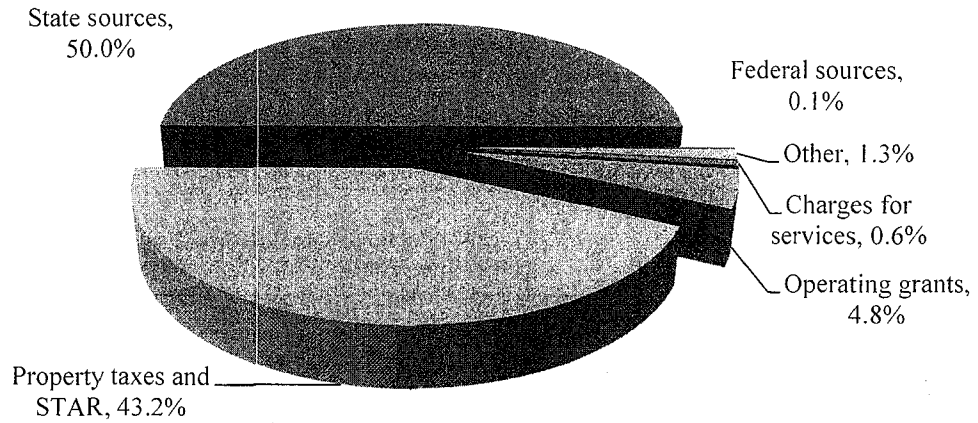
The District's expenditures for the year decreased by \$1,987,618 primarily as a result of the deferral of pension costs related to GASB No. 68 and GASB No. 71.

A graphic display of the distribution of revenues for the two years follows:



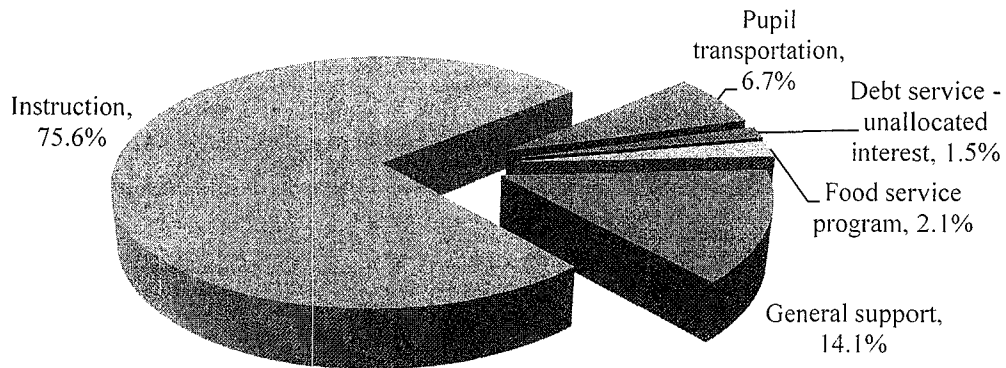
WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Management's Discussion and Analysis, Continued

For the Year Ended June 30, 2015

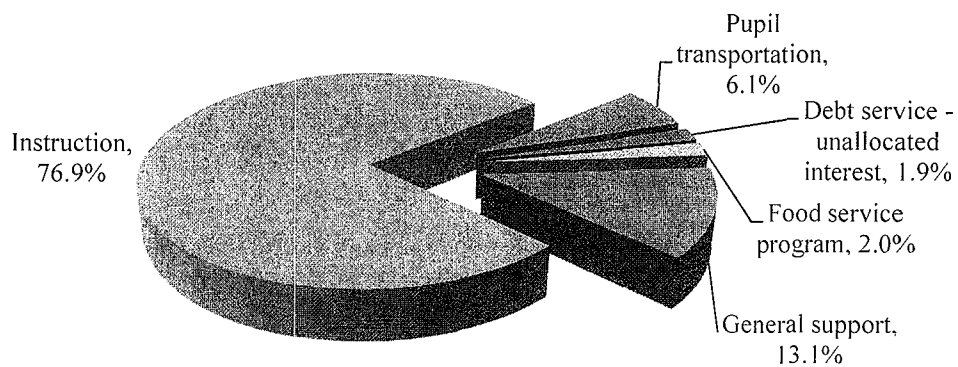


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2016



For the Year Ended June 30, 2015





WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**4. Financial Analysis of the District's Funds**

At June 30, 2016, the District's governmental funds reported a combined fund balance of \$67,080,511, which is an increase of \$15,885,910 from the prior year. This increase is due to an excess of revenue over expenditures based upon the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

|  | <u>2016</u>          | <u>2015</u>       | <u>Increase<br/>(decrease)</u> |
|--|----------------------|-------------------|--------------------------------|
| General Fund:                                      |                      |                   |                                |
| Restricted:  |                      |                   |                                |
| Workers' compensation                              | \$ 3,503,569         | 3,491,001         | 12,568                         |
| Unemployment insurance                             | 668,627              | 666,228           | 2,399                          |
| Employee benefit accrued liability                 | 8,113,143            | 7,579,851         | 533,292                        |
| Retirement contribution                            | 10,216,732           | 10,000,000        | 216,732                        |
| Insurance  | 2,636,223            | 2,626,767         | 9,456                          |
| Repairs  | 5,000,000            | 4,556,121         | 443,879                        |
| Capital improvements                               | 5,000,000            | -                 | 5,000,000                      |
| Total restricted                                   | <u>35,138,294</u>    | <u>28,919,968</u> | <u>6,218,326</u>               |
| Assigned:  |                      |                   |                                |
| General support                                    | 380,327              | 173,052           | 207,275                        |
| Instruction  | 1,056,534            | 1,546,026         | (489,492)                      |
| Pupil transportation                               | 1,000                | -                 | 1,000                          |
| Community service                                  | -                    | 75                | (75)                           |
| Appropriated for subsequent<br>year's expenditures | <u>10,710,662</u>    | <u>10,710,662</u> | <u>-</u>                       |
| Total assigned                                     | <u>12,148,523</u>    | <u>12,429,815</u> | <u>(281,292)</u>               |
| Unassigned - fund balance                          | <u>9,151,513</u>     | <u>8,919,537</u>  | <u>231,976</u>                 |
| Total general fund                                 | <u>56,438,330</u>    | <u>50,269,320</u> | <u>6,169,010</u>               |
| School Lunch Fund:                                 |                      |                   |                                |
| Nonspendable - inventory                           | 10,571               | 4,043             | 6,528                          |
| Assigned - unappropriated fund balance             | <u>561,660</u>       | <u>921,238</u>    | <u>(359,578)</u>               |
| Total school lunch fund                            | <u>572,231</u>       | <u>925,281</u>    | <u>(353,050)</u>               |
| Debt Service Fund:                                 |                      |                   |                                |
| Restricted - debt service                          | <u>10,069,950</u>    | -                 | <u>10,069,950</u>              |
| Total fund balance                                 | <u>\$ 67,080,511</u> | <u>51,194,601</u> | <u>15,885,910</u>              |

Combined increases of \$6,218,326 in General Fund restricted fund balances during the year ended June 30, 2016 is a result of the District's use and funding of reserves as approved by the Board of Education.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2015-16 Budget**

The District's general fund adopted budget for the year ended June 30, 2016 was \$222,988,432. This is a decrease of \$954,957 over the prior years adopted budget.

The budget was funded through a combination of revenue and appropriate fund balance. The majority of this funding source was \$112,653,016 in estimated state aid.

**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

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

|   |                     |
|---|---------------------|
| Opening, unassigned fund balance          | \$ 8,919,537        |
| Revenues over budget                      | 8,910,681           |
| Expenditures under budget                 | 14,927,390          |
| Budgeted appropriations not utilized      | (5,239,246)         |
| Net additions to restricted funds         | (6,218,326)         |
| Roll over of encumbrances                 | (1,437,861)         |
| Appropriated for the June 30, 2017 budget | (10,710,662)        |
| Closing, unassigned fund balance          | \$ <u>9,151,513</u> |

Opening, Unassigned Fund Balance

The \$8,919,537 shown in the table is the portion of the District's June 30, 2015 fund balance that was retained as unassigned. This was 4.00% of the District's 2015-16 approved operating budget of \$222,988,432.

Revenue Over Budget

The 2015-2016 budget for revenue was \$207,070,238. The actual revenue received for the year were \$215,980,919. The actual revenue over estimated or budgeted revenue was \$8,910,681. This variance contributes directly to the change of the unassigned portion of the general fund balance from June 30, 2015 to June 30 2016.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Expenditures and Encumbrances Under Budget

The 2015-2016 budget for expenditures was \$214,478,799. The actual expenditures and encumbrances were \$200,796,270. The final budget was under expended by \$13,682,529. This under expenditure also contributes to the change of the unassigned portion of the general fund balance from June 30, 2015 to June 30 2016.

Appropriated Fund Balance

The District has chosen to use \$10,710,662 of its available June 30, 2016, fund balance to partially fund its 2016-2017 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2016-2017 fiscal year with an unassigned fund balance of \$9,151,513, which is 4.00% of the District's 2016-2017 approved operating budget.

**6. CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2016, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation exceeding capital additions recorded for the year ended June 30, 2016. A summary of the District's capital assets, net of depreciation at June 30, 2016 and 2015 is as follows:

|                                   | <u>2016</u>           | <u>2015</u>        | <u>Increase<br/>(decrease)</u> |
|-----------------------------------|-----------------------|--------------------|--------------------------------|
| Land                              | \$ 35,132,218         | 35,132,218         | -                              |
| Buildings and improvements        | 180,624,104           | 188,233,136        | (7,609,032)                    |
| Vehicles, furniture and equipment | <u>2,070,583</u>      | <u>1,944,841</u>   | <u>125,742</u>                 |
| Capital assets, net               | <u>\$ 217,826,905</u> | <u>225,310,195</u> | <u>(7,483,290)</u>             |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**B. Debt Administration**

At June 30, 2016, the District had total bonds payable of \$66,050,000. A summary of the outstanding debt at June 30, 2016 and 2015 is as follows:

| <u>Issue<br/>Date</u> | <u>Interest<br/>Rate</u> | <u>2016</u>          | <u>2015</u>       | <u>Increase<br/>(Decrease)</u> |
|-----------------------|--------------------------|----------------------|-------------------|--------------------------------|
| 3/22/2007             | 4.00% - 5.00%            | \$ 31,325,000        | 34,130,000        | (2,805,000)                    |
| 2/1/2010              | 2.00% - 4.00%            | 23,440,000           | 24,845,000        | (1,405,000)                    |
| 10/5/2011             | 2.50% - 5.00%            | <u>11,285,000</u>    | <u>13,785,000</u> | <u>(2,500,000)</u>             |
|                       |                          | <u>\$ 66,050,000</u> | <u>72,760,000</u> | <u>(6,710,000)</u>             |

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- State support of the William Floyd School District budget for the 2015-16 school year was at 49.7%, a slight decline from the previous year related to the overall budget. The NYS Comptroller's office has already indicated that there will be another slow CPI growth factor utilized for the Tax Levy calculation. The continued increase of unfunded mandates and the reduction of local control over tax levy decisions are making school districts reduce student opportunities and offerings. The lack of understanding, regarding the fiscal impact in the decision making, at the state level needs to change immediately. We foresee this trend continuing into the future, which will make the highly complex budgetary process more rigorous and drawn out.
- Retirement contributions for both TRS and ERS employees had slight reductions and indicators point to this continuing over the next few years. With the change to GASB 68 and 71, the state has changed the financial modeling and included the liability or surplus on the districts financials. While the assumptions are currently showing a positive liability on the District financials, it is completely unrealistic. The State created Tier VI has slowed the growth but will not have a substantial impact for years to come.
- The continued economic issues facing Suffolk County and our local municipalities have impacted William Floyd School District in numerous ways. Investment earnings continue to decline and make up a smaller portion of the District's revenue stream. The banks with whom we deal with have created new ways to increase their revenue stream by charging for services that had no cost impact to the District in previous years. Local commercial and residential real estate markets continue to struggle to recover from previous years. We anticipate that they will continue to find ways to increase revenue streams from local schools and governments.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

- During the 2015-16 school year the District was hit with the reductions in assessed values, similar to neighboring districts. It resulted in a decline in assessed values of more than \$451,285, and the District was recently notified that the assessed values declined once again in the amount of \$60,372 for the 2016-17 school year. While the decline is much smaller than the 15-16 school year, it shows that the real estate in the surrounding area is still suffering. Going forward, the District is anticipating similar declines due to the economic forces influencing housing in the Long Island markets and also the continuing impact of the devastating effects of Hurricane Sandy from 2012, which still has not been completely removed from the tax rolls.
- The District continued to deal with financial hardships and foreclosure rates within the communities William Floyd serves which required increased expenditures as the District adheres to State and Federal mandates related to homeless and foster children, even though funding for these mandates continues to be reduced. The number of homeless and foster children continues to remain at the same level as years previous. Current free and reduced rates are at a historical high in all buildings and the trends are showing a larger increase for next year.
- Federal grant funding opportunities continue to decline without any reduction in legally required services that need to be offered based on federal rules and grant obligations. This lack of financial support creates an undue burden on districts similar to ours which are heavily affected by economic downturns. These grants are directly targeted to high need districts and the reduction in funds continuously moves the burden to the local tax payers. The impact on the local tax burden is getting to the breaking point here and districts throughout the state. New grant opportunities continue to be efficiency or performance based and are annual allocations in nature, making them extremely difficult to win, implement and sustain.
- APPR and Common Core continued to be developed during the 2015-16 school year, creating requirements to adhere to, creating high stakes and unfunded mandates with little tangible results. With the installation of the new Commissioner of Education, this shift once again took another direction and will continue into the 2016-17 school year. Financial support to implement these initiatives is absent from those in charge at NYS. The evaluation component of APPR alone has increased time away from the core mission of educating students and making NYS an educational powerhouse. The introduction of the Common Core initiative across NYS is slowly being met with acceptance but with continued frustration and parental skepticism alike. Most parties agree that the implementation and delivery of the "Common Core" was too swift and lacked the proper support on a variety of levels, as evidenced by the new direction of the Governor and the Commissioner of Education.

## WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

### Management's Discussion and Analysis, Continued

- The District had accumulated unexpected surplus funds in excess of the allowable 4%. The District utilized these funds to pay off \$10,000,000 of long term debt in July 2016, for the benefit of the residents. This was done as part of a long term strategy, to reduce fund balance and to provide cost effective solutions to the residents of the William Floyd School District. The NYS Comptroller has recommended that “district officials should develop a plan for the use of surplus funds... in a manner that benefits district taxpayers. Such uses could include, but are not limited to: increasing necessary reserves, paying off debt, financing one-time expenses, and reducing district property taxes”. We are also working on long term cost effective opportunities to reduce fund balance that will directly benefit the residents of the William Floyd School District.

### **8. CONTACTING THE DISTRICT**

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Business Office  
William Floyd Union Free School District  
240 Mastic Beach Road  
Mastic Beach, New York 11951

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities  
June 30, 2016

|  |                    |
|--|--------------------|
| Assets:  |                    |
| Cash and cash equivalents                        | \$ 33,641,674      |
| Restricted cash                                  | 45,208,244         |
| Receivables:                                     |                    |
| State and federal aid                            | 10,362,119         |
| Accounts receivable                              | 346,474            |
| Due from fiduciary funds                         | 4,947,178          |
| Inventory  | 10,571             |
| Capital assets, net                              | 217,826,905        |
| Net pension asset, proportionate share - TRS     | <u>53,111,952</u>  |
| Total assets                                     | <u>365,455,117</u> |
| Deferred outflows of resources:                  |                    |
| Deferred charges on refunding of debt            | 687,499            |
| Pensions   | <u>17,352,728</u>  |
| Total deferred outflows of resources             | <u>18,040,227</u>  |
| Liabilities:                                     |                    |
| Payables:  |                    |
| Accounts payable                                 | 927,479            |
| Accrued liabilities                              | 7,794,836          |
| Due to other governments                         | 1,350,000          |
| Due to teachers' retirement system               | 11,140,158         |
| Due to employees' retirement system              | 464,513            |
| Accrued interest                                 | 133,582            |
| Unearned revenue                                 | 5,742,152          |
| Long-term liabilities:                           |                    |
| Due and payable within one year:                 |                    |
| Bonds payable                                    | 7,030,000          |
| Due and payable after one year:                  |                    |
| Bonds payable                                    | 59,020,000         |
| Other postemployment benefits payable            | 45,771,847         |
| Compensated absences                             | 8,466,310          |
| Workers compensation                             | 933,463            |
| Net pension liability, proportionate share - ERS | <u>7,224,935</u>   |
| Total liabilities                                | <u>155,999,275</u> |

(Continued)

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities, Continued

|  |                       |
|--|-----------------------|
| Deferred inflows                       |                       |
| Deferred premiums on refunding of debt | \$ 541,874            |
| Pensions                               | <u>19,339,086</u>     |
| Total deferred inflows                 | <u>19,880,960</u>     |
| Net position:                          |                       |
| Net investment in capital assets       | 151,922,530           |
| Restricted                             | 45,208,244            |
| Unrestricted                           | <u>10,484,335</u>     |
| Total net position                     | <u>\$ 207,615,109</u> |

See accompanying notes to financial statements.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Activities  
Governmental Activities  
Year ended June 30, 2016

|  | <u>Expenses</u>       | <u>Program Revenue</u> |                   | <u>Net (Expense)</u>  |
|--|-----------------------|------------------------|-------------------|-----------------------|
|  |                       | <u>Charges for</u>     | <u>Operating</u>  | <u>Revenue and</u>    |
|  |                       | <u>Services</u>        | <u>Grants</u>     | <u>Changes in</u>     |
|  |                       |                        |                   | <u>Net Position</u>   |
| Functions and programs:                    |                       |                        |                   |                       |
| General support                            | \$ 28,859,233         | -                      | -                 | (28,859,233)          |
| Instruction                                | 154,280,661           | 317,923                | 7,616,052         | (146,346,686)         |
| Pupil transportation                       | 14,151,934            | -                      | -                 | (14,151,934)          |
| Community services                         | 1,234                 | -                      | -                 | (1,234)               |
| Interest                                   | 2,973,373             | -                      | -                 | (2,973,373)           |
| Food service program                       | <u>3,716,182</u>      | <u>1,138,476</u>       | <u>2,746,841</u>  | <u>169,135</u>        |
| Total functions and programs               | <u>\$ 203,982,617</u> | <u>1,456,399</u>       | <u>10,362,893</u> | <u>(192,163,325)</u>  |
| General revenue:                           |                       |                        |                   |                       |
| Real property taxes                        |                       |                        |                   | 85,915,071            |
| STAR and other real property tax items     |                       |                        |                   | 14,033,716            |
| Use of money and property                  |                       |                        |                   | 337,119               |
| Sale of property and compensation for loss |                       |                        |                   | 580,942               |
| State sources                              |                       |                        |                   | 112,997,116           |
| Federal sources                            |                       |                        |                   | 439,170               |
| Miscellaneous                              |                       |                        |                   | <u>1,419,788</u>      |
| Total general revenue                      |                       |                        |                   | <u>215,722,922</u>    |
| Change in net position                     |                       |                        |                   | 23,559,597            |
| Net position at beginning of year          |                       |                        |                   | <u>184,055,512</u>    |
| Net position at end of year                |                       |                        |                   | <u>\$ 207,615,109</u> |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2016

|                                     | <u>General</u>       | <u>School Lunch</u> | <u>Special Aid</u> | <u>Capital Projects</u> | <u>Debt Service</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|----------------------|---------------------|--------------------|-------------------------|---------------------|---------------------------------|
| <u>Assets</u>                       |                      |                     |                    |                         |                     |                                 |
| Cash:                               |                      |                     |                    |                         |                     |                                 |
| Unrestricted                        | \$ 29,792,778        | 2,812,644           | 637,679            | 398,573                 | -                   | 33,641,674                      |
| Restricted                          | 45,208,244           | -                   | -                  | -                       | -                   | 45,208,244                      |
| Receivables:                        |                      |                     |                    |                         |                     |                                 |
| Due from other funds                | 14,354,518           | 327,251             | 1,979,960          | -                       | 10,069,950          | 26,731,679                      |
| State and Federal aid               | 6,946,361            | 133,684             | 3,282,074          | -                       | -                   | 10,362,119                      |
| Accounts receivable                 | 346,474              | -                   | -                  | -                       | -                   | 346,474                         |
| Inventory                           | -                    | 10,571              | -                  | -                       | -                   | 10,571                          |
| Total assets                        | <u>\$ 96,648,375</u> | <u>3,284,150</u>    | <u>5,899,713</u>   | <u>398,573</u>          | <u>10,069,950</u>   | <u>116,300,761</u>              |
| <u>Liabilities and Fund Balance</u> |                      |                     |                    |                         |                     |                                 |
| Liabilities:                        |                      |                     |                    |                         |                     |                                 |
| Payables:                           |                      |                     |                    |                         |                     |                                 |
| Accounts payable                    | 891,796              | 35,683              | -                  | -                       | -                   | 927,479                         |
| Accrued liabilities                 | 7,781,798            | 2,479               | 10,559             | -                       | -                   | 7,794,836                       |
| Due to other funds                  | 12,823,017           | 2,673,757           | 5,889,154          | 398,573                 | -                   | 21,784,501                      |
| Due to other governments            | 1,350,000            | -                   | -                  | -                       | -                   | 1,350,000                       |
| Due to teachers' retirement system  | 11,140,158           | -                   | -                  | -                       | -                   | 11,140,158                      |
| Due to employees' retirement system | 464,513              | -                   | -                  | -                       | -                   | 464,513                         |
| Accrued Interest                    | 16,611               | -                   | -                  | -                       | -                   | 16,611                          |
| Unearned revenue                    | 5,742,152            | -                   | -                  | -                       | -                   | 5,742,152                       |
| Total liabilities                   | <u>40,210,045</u>    | <u>2,711,919</u>    | <u>5,899,713</u>   | <u>398,573</u>          | <u>-</u>            | <u>49,220,250</u>               |
| Fund balance:                       |                      |                     |                    |                         |                     |                                 |
| Nonspendable                        | -                    | 10,571              | -                  | -                       | -                   | 10,571                          |
| Restricted                          | 35,138,294           | -                   | -                  | -                       | 10,069,950          | 45,208,244                      |
| Assigned                            | 12,148,523           | 561,660             | -                  | -                       | -                   | 12,710,183                      |
| Unassigned                          | 9,151,513            | -                   | -                  | -                       | -                   | 9,151,513                       |
| Total fund balance                  | <u>56,438,330</u>    | <u>572,231</u>      | <u>-</u>           | <u>-</u>                | <u>10,069,950</u>   | <u>67,080,511</u>               |
| Total liabilities and fund balance  | <u>\$ 96,648,375</u> | <u>3,284,150</u>    | <u>5,899,713</u>   | <u>398,573</u>          | <u>10,069,950</u>   | <u>116,300,761</u>              |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Balance Sheet  
 to the Statement of Net Position  
 June 30, 2016

Total governmental fund balance \$ 67,080,511

Amounts reported for governmental activities in the statement  
 of net position are different because:

Capital assets used in governmental activities are not  
 financial resources and therefore are not reported  
 in the governmental funds. The assets consist of:

|                          |                      |             |
|--------------------------|----------------------|-------------|
| Capital assets           | \$ 346,786,643       |             |
| Accumulated depreciation | <u>(128,959,738)</u> |             |
| Total capital assets     |                      | 217,826,905 |

Some deferred inflows and outflows are not reported  
 in the funds. These consist of the following:

|  |                |             |
|--|----------------|-------------|
| Deferred outflows - pensions                 | 17,352,728     |             |
| Deferred inflows - pensions                  | (19,339,086)   |             |
| Deferred amounts from refunding of debt, net | <u>145,625</u> | (1,840,733) |

Long-term liabilities including accrued interest are not  
 due and payable in the current period and therefore  
 are not reported in the governmental funds. Long-  
 term liabilities at year end consist of:

|                               |                     |               |
|-------------------------------|---------------------|---------------|
| Accrued interest              | (116,971)           |               |
| Compensated absences          | (8,466,310)         |               |
| Workers compensation          | (933,463)           |               |
| Bonds payable                 | (66,050,000)        |               |
| Other postemployment benefits | <u>(45,771,847)</u> | (121,338,591) |

The District's proportionate shares of both the net  
 pension asset and net pension liability are not current  
 period items and therefore are not reported in the  
 governmental funds.

|  |                    |                   |
|--|--------------------|-------------------|
| Teachers' Retirement System - pension asset      | 53,111,952         |                   |
| Employees' Retirement System - pension liability | <u>(7,224,935)</u> | <u>45,887,017</u> |

|                                  |  |                       |
|----------------------------------|--|-----------------------|
| Total net position - end of year |  | <u>\$ 207,615,109</u> |
|----------------------------------|--|-----------------------|

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2016

|  | <u>General</u>       | <u>School<br/>Lunch</u> | <u>Special<br/>Aid</u> | <u>Capital<br/>Projects</u> | <u>Debt<br/>Service</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------|-------------------------|------------------------|-----------------------------|-------------------------|---|
| Revenue:   |                      |                         |                        |                             |                         |   |
| Real property taxes  | \$ 85,915,071        | -                       | -                      | -                           | -                       | 85,915,071                              |
| STAR and other real property tax items   | 14,033,716           | -                       | -                      | -                           | -                       | 14,033,716                              |
| Charges for services   | 317,923              | -                       | -                      | -                           | -                       | 317,923                                 |
| Use of money and property  | 329,382              | 7,737                   | -                      | -                           | -                       | 337,119                                 |
| Sale of property and compensation for loss   | 580,942              | -                       | -                      | -                           | -                       | 580,942                                 |
| Miscellaneous  | 1,367,599            | 2                       | 52,187                 | -                           | -                       | 1,419,788                               |
| State sources  | 112,653,016          | 93,164                  | 3,114,300              | 344,100                     | -                       | 116,204,580                             |
| Federal sources  | 439,170              | 2,653,677               | 4,501,752              | -                           | -                       | 7,594,599                               |
| School lunch sales   | -                    | 1,138,476               | -                      | -                           | -                       | 1,138,476                               |
| Total revenue  | <u>215,636,819</u>   | <u>3,893,056</u>        | <u>7,668,239</u>       | <u>344,100</u>              | <u>-</u>                | <u>227,542,214</u>                      |
| Expenditures:  |                      |                         |                        |                             |                         |   |
| General support  | 21,064,795           | 35                      | -                      | -                           | -                       | 21,064,830                              |
| Instruction  | 108,679,438          | -                       | 6,306,207              | -                           | -                       | 114,985,645                             |
| Pupil transportation   | 13,036,830           | -                       | 369,753                | -                           | -                       | 13,406,583                              |
| Community services   | 1,234                | -                       | -                      | -                           | -                       | 1,234                                   |
| Food service program   | -                    | 4,222,329               | -                      | -                           | -                       | 4,222,329                               |
| Employee benefits  | 46,775,987           | 23,742                  | 1,375,829              | -                           | -                       | 48,175,558                              |
| Debt service - principle   | 6,710,000            | -                       | -                      | -                           | -                       | 6,710,000                               |
| Debt service - interest  | 3,090,125            | -                       | -                      | -                           | -                       | 3,090,125                               |
| Total expenditures   | <u>199,358,409</u>   | <u>4,246,106</u>        | <u>8,051,789</u>       | <u>-</u>                    | <u>-</u>                | <u>211,656,304</u>                      |
| Excess (deficiency) of revenue over expenditures                                       | <u>16,278,410</u>    | <u>(353,050)</u>        | <u>(383,550)</u>       | <u>344,100</u>              | <u>-</u>                | <u>15,885,910</u>                       |
| Other financing sources and uses:  |                      |                         |                        |                             |                         |   |
| Transfers in   | 344,100              | -                       | 383,550                | -                           | 10,069,950              | 10,797,600                              |
| Transfers out  | <u>(10,453,500)</u>  | <u>-</u>                | <u>-</u>               | <u>(344,100)</u>            | <u>-</u>                | <u>(10,797,600)</u>                     |
| Total other financing sources (uses)   | <u>(10,109,400)</u>  | <u>-</u>                | <u>383,550</u>         | <u>(344,100)</u>            | <u>10,069,950</u>       | <u>-</u>                                |
| Excess (deficiency) of revenue and other sources<br>over expenditures and other (uses) | 6,169,010            | (353,050)               | -                      | -                           | 10,069,950              | 15,885,910                              |
| Fund balance at beginning of year  | <u>50,269,320</u>    | <u>925,281</u>          | <u>-</u>               | <u>-</u>                    | <u>-</u>                | <u>51,194,601</u>                       |
| Fund balance at end of year  | <u>\$ 56,438,330</u> | <u>572,231</u>          | <u>-</u>               | <u>-</u>                    | <u>10,069,950</u>       | <u>67,080,511</u>                       |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balance - Governmental Funds to the Statement of Activities  
For the year ended June, 30 2016

|  |                    |                      |
|--|--------------------|----------------------|
| Net change in fund balance   |                    | \$ 15,885,910        |
| Amounts reported for governmental activities in the statement of activities are different because:   |                    |                      |
| <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>   |                    |                      |
| Additions of assets, net   | \$ 482,590         |                      |
| Depreciation   | <u>(7,965,880)</u> | (7,483,290)          |
| <p>Repayment of bond and installment purchase debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p> |                    |                      |
| Bond principal payments  | 6,710,000          |                      |
| Amortization of deferred charges   | (76,389)           |                      |
| Amortization of deferred premiums  | <u>180,625</u>     | 6,814,236            |
| <p>Compensated absences represent the value of the earned and unused portion of the liability for the vacation and compensatory time. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds. This is the net change of compensated absences.</p>                                 |                    |                      |
|  |                    | (214,469)            |
| <p>Increase in workers' compensation unfunded liability</p>  |                    |                      |
|  |                    | (18,303)             |
| <p>Some items reported in the statement of activities related to pensions do not require the use of current period resources and are not reported as revenues or expenditures in the governmental funds.</p>   |                    |                      |
| Net change in pension - TRS  | 14,136,238         |                      |
| Net change in pension - ERS  | <u>(653,932)</u>   | 13,482,306           |
| <p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.</p>   |                    |                      |
|  |                    | 12,516               |
| <p>Other postemployment benefits represent the value of the unfunded portion of the cost of benefits for current and former employees upon retirement. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds.</p>  |                    |                      |
|  |                    | <u>(4,919,309)</u>   |
| Change in net assets of governmental activities  |                    | <u>\$ 23,559,597</u> |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

|  | <u>Agency<br/>Funds</u>    | <u>Private<br/>Purpose<br/>Trust<br/>Funds</u> | <u>Total<br/>Fiduciary<br/>Funds</u> |
|--|----------------------------|--|--------------------------------------|
| Assets:                                  |                            |  |                                      |
| Cash:                                    |                            |  |                                      |
| Unrestricted                             | \$ 5,303,311               | 192,584  | 5,495,895                            |
| Restricted                               | 173,828                    | -  | 173,828                              |
| Due from other funds                     | <u>210,790</u>             | <u>580</u>                                     | <u>211,370</u>                       |
| Total assets                             | <u><u>5,687,929</u></u>    | <u><u>193,164</u></u>                          | <u><u>5,881,093</u></u>              |
|  |                            |  |                                      |
| Liabilities:                             |                            |  |                                      |
| Agency liabilities                       | 355,553                    | -  | 355,553                              |
| Extraclassroom activity fund             | 173,828                    | -  | 173,828                              |
| Due to other funds                       | <u>5,158,548</u>           | <u>-</u>                                       | <u>5,158,548</u>                     |
| Total liabilities                        | <u><u>\$ 5,687,929</u></u> | <u><u>-</u></u>                                | <u><u>5,687,929</u></u>              |
|  |                            |  |                                      |
| Net position - reserved for scholarships |                            | <u><u>\$ 193,164</u></u>                       | <u><u>193,164</u></u>                |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended June 30, 2016

|   | Private<br>Purpose<br>Trust<br><u>Funds</u> |
|---|---|
| Additions:                                      |   |
| Gifts and contributions                         | \$ 128,044                                  |
| Interest  | <u>538</u>                                  |
| Total additions                                 | 128,582                                     |
| Deductions - scholarships and awards            | <u>78,250</u>                               |
| Change in net position                          | 50,332                                      |
| Fiduciary net position at beginning of the year | <u>142,832</u>                              |
| Fiduciary net position at end of year           | <u><u>\$ 193,164</u></u>                    |

See accompanying notes to financial statements.

# WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2016

### (1) Summary of Significant Accounting Policies

The financial statements of the William Floyd Union Free School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

#### (a) Reporting Entity

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

The financial reporting entity is based on 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 District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

#### Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the statement of fiduciary net position - fiduciary fund. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.



## WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (b) Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share 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 Section §1950 of the 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 Section §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §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 Education Law, Section §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$19,872,723 for BOCES administrative and program costs and recognized \$2,362,935 in revenue as the District's share of BOCES aid.

Participating school districts issue debt on behalf of BOCES. As of year end, there was no debt issued by the District on behalf of BOCES.

Financial statements for Eastern Suffolk BOCES are available from the business office located at 201 Sunrise Highway, Patchogue, New York 11772-1868.

##### (c) Basis of Presentation

###### (i) District-Wide Statements

The statement of net position and the statement of activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

The statement of activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue include: (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants, contributions and other revenues that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including real property taxes and state aid, is presented as general revenue.

(ii) Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, 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 District are presented as major funds. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the District's primary operating fund and is used to account for and report all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are two classes of special revenue funds:

Special Aid Fund - is used to account for and report the proceeds of federal and state grants that are legally restricted to expenditures for specified purposes.

School Lunch Fund - is used to account for and report the activities of the school lunch operations.

Debt Service Fund - is used to account for the advance refunding of a portion of the District's outstanding serial bonds.

Capital Projects Fund - is used to account for and report the financial resources used for acquisition, construction, or major repair of capital facilities.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Fiduciary Funds - are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

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

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representative of the donors may serve on committees to determine who benefits.

(d) Measurement Focus and Basis of Accounting

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

The governmental funds statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenue is collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs, and other postemployment benefits, 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(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, deferred inflows of resources, liabilities, and deferred outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

(f) Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in 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) Real Property Taxes

Real property taxes are levied annually by the Board of Education. Taxes are collected from December to June. Uncollected real property taxes are subsequently enforced by Suffolk County in which the District is located.

(h) Receivables

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

The amounts reported on the statement of net position 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 10 to the financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets

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

The District uses a capitalization threshold 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>Estimated<br/>useful life</u> | <u>Depreciation<br/>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.

A reserve for non-spendable assets (inventory) has been recognized to signify that a portion of fund balance is not available for subsequent expenditures.

(l) Deferred Outflow of Resources and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has two items that qualify for reporting in this category. The first is a deferred charge on refunding of debt reported in the District-wide statement of net position in the amount of \$687,499. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide statement of net position in the amount of \$17,352,728. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

Deferred inflows of resources are reported when revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows also arises when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. The District has

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Deferred Outflow of Resources and Inflows of Resources, Continued

reported deferred inflows of \$541,874 for gains on refunding of debt, and \$19,339,086 for pensions. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the deferred inflow of resources is removed and revenue is recorded.

(m) Compensated Absences

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

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.

(n) Retirement Plans

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

(o) Short-Term Debt

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

(p) Other Postemployment Benefits

In addition to providing pension benefits, the District provides both health insurance coverage and Medicare premium reimbursements for retired employees. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

(q) Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the general fund for which a legal (appropriated) budget is 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Budgetary Procedures and Budgetary Accounting, Continued

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

(r) Budget Revisions

The Board of Education voted to amend the general fund budget as follows:

|                           |                       |
|---------------------------|-----------------------|
| Adopted budget            | \$ 222,988,432        |
| Encumbrances carried over | <u>1,719,153</u>      |
| Original budget           | 224,707,585           |
| Budget revisions          | <u>31,714</u>         |
| Final budget              | \$ <u>224,739,299</u> |

(s) Encumbrances

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

(t) Unearned Revenue

Section 9 of the Suffolk County Tax Act allows the Board of Education to raise an additional tax not more than 30% of the tax levy for the purposes of a contingency fund. At June 30, 2016, the District has set aside \$5,170,851 for this purpose. This amount is recorded as unearned revenue as required by the New York State Comptroller.

Also included in unearned revenue is \$527,508 for revisions to prior years' state aid as well as \$43,793 received for summer programs.

(u) Equity Classifications

(i) District-wide Statements

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

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

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

Unrestricted - reports the balance of net position that does not meet the definition of the above two classifications.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Equity Classifications, Continued

(ii) Fund Statements

The District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

There are five classifications for fund balance as detailed below, however, in the fund financial statements there are four classifications presented:

Nonspendable - consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory and prepaids.

Restricted - This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The District has established the following restricted fund balances:

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 as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or to the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. The reserve is accounted for in the General Fund.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Equity Classifications, Continued

(ii) Fund Statements, Continued

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Insurance Reserve

Insurance reserve (GML §6-m) 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 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.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee 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.

Repair Reserve

Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. Voter approval is required to fund this reserve. Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If not hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Capital Reserve

Capital reserve (GML §6-c) is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

## WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

### Notes to Financial Statements, Continued

#### (1) Summary of Significant Accounting Policies, Continued

##### (u) Equity Classifications, Continued

##### (ii) Fund Statements, Continued

##### Debt Reserve

Debt reserve (GML §6-h) is used to reserve funds for payment of bonded indebtedness. This reserve account is accounted for in the Debt Service Fund.

##### Reserve for Endowments and Scholarships

This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Fiduciary Fund.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority; i.e. the Board of Education. The District has no committed fund balances as of June 30, 2016.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances other than in the capital fund are classified as assigned fund balance in the respective fund. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the General Fund.

Unassigned - Includes all other net assets that do not meet the definition of the above classifications and are deemed to be available for general use by the District. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, then it may be necessary to report negative unassigned fund balances in the respective fund.

##### (iii) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the District and then determine the order of expenditures to which the fund balance classification will be charged.

##### (v) Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 74 - "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This Statement, issued in June 2015, replaces existing standards of accounting and financial reporting for postemployment benefit plans other than pension plans and also replaces existing requirements for defined contribution OPEB plans. The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the District. This Statement is not expected to have a material effect on the financial statements of the District.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(v) Accounting Standards Issued But Not Yet Implemented, Continued

GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This Statement, issued in June 2015, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for fiscal years beginning after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the District. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the District.

GASB Statement No. 77 - "Tax Abatement Disclosures." This Statement requires disclosure of the tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015, which is the fiscal year beginning July 1, 2016 for the District. This Statement is not expected to have a material effect on the financial statements of the District.

GASB Statement No. 78 - "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans." This Statement, issued in December 2015 amends GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2015, which is the fiscal year beginning July 1, 2016 for the District. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the District.

GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing which are effective for periods beginning after December 31, 2015. For the District, this

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(v) Accounting Standards Issued But Not Yet Implemented, Continued

Statement becomes effective for the fiscal year beginning July 1, 2016. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the District.

GASB Statement No. 80 - "Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14." This Statement, issued in January 2016, amends the blending requirements for the financial statement presentation of component units of all state and local governments. It requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the District. This Statement is not expected to have a material effect on the financial statements of the District.

GASB Statement No. 81 - "Irrevocable Split-Interest Agreements." This Statement, issued in March 2016, establishes accounting and reporting standards for irrevocable split-interest agreements with characteristics that are equivalent to irrevocable split-interest agreements in which a donor irrevocably transfers resources to an intermediary who administers these resources for the unconditional benefit of a government and at least one other beneficiary. The provisions of this Statement are effective for financial statements for years beginning after December 15, 2016. For the District, this Statement becomes effective for the fiscal year beginning July 1, 2017. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the District.

GASB Statement No. 82 - "Pension Issues - an Amendment of GASB Statements No. 67, No. 68, and No. 73." This Statement, issued in March 2016, addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, which is the fiscal year beginning July 1, 2016 for the District, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, which is the fiscal year beginning July 1, 2017 for the District. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the District.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the 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 resource measurement focus of the District-wide statements, compared with the current financial resource measurement focus of the governmental funds.

(a) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheet.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the statement of revenue, expenditures and changes in fund balance and the statements of activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the statement of activities.

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 expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

(3) Cash and Cash Equivalents

(a) Custodial Credit Risk

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

As of June 30, 2016, total bank balances of \$92,069,195 were fully collateralized.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(3) Cash and Cash Equivalents, Continued

(b) Restricted Cash and Cash Equivalents

Restricted cash of \$45,208,244 in the general fund represents the following:

| <u>Description</u>                             | <u>Amount</u>        |
|--|----------------------|
| Reserve for employee benefit accrued liability | \$ 8,113,143         |
| Reserve for workers' compensation              | 3,503,569            |
| Reserve for insurance                          | 2,636,223            |
| Reserve for unemployment                       | 668,627              |
| Reserve for retirement contribution            | 10,216,732           |
| Reserve for repairs                            | 5,000,000            |
| Reserve for capital improvements               | <u>5,000,000</u>     |
|  | 35,138,294           |
| Due to Debt Service Fund                       | <u>10,069,950</u>    |
|  | <u>\$ 45,208,244</u> |

(4) Receivables

Major receivables recorded by the District at June 30, 2016 consisted of the following:

(a) Due from State and Federal Governments - Represents amounts due from other units of government, such as New York State and other local governments. Amounts due to the District at June 30, 2016 are listed below:

General Fund - State and Federal aid receivable:

|                   |                |                     |
|-------------------|----------------|---------------------|
| Excess cost       | \$ 3,951,095   |                     |
| State aid - BOCES | 2,362,935      |                     |
| State aid - other | <u>632,331</u> | \$ <u>6,946,361</u> |

Special Aid Fund - State and Federal aid receivable - State and Federal grants - various \$ 3,282,074

School Lunch Fund - State and Federal aid receivable - State and Federal grants related to food service program \$ 133,684

(b) Accounts Receivable - Represents amounts due for out-of-district billings (in the General Fund) and other minor charges or refunds.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(5) Capital Assets

Capital asset balances and activity for the year ended June 30, 2016 were as follows:

|  | Balance<br>June 30, 2015 | Additions          | Adjustments/<br>Reclassifications | Balance<br>June 30, 2016 |
|--|--------------------------|--------------------|-----------------------------------|--------------------------|
| Capital assets not being depreciated - land  | \$ 35,132,218            | -                  | -                                 | <u>35,132,218</u>        |
| Capital assets being depreciated:            |                          |                    |                                   |                          |
| Buildings and improvements                   | 303,910,079              | 87,192             | (90,743)                          | 303,906,528              |
| Furniture, equipment and vehicles            | <u>7,431,122</u>         | <u>395,398</u>     | <u>(78,623)</u>                   | <u>7,747,897</u>         |
| Total capital assets being depreciated       | <u>311,341,201</u>       | <u>482,590</u>     | <u>(169,366)</u>                  | <u>311,654,425</u>       |
| Less accumulated depreciation for:           |                          |                    |                                   |                          |
| Buildings and improvements                   | 115,676,943              | 7,696,224          | (90,743)                          | 123,282,424              |
| Furniture, equipment and vehicles            | <u>5,486,281</u>         | <u>269,656</u>     | <u>(78,623)</u>                   | <u>5,677,314</u>         |
| Total accumulated depreciation               | <u>121,163,224</u>       | <u>7,965,880</u>   | <u>(169,366)</u>                  | <u>128,959,738</u>       |
| Total capital assets, being depreciated, net | <u>190,177,977</u>       | <u>(7,483,290)</u> | -                                 | <u>182,694,687</u>       |
| Capital assets, net                          | <u>\$ 225,310,195</u>    | <u>(7,483,290)</u> | -                                 | <u>217,826,905</u>       |

Depreciation expense was charged to governmental functions as follows:

|                            |                     |
|----------------------------|---------------------|
| General support            | \$ 1,696,552        |
| Instruction                | 6,185,412           |
| Food service               | <u>83,916</u>       |
| Total depreciation expense | <u>\$ 7,965,880</u> |

(6) Long-term Debt

Long-term liability balances and activity for the year ended June 30, 2016, are as follows:

|                             | Beginning<br>Balance  | Increase          | Decrease          | Ending<br>Balance  | Amounts<br>Due Within<br>One Year |
|-----------------------------|-----------------------|-------------------|-------------------|--------------------|-----------------------------------|
| Serial bonds payable        | \$ 72,760,000         | -                 | 6,710,000         | 66,050,000         | 7,030,000                         |
| Compensated absences        | 8,251,841             | 214,469           | -                 | 8,466,310          | -                                 |
| OPEB liability              | 40,852,538            | 10,048,342        | 5,129,033         | 45,771,847         | -                                 |
| Workers' compensation       | <u>915,160</u>        | <u>18,303</u>     | -                 | <u>933,463</u>     | -                                 |
| Total long-term liabilities | <u>\$ 122,779,539</u> | <u>10,281,114</u> | <u>11,839,033</u> | <u>121,221,620</u> | <u>7,030,000</u>                  |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(6) Long-term Debt, Continued

(a) Serial Bonds

The 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, 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 6/30/16</u> |
|---------------------|-------------------|------------------------|-----------------------|--------------------------|-------------------------------|
| 2007 Refunding      | 03/22/07          | \$ 54,865,000          | 06/15/25              | 4.00%-5.00%              | 31,325,000                    |
| 2010 Serial bond    | 02/01/10          | 30,000,000             | 12/15/29              | 2.00%-4.00%              | 23,440,000                    |
| 2011 Refunding      | 10/05/11          | 20,900,000             | 06/15/20              | 2.50%-5.00%              | <u>11,285,000</u>             |
| Total               |                   |                        |                       |                          | <u>\$ 66,050,000</u>          |

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

|  |                     |
|--|---------------------|
| Interest paid                              | \$ 3,090,125        |
| Plus: Interest accrued in the current year | 116,971             |
| Amortization of deferred charges           | 76,389              |
| Less: Interest accrued in the prior year   | (129,487)           |
| Amortization of deferred income            | <u>(180,625)</u>    |
| Total expense                              | <u>\$ 2,973,373</u> |

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

| <u>Fiscal year ending June30,</u> | <u>Principal</u>     | <u>Interest</u>   |
|-----------------------------------|----------------------|-------------------|
| 2017                              | \$ 7,030,000         | 2,785,487         |
| 2018                              | 7,365,000            | 2,462,263         |
| 2019                              | 7,710,000            | 2,123,312         |
| 2020                              | 8,055,000            | 1,766,356         |
| 2021                              | 5,265,000            | 1,388,963         |
| 2022-2026                         | 23,950,000           | 3,713,438         |
| 2027-2030                         | <u>6,675,000</u>     | <u>547,300</u>    |
| Total                             | <u>\$ 66,050,000</u> | <u>14,787,119</u> |



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(6) Long-term Debt, Continued

(a) Serial Bonds, Continued

The original issue premiums on bonds have been deferred and recorded as deferred inflow of resources on the District-wide financial statements. The premiums are being amortized using the straight-line method, the remaining time to maturity of the bonds. The current year amortization is \$180,625 and is included as a reduction to interest expense

|                                |                   |
|--------------------------------|-------------------|
| Deferred premiums              | \$ 1,445,000      |
| Less: accumulated amortization | <u>(903,126)</u>  |
| Net unamortized premiums       | \$ <u>541,874</u> |

The original charges to refund bonds are recorded as deferred outflows of resources on the District-wide financial statements. The charges are being amortized using the straight-line method, the remaining time to maturity of the bonds. The current year amortization is \$76,389 and is included as an increase to interest expense on the statement of activities.

|                                |                   |
|--------------------------------|-------------------|
| Deferred charges               | \$ 1,375,000      |
| Less: accumulated amortization | <u>(687,501)</u>  |
| Net unamortized charges        | \$ <u>687,499</u> |

(b) Compensated Absences

Compensated absences represent the value of earned and unused portion of the liability for compensated absences.

(7) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability 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. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/inex.php](http://www.osc.state.ny.us/retire/publications/inex.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annual certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems; fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

|      | <u>TRS</u>    | <u>ERS</u> | <u>Total</u> |
|------|---------------|------------|--------------|
| 2016 | \$ 11,140,158 | 1,958,435  | 13,098,593   |
| 2015 | 12,770,980    | 2,487,283  | 15,258,263   |
| 2014 | 11,701,201    | 2,181,534  | 13,882,735   |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(b) Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2016 for ERS and June 30, 2015 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

|   | <u>ERS</u>     | <u>TRS</u> |
|---|----------------|------------|
| Actuarial valuation date  | 4/01/2015      | 6/30/2014  |
| Measurement date  | 3/31/2016      | 6/30/2015  |
| Net pension asset/(liability)                                     | \$ (7,224,935) | 53,111,852 |
| District's proportion of the Plan's net pension asset/(liability) | 0.0450144%     | 0.511340%  |

For the year ended June 30, 2016, the District's recognized pension expense of \$2,586,968 for ERS in the statement of activities.

At June 30, 2016 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> |                   | <u>Deferred Inflows<br/>of Resources</u> |                   |
|---|---|-------------------|--|-------------------|
|   | <u>ERS</u>                                | <u>TRS</u>        | <u>ERS</u>                               | <u>TRS</u>        |
| Differences between expected and actual experience  | \$ 36,509                                 | -                 | 856,396                                  | 1,471,958         |
| Changes of assumptions  | 1,926,672                                 | -                 | -  | -                 |
| Net difference between projected and actual earnings on pension plan investments                                    | 4,286,228                                 | -                 | -  | 16,788,964        |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | <u>131,197</u>                            | <u>-</u>          | <u>29,822</u>                            | <u>191,944</u>    |
|   | 6,380,606                                 | -                 | 886,218                                  | 18,452,868        |
| District's contributions subsequent to the measurement date   | <u>464,513</u>                            | <u>10,507,609</u> | <u>-</u>                                 | <u>-</u>          |
| Total   | \$ <u>6,845,119</u>                       | <u>10,507,609</u> | <u>886,218</u>                           | <u>18,452,868</u> |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(b) Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

| Year ended | <u>ERS</u>          | <u>TRS</u>        |
|------------|---------------------|-------------------|
| 2016       | \$ 1,403,989        | 6,796,131         |
| 2017       | 1,403,989           | 6,796,131         |
| 2018       | 1,403,989           | 6,796,131         |
| 2019       | 1,282,421           | (2,767,597)       |
| 2020       | -                   | 207,958           |
| Thereafter | -                   | 624,114           |
|            | <u>\$ 5,494,388</u> | <u>18,452,868</u> |

The following is a summary of activity related to the pensions:

|                                     | <u>ERS</u>               |                              | <u>TRS</u>               |                              | <u>Total activity</u> |
|-------------------------------------|--------------------------|------------------------------|--------------------------|------------------------------|-----------------------|
|                                     | <u>Balance 6/30/2015</u> | <u>Current year activity</u> | <u>Balance 6/30/2015</u> | <u>Current year activity</u> |                       |
| Net pension asset                   | \$ -                     | -                            | 56,460,619               | (3,348,667)                  | 53,111,952            |
| Deferred outflows of resources      | 955,525                  | 5,889,594                    | 13,373,632               | (2,866,023)                  | 17,352,728            |
| Net pension liability               | (1,567,627)              | (5,657,308)                  | -                        | -                            | (7,224,935)           |
| Deferred inflows of resources       | -                        | (886,218)                    | (38,803,796)             | 20,350,928                   | (19,339,086)          |
| Increase (decrease) in expenditures | -                        | 653,932                      | -                        | (14,136,238)                 | (13,482,306)          |

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

|                          | <u>ERS</u>   | <u>TRS</u>   |
|--------------------------|--|--|
| Measurement date         | March 31, 2016   | June 30, 2015  |
| Actuarial valuation date | April 1, 2015  | June 30, 2014  |
| Interest rate            | 7%   | 8%   |
| Salary scale             | 3.8%   | 4.01% - 10.91%   |
| Decrement tables         | April 1, 2010 -<br>March 31, 2015<br>System's Experience | July 1, 2005 -<br>June 30, 2010<br>System's Experience |
| Inflation rate           | 2.5%   | 3.0%   |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2010- June 30, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005- June 30, 2010.

The long term rate of return on ERS pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

The total TRS pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015, using the following assumptions.

|                            |   |               |             |
|----------------------------|---|---------------|-------------|
| Inflation                  | 3.0%  |               |             |
| Projected salary increases | Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience. |               |             |
|                            | <u>Age</u>  | <u>Female</u> | <u>Male</u> |
|                            | 25  | 10.35%        | 10.91%      |
|                            | 35  | 6.26          | 63.27       |
|                            | 45  | 5.39          | 5.04        |
|                            | 55  | 4.42          | 4.01        |
| Projected COLAs            | 1.625% compounded annually  |               |             |
| Investment rate of return  | 8.0% compounded annually, net of pension plan investment expense, including inflation                                   |               |             |

Annuitant mortality rates are based on pan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1 2005 to June 30, 2010.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27 - "Selection of Economic Assumptions for Measuring Pension Obligations." ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

|                                  | <u>ERS</u>     | <u>TRS</u>    |
|----------------------------------|----------------|---------------|
| Measurement date                 | March 31, 2016 | June 30, 2015 |
| Asset class:                     |                |               |
| Domestic equity                  | 7.30%          | 6.50%         |
| International equity             | 8.55%          | 7.70%         |
| Real estate                      | 8.25%          | 4.60%         |
| Alternative investments          | -              | 9.90%         |
| Domestic fixed income securities | -              | 2.10%         |
| Global fixed income securities   | -              | 1.90%         |
| Mortgages                        | -              | 3.40%         |
| Short-term                       | -              | 1.20%         |
| Private equity                   | 11.00%         | -             |
| Absolute return strategies       | 6.75%          | -             |
| Opportunities portfolio          | 8.60%          | -             |
| Real assets                      | 8.65%          | -             |
| Bonds and mortgages              | 4.00%          | -             |
| Cash                             | 2.25%          | -             |
| Inflation - indexed bonds        | 4.00%          | -             |

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 8.0% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1% lower (6.0% for ERS and 7.0% for TRS) or 1% higher (8.0% for ERS and 9.0% for TRS) than the current rate:

| ERS  | 1%<br>Decrease<br>(6.0%) | Current<br>Assumption<br>(7.0%) | 1%<br>Increase<br>(8.0%) |
|--|--------------------------|---------------------------------|--------------------------|
| Employer's proportionate share of<br>the net pension asset/(liability) | \$ <u>(16,291,703)</u>   | <u>(7,224,935)</u>              | <u>(436,097)</u>         |
| TRS  | 1%<br>Decrease<br>(7.0%) | Current<br>Assumption<br>(8.0%) | 1%<br>Increase<br>(9.0%) |
| Employer's proportionate share of<br>the net pension asset/(liability) | \$ <u>(3,622,920)</u>    | <u>53,111,952</u>               | <u>101,494,883</u>       |

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

|   | (Dollars in Millions) |                |
|---|-----------------------|----------------|
|   | ERS                   | TRS            |
| Measurement date  | 3/31/2016             | 6/30/2015      |
| Employers' total pension liability  | \$ (172,303)          | (99,332)       |
| Plan net position   | <u>156,253</u>        | <u>109,719</u> |
| Employers' net pension asset/(liability)  | \$ <u>(16,050)</u>    | <u>10,387</u>  |
| Ratio of plan net position to the<br>Employers' total pension asset/(liability) | 90.7%                 | 110.46%        |

(g) Payables to the Pension Plan

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$464,513. This amount has been recorded as an expenditure in the governmental fund statements and a deferred outflow of resources in the statement of net position.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(g) Payables to the Pension Plan, Continued

TRS employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions and employee retirement contributions as of June 30, 2016 amounted to \$10,507,609 and \$632,549, respectively. The accrued employer contributions have been recorded as a deferred outflow of resources in the statement of net position.

(8) Other Postemployment Benefits(OPEB)

(a) Plan Description

The District provides medical, prescription drug and vision to retirees and their covered dependents. Currently, there are about 1,289 current and former employees participating in the District's OPEB plan. Benefit provisions are established and amended through negotiations between the District and the respective unions.

(b) Funding Policy

For the district retired employee health plan (DREHP), contribution requirements of the plan members and the District are established by the Board of Education. The District's annual other postemployment benefit (OPEB) cost (expense) for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District's annual OPEB cost for the current year and the related information for each plan are as follows.

(c) Annual OPEB Cost

|                                    |                      |
|------------------------------------|----------------------|
| Normal cost                        | \$ 4,630,071         |
| Amortization of UAL                | <u>5,567,759</u>     |
| Annual required contribution (ARC) | 10,197,830           |
| Interest on OPEB obligation        | 2,042,627            |
| Adjustment to ARC                  | <u>(2,192,115)</u>   |
| OPEB expense                       | \$ <u>10,048,342</u> |



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(8) Other Postemployment Benefits(OPEB), Continued

(d) Reconciliation of Net OPEB Obligation

|  |                      |
|--|----------------------|
| Net OPEB obligation at the beginning of the year   | \$ 40,852,538        |
| OEPB expense                                       | 10,048,342           |
| Net OPEB contributions made during the fiscal year | <u>(5,129,033)</u>   |
| Net OPEB obligation at the end of the year         | \$ <u>45,771,847</u> |
| Percentage of expense contributed                  | 51.0%                |

(e) Trend Information

| <u>Fiscal<br/>year<br/>ending</u> | <u>Annual<br/>net OPEB<br/>expense</u> | <u>OPEB<br/>expense<br/>contributed</u> | <u>% of<br/>expense<br/>contributed</u> | <u>Net<br/>OPEB<br/>obligation</u> |
|-----------------------------------|--|---|---|------------------------------------|
| June 30, 2016                     | \$ 10,048,342                          | 5,129,033                               | 51.0%                                   | 45,771,847                         |
| June 30, 2015                     | 13,961,314                             | 5,304,683                               | 38.0%                                   | 40,852,538                         |
| June 30, 2014                     | 13,227,747                             | 5,270,317                               | 39.8%                                   | 32,195,907                         |

(f) Funding Status

|  |                      |
|--|----------------------|
| Actuarial accrued liability (AAL)            | \$ 103,761,473       |
| Actuarial value of assets                    | <u>-</u>             |
| Unfunded actuarial accrued liability (UAAL)  | <u>103,761,473</u>   |
| Funded ratio (assets as a percentage of AAL) | 0%                   |
| Annual covered payroll                       | \$ <u>78,186,642</u> |
| UAAL as a percentage of covered payroll      | 132.7%               |

(g) Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. For this reason, the results in this report should be viewed as estimates. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial measurement date was dated July 1, 2015.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Other Postemployment Benefits(OPEB), Continued

(g) Actuarial Methods and Assumptions, Continued

Effective January 1, 2008, the District's other postemployment benefit (OPEB) cost for all employee health insurance benefits is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation.

(h) Additional Information

|  |                          |
|--|--------------------------|
| Actuarial cost method                              | Projected unit credit    |
| Amortization method                                | Level percent of payroll |
| Amortization period (years)                        | 30                       |
| Amortization discount                              | 5.00%                    |
| Payroll growth rate                                | 4.00%                    |
| Healthcare trend rates                             |                          |
| First year   | 5.90%                    |
| Final year   | 3.94%                    |
| Method used to determine actuarial value of assets | N/A                      |

(9) Risk Management

(a) General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions and natural disasters. 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) Self-Insured Health Insurance

The 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 District for reimbursement. The 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 District. At year-end, the District has a liability of \$4,785,403, which represents reported and unreported claims, which were incurred on or before year end, but which were not paid by the District as of that date.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Risk Management, Continued

(b) Self-Insured Health Insurance, Continued

Changes in the balances of claims liabilities during the year are as follows:

|           | Beginning<br>of Year<br><u>Liability</u> | Incurred<br>Claims<br>Including<br><u>IBNRs</u> | Claim<br>Payments | End of<br>Year<br><u>Liability</u> |
|-----------|--|---|-------------------|------------------------------------|
| 2013-2014 | \$ <u>5,932,017</u>                      | <u>23,710,256</u>                               | <u>23,713,225</u> | <u>5,929,048</u>                   |
| 2014-2015 | \$ <u>5,929,048</u>                      | <u>26,932,208</u>                               | <u>26,289,005</u> | <u>6,572,251</u>                   |
| 2015-2016 | \$ <u>6,572,251</u>                      | <u>26,362,583</u>                               | <u>28,149,431</u> | <u>4,785,403</u>                   |

(10) Interfund Transactions

| <u>Fund</u>      | Interfund            |                   | Interfund           |                      |
|------------------|----------------------|-------------------|---------------------|----------------------|
|                  | <u>Receivable</u>    | <u>Payable</u>    | <u>Transfers in</u> | <u>Transfers out</u> |
| General          | \$ 14,354,518        | 12,823,017        | 344,100             | 10,453,500           |
| School Lunch     | 327,251              | 2,673,757         | -                   | -                    |
| Special Aid      | 1,979,960            | 5,889,154         | 383,550             | -                    |
| Capital Projects | -                    | 398,573           | -                   | 344,100              |
| Debt Service     | 10,069,950           | -                 | 10,069,950          | -                    |
| Fiduciary        | <u>211,370</u>       | <u>5,158,548</u>  | <u>-</u>            | <u>-</u>             |
| Total activities | \$ <u>26,943,049</u> | <u>26,943,049</u> | <u>10,797,600</u>   | <u>10,797,600</u>    |

- The District typically transfers from the general fund to the special aid fund, as a required local match for Federal and State grants.
- All interfund payables are expected to be repaid within one year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.
- Cash has been restricted in the General Fund in the amount of \$10,069,950 for interfund payables to the Debt Service Fund.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(11) Fund Balance

The following is the disaggregation of the fund balance that is reported in summary on the governmental fund's balance sheet:

|  | General<br><u>Fund</u> | School<br>Lunch<br><u>Fund</u> | Debt<br><u>Service</u> | <u>Total</u>      |
|--|------------------------|--------------------------------|------------------------|-------------------|
| Nonspendable - school<br>lunch inventory | \$ _____ -             | <u>10,571</u>                  | _____ -                | <u>10,571</u>     |
| Restricted:                              |                        |                                |                        |                   |
| Employee benefit accrued liability       | 8,113,143              | -                              | -                      | 8,113,143         |
| Workers compensation                     | 3,503,569              | -                              | -                      | 3,503,569         |
| Insurance                                | 2,636,223              | -                              | -                      | 2,636,223         |
| Unemployment                             | 668,627                | -                              | -                      | 668,627           |
| Retirement contribution                  | 10,216,732             | -                              | -                      | 10,216,732        |
| Repairs                                  | 5,000,000              | -                              | -                      | 5,000,000         |
| Capital improvements                     | 5,000,000              | -                              | -                      | 5,000,000         |
| Debt service                             | _____ -                | _____ -                        | <u>10,069,950</u>      | <u>10,069,950</u> |
| Total restricted                         | <u>35,138,294</u>      | _____ -                        | <u>10,069,950</u>      | <u>45,208,244</u> |
| Assigned:                                |                        |                                |                        |                   |
| School lunch                             | -                      | 561,660                        | -                      | 561,660           |
| General fund:                            |                        |                                |                        |                   |
| General support                          | 380,327                | -                              | -                      | 380,327           |
| Instruction                              | 1,056,534              | -                              | -                      | 1,056,534         |
| Pupil transportation                     | 1,000                  | -                              | -                      | 1,000             |
| Appropriated fund balance                | <u>10,710,662</u>      | _____ -                        | _____ -                | <u>10,710,662</u> |
| Total assigned                           | 12,148,523             | 561,660                        | -                      | 12,710,183        |
| Unassigned                               | <u>9,151,513</u>       | _____ -                        | _____ -                | <u>9,151,513</u>  |
| Total fund balance                       | \$ <u>56,438,330</u>   | <u>572,231</u>                 | <u>10,069,950</u>      | <u>67,080,511</u> |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(11) Fund Balance, Continued

The following is a summary of the change in reserve funds during the year ended June 30, 2016:

|                                    | Balance at<br><u>7/1/15</u> | <u>Additions</u> | <u>Deletions</u>           | Balance at<br><u>7/1/16</u> |
|------------------------------------|-----------------------------|------------------|----------------------------|-----------------------------|
| <b>General Fund:</b>               |                             |                  |                            |                             |
| Employee benefit accrued liability | \$ 7,579,851                | 533,292          |                            | 8,113,143                   |
| Workers compensation               | 3,491,001                   | 12,568           |                            | 3,503,569                   |
| Insurance                          | 2,626,767                   | 9,456            |                            | 2,636,223                   |
| Unemployment                       | 666,228                     | 2,399            |                            | 668,627                     |
| Retirement contribution            | 10,000,000                  | 216,732          |                            | 10,216,732                  |
| Repairs                            | 4,556,121                   | 443,879          |                            | 5,000,000                   |
| Capital improvements               | <u>                  -</u>  | <u>5,000,000</u> | <u>                  -</u> | <u>5,000,000</u>            |
| Total general fund                 | \$ <u>28,919,968</u>        | <u>6,218,326</u> | <u>                  -</u> | <u>35,138,294</u>           |

(12) Commitments and Contingencies

(a) 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 District expects such amounts, if any, to be immaterial.

(b) Litigation

The 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, the District feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the District.

(13) Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available for issuance, and have determined that there are no subsequent events that require disclosure under generally accepted accounting principles except as follows:

On July 27, 2016, the District issued a refunding serial bond in the amount of \$6,600,000. This bond carries an interest rate of 5% with payments through December 15, 2023. Proceeds of this bond, along with \$10,000,000 of unexpended surplus funds, were used to advance refund \$15,595,000 of the 2010 issue serial bonds.

REQUIRED SUPPLEMENTARY INFORMATION

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year ended June 30, 2016

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual<br/>(Budgetary<br/>Basis)</u> | <u>Final Budget<br/>Variance with<br/>Budgetary<br/>Actual</u> |
|---|----------------------------|-------------------------|---|--|
| Revenue:  |                            |                         |   |  |
| Local sources:  |                            |                         |   |  |
| Real property taxes                                     | \$ 95,717,132              | 80,914,886              | 85,915,071                              | 5,000,185  |
| STAR and other real property<br>tax items               | 5,500                      | 14,037,746              | 14,033,716                              | (4,030)  |
| Charges for services                                    | 205,000                    | 205,000                 | 317,923                                 | 112,923  |
| Use of money and property                               | 348,000                    | 348,000                 | 329,382                                 | (18,618)   |
| Sale of property and<br>compensation for loss           | 50,000                     | 57,500                  | 580,942                                 | 523,442  |
| Miscellaneous   | 990,000                    | 1,014,214               | 1,367,599                               | 353,385  |
| State aid   | 110,492,892                | 110,492,892             | 112,653,016                             | 2,160,124  |
| Federal aid   | -                          | -                       | 439,170                                 | 439,170  |
| Other financing sources - transfers<br>from other funds | -                          | -                       | 344,100                                 | 344,100  |
| Total revenue and other sources                         | <u>207,808,524</u>         | <u>207,070,238</u>      | <u>215,980,919</u>                      | <u>8,910,681</u>   |
| Appropriated fund balance                               | 15,179,908                 | 15,949,908              |   |  |
| Prior year encumbrances                                 | <u>1,719,153</u>           | <u>1,719,153</u>        |   |  |
| Total revenue and appropriated<br>fund balance          | <u>\$ 224,707,585</u>      | <u>224,739,299</u>      |   |  |

(Continued)

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures and Changes in Fund Balance -  
 Budget and Actual - General Fund, Continued

|  | Original<br><u>Budget</u> | Final<br><u>Budget</u> | Actual<br>(Budgetary<br>Basis) | Year-End<br><u>Encumbrances</u> | Final Budget<br>Variance with<br>Budgetary<br>Actual and<br><u>Encumbrances</u> |
|--|---------------------------|------------------------|--------------------------------|---------------------------------|---|
| Expenditures:                                      |                           |                        |                                |                                 |   |
| General support:                                   |                           |                        |                                |                                 |   |
| Board of education                                 | \$ 75,975                 | 71,975                 | 56,295                         | 5,607                           | 10,073  |
| Central administration                             | 1,022,820                 | 980,803                | 1,006,617                      | 3,000                           | (28,814)  |
| Finance  | 1,255,150                 | 1,233,659              | 1,133,228                      | 46,500                          | 53,931  |
| Staff  | 1,879,212                 | 1,808,106              | 1,406,247                      | 1,000                           | 400,859   |
| Central services                                   | 18,613,259                | 16,954,200             | 15,280,509                     | 322,412                         | 1,351,279   |
| Special items                                      | 2,877,750                 | 2,847,750              | 2,181,899                      | 1,808                           | 664,043   |
| Instructional:                                     |                           |                        |                                |                                 |   |
| Instruction, administration                        | 5,780,129                 | 5,668,145              | 5,844,492                      | 9,800                           | (186,147)   |
| Teaching - regular school                          | 60,005,293                | 55,989,426             | 54,896,139                     | 197,354                         | 895,933   |
| Programs for children with<br>special needs        | 43,075,007                | 41,484,873             | 38,173,730                     | 791,896                         | 2,519,247   |
| Teaching - special schools                         | 160,931                   | 146,931                | 146,027                        | -                               | 904   |
| Instructional media                                | 2,261,789                 | 2,171,941              | 2,112,797                      | 31,000                          | 28,144  |
| Pupil services                                     | 7,955,503                 | 7,626,247              | 7,506,253                      | 26,484                          | 93,510  |
| Pupil transportation                               | 15,702,076                | 13,814,457             | 13,036,830                     | 1,000                           | 776,627   |
| Community services                                 | 21,075                    | 16,075                 | 1,234                          | -                               | 14,841  |
| Employee benefits                                  | 53,554,116                | 53,479,211             | 46,775,987                     | -                               | 6,703,224   |
| Debt service:                                      |                           |                        |                                |                                 |   |
| Debt service - principal                           | 6,910,000                 | 6,910,000              | 6,710,000                      | -                               | 200,000   |
| Debt service - interest                            | 3,275,000                 | 3,275,000              | 3,090,125                      | -                               | 184,875   |
| Total expenditures                                 | <u>224,425,085</u>        | <u>214,478,799</u>     | <u>199,358,409</u>             | <u>1,437,861</u>                | <u>13,682,529</u>   |
| Other financing uses - transfers<br>to other funds | <u>282,500</u>            | <u>10,260,500</u>      | <u>10,453,500</u>              | <u>-</u>                        | <u>(193,000)</u>  |
| Total expenditures and other uses                  | <u>\$ 224,707,585</u>     | <u>224,739,299</u>     | <u>209,811,909</u>             | <u>1,437,861</u>                | <u>13,489,529</u>   |
| Net change in fund balances                        |                           |                        | 6,169,010                      |                                 |   |
| Fund balance at beginning of year                  |                           |                        | <u>50,269,320</u>              |                                 |   |
| Fund balance at end of year                        |                           |                        | <u>\$ 56,438,330</u>           |                                 |   |



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Funding Progress - Other Postemployment Benefits (OPEB)  
 June 30, 2016

| Actuarial<br>Valuation<br>Date | Value of<br>Assets | Accrued<br>Liability | Unfunded<br>Liability | Funded<br>Ratio | Covered<br>Payroll | Unfunded<br>Liability as a<br>Percentage<br>of Covered<br>Payroll |
|--------------------------------|--------------------|----------------------|-----------------------|-----------------|--------------------|---|
| July 1, 2013                   | \$ -               | 130,794,091          | 130,794,091           | N/A             | 90,023,467         | 145.3%  |
| July 1, 2014                   | -                  | 138,552,092          | 138,552,092           | N/A             | 91,558,354         | 151.3%  |
| July 1, 2015                   | -                  | 103,761,473          | 103,761,473           | N/A             | 78,186,642         | 132.7%  |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Position Asset/Liability  
 For the year ended June 30, 2016

| <u>TRS System - Asset</u>  | <u>2016</u>   | <u>2015</u>   |
|--|---------------|---------------|
| The District's proportion of the net pension asset   | 0.511340%     | 0.506856%     |
| The District's proportionate share of the net pension asset  | \$ 53,111,952 | \$ 56,460,619 |
| The District's covered employee payroll  | \$ 84,013,258 | \$ 72,852,139 |
| The District's proportionate share of the net pension<br>asset as a percentage of covered employee payroll     | 63.22%        | 77.50%        |
| Plan fiduciary net position as a percentage of the total pension asset   | 110.46%       | 111.48%       |
|  |               |               |
| <u>ERS System - Liability</u>  | <u>2016</u>   | <u>2015</u>   |
| The District's proportion of the net pension liability   | 0.0045014%    | 0.0464036%    |
| The District's proportionate share of the net pension liability  | \$ 7,224,935  | \$ 1,567,627  |
| The District's covered employee payroll  | \$ 11,940,136 | \$ 12,640,641 |
| The District's proportionate share of the net pension<br>liability as a percentage of covered employee payroll | 60.51%        | 12.40%        |
| Plan fiduciary net position as a percentage of the total pension liability                                     | 90.7%         | 97.9%         |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Employer's Pension Contributions  
 For the year ended June 30, 2016

| <u>TRS System</u>  | <u>2016</u>       | <u>2015</u>       | <u>2014</u>       | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      | <u>2010</u>      | <u>2009</u>      | <u>2008</u>      | <u>2007</u>      |
|--|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution                                    | \$ 11,140,158     | 12,770,980        | 11,701,201        | 8,617,722        | 7,825,384        | 6,723,708        | 4,685,260        | 5,566,356        | 6,126,286        | 5,616,388        |
| Contribution in relation to the<br>contractually required contribution | <u>11,140,158</u> | <u>12,770,980</u> | <u>11,701,201</u> | <u>8,617,722</u> | <u>7,825,384</u> | <u>6,723,708</u> | <u>4,685,260</u> | <u>5,566,356</u> | <u>6,126,286</u> | <u>5,616,388</u> |
| Contribution deficiency (excess)                                       | \$ <u>-</u>       | <u>-</u>          | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         |
| Contribution as a percentage of<br>covered employee payroll            | 13.26%            | 17.53%            | 16.25%            | 11.84%           | 11.11%           | 8.62%            | 6.19%            | 7.63%            | 8.73%            | 8.60%            |
| <br><u>ERS System</u>  | <br><u>2016</u>   | <br><u>2015</u>   | <br><u>2014</u>   | <br><u>2013</u>  | <br><u>2012</u>  | <br><u>2011</u>  | <br><u>2010</u>  | <br><u>2009</u>  | <br><u>2008</u>  | <br><u>2007</u>  |
| Contractually required contribution                                    | \$ 1,958,435      | 2,487,283         | 2,181,534         | 2,127,550        | 1,743,112        | 1,231,525        | 888,880          | 880,369          | 955,872          | 1,051,821        |
| Contribution in relation to the<br>contractually required contribution | <u>1,958,435</u>  | <u>2,487,283</u>  | <u>2,181,534</u>  | <u>2,127,550</u> | <u>1,743,112</u> | <u>1,231,525</u> | <u>888,880</u>   | <u>880,369</u>   | <u>955,872</u>   | <u>1,051,821</u> |
| Contribution deficiency (excess)                                       | \$ <u>-</u>       | <u>-</u>          | <u>-</u>          | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         |
| Contribution as a percentage of<br>covered employee payroll            | 16.40%            | 19.68%            | 18.30%            | 17.95%           | 17.64%           | 12.21%           | 8.47%            | 6.47%            | 8.03%            | 9.54%            |

OTHER SUPPLEMENTARY INFORMATION

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Supplementary Information  
 Schedule of Change from Adopted Budget to Final Budget and  
 the Real Property Tax Limit  
 For the year ended June 30, 2016

## Change from adopted budget to final budget:

|                               |                              |
|-------------------------------|------------------------------|
| Adopted budget                | \$ 222,988,432               |
| Add prior year's encumbrances | <u>1,719,153</u>             |
| Original budget               | 224,707,585                  |
| Additional revenues           | <u>31,714</u>                |
| Final budget                  | <u><u>\$ 224,739,299</u></u> |

Section 1318 of Real Property Tax Law Limit Calculation

|   |                         |
|---|-------------------------|
| 2016-2017 voter approved expenditure budget | <u>\$ 228,787,837</u>   |
| Maximum allowed 4% of 2016 budget           | <u><u>9,151,513</u></u> |

General fund fund balance subject to Section 1318 of  
Real Property Tax Law\*:

## Unrestricted fund balance:

|                         |                  |
|-------------------------|------------------|
| Assigned fund balance   | \$ 10,710,662    |
| Encumbrances            | 1,437,861        |
| Unassigned fund balance | <u>9,151,513</u> |

|                                 |            |
|---------------------------------|------------|
| Total unrestricted fund balance | 21,300,036 |
|---------------------------------|------------|

## Less:

|                           |                  |
|---------------------------|------------------|
| Appropriated fund balance | 10,710,662       |
| Encumbrances              | <u>1,437,861</u> |

|                   |                   |
|-------------------|-------------------|
| Total adjustments | <u>12,148,523</u> |
|-------------------|-------------------|

|   |                            |
|---|----------------------------|
| General fund fund balance subject to Section 1318<br>of Real Property Tax Law | <u><u>\$ 9,151,513</u></u> |
|---|----------------------------|

|                   |       |
|-------------------|-------|
| Actual percentage | 4.00% |
|-------------------|-------|

- \* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Supplementary Information  
 Schedule of Project Expenditures - Capital Projects Fund  
 Year ended June 30, 2016

| Project title  | Expenditures and Obligations to Date |                          |                   |                 |                   | Methods of Financing  |                            |                  |                   |                   | Fund Balance<br>6/30/2016 |
|----------------|--------------------------------------|--------------------------|-------------------|-----------------|-------------------|-----------------------|----------------------------|------------------|-------------------|-------------------|---------------------------|
|                | Original<br>Appropriation            | Revised<br>Appropriation | Prior<br>Years    | Current<br>Year | Total             | Unexpended<br>Balance | Proceeds of<br>Obligations | State Aid        | Local<br>Sources  | Total             |                           |
| Excel Projects | <u>\$ 56,905.000</u>                 | <u>56,905.000</u>        | <u>47,770.028</u> | <u>-</u>        | <u>47,770.028</u> | <u>9,134.972</u>      | <u>30,000.000</u>          | <u>5,531.444</u> | <u>12,238.584</u> | <u>47,770.028</u> | <u>-</u>                  |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Supplementary Information  
Net Investment in Capital Assets  
June 30, 2016

|  |                     |                       |
|--|---------------------|-----------------------|
| Capital assets, net                    |                     | \$ 217,826,905        |
| Add:                                   |                     |                       |
| Deferred charges on refunding of debt  |                     | 687,499               |
| Deduct:                                |                     |                       |
| Deferred premiums on refunding of debt | \$ (541,874)        |                       |
| Serial bonds payable                   | <u>(66,050,000)</u> | <u>(66,591,874)</u>   |
| Net investment in capital assets       |                     | <u>\$ 151,922,530</u> |

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Federal Grant Compliance Audit  
June 30, 2016



INDEPENDENT AUDITORS' 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

The Board of Education  
William Floyd Union Free School District:

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the fiduciary funds of William Floyd Union Free School District (the District), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 12, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education  
William Floyd Union Free School District:

Report on Compliance for Each Major Federal Program

We have audited William Floyd Union Free School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

### Opinion on Each Major Federal Program

In our opinion, William Floyd Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

### Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 12, 2016

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2016

| <u>Federal Grantor/Pass-through Grantor Program Title</u>                               | <u>CFDA<br/>Number</u> | <u>Agency or<br/>pass-through<br/>number</u> | <u>Expenditures</u> | <u>Expenditures<br/>to<br/>Subrecipients</u> |
|---|------------------------|--|---------------------|--|
| <u>U.S. Department of Agriculture</u>   |                        |  |                     |  |
| Passed-through New York State Education Department:                                     |                        |  |                     |  |
| Child Nutrition Cluster:  |                        |  |                     |  |
| School Breakfast Program  | 10.553                 | N/A  | \$ 582,225          | -  |
| National School Lunch Program   | 10.555                 | N/A  | 1,941,493           | -  |
| Summer Food Service Program for Children  | 10.559                 | N/A  | <u>32,277</u>       | <u>-</u>                                     |
| Total Child Nutrition Cluster   |                        |  | 2,555,995           | -  |
| Commodity Supplemental Food Program   | 10.555                 | N/A  | <u>97,683</u>       | <u>-</u>                                     |
| Total U.S. Department of Agriculture  |                        |  | <u>2,653,678</u>    | <u>-</u>                                     |
| <u>U.S. Department of Education</u>   |                        |  |                     |  |
| Passed-through New York State Education Department:                                     |                        |  |                     |  |
| Special Education Cluster:  |                        |  |                     |  |
| Special Education - Grants to States  | 84.027                 | 0032-15-0894                                 | 29,438              | -  |
| Special Education - Grants to States  | 84.027                 | 0032-16-0984                                 | 2,176,237           | -  |
| Special Education - Preschool Grants  | 84.173                 | 0033-15-0894                                 | 563                 | -  |
| Special Education - Preschool Grants  | 84.173                 | 0033-16-0984                                 | <u>144,230</u>      | <u>-</u>                                     |
| Total Special Education Cluster   |                        |  | 2,350,468           | -  |
| Title I Grants to Local Educational Agencies  | 84.010                 | 0021-15-3025                                 | 11,791              | -  |
| Title I Grants to Local Educational Agencies  | 84.010                 | 0021-16-3025                                 | 1,580,946           | -  |
| Title I Grants to Local Educational Agencies  | 84.010                 | 0011-16-2748                                 | 7,174               | -  |
| English Language Acquisition State Grants   | 84.365                 | 0293-15-3025                                 | 5,597               | -  |
| English Language Acquisition State Grants   | 84.365                 | 0293-16-3025                                 | 71,529              | -  |
| Improving Teacher Quality State Grants  | 84.367                 | 0147-16-3025                                 | 466,225             | -  |
| State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act | 84.395                 | 5500-15-3025                                 | <u>7,932</u>        | <u>-</u>                                     |
| Total U.S. Department of Education  |                        |  | <u>4,501,662</u>    | <u>-</u>                                     |
| Total Expenditures of Federal Awards  |                        |  | <u>\$ 7,155,340</u> | <u>-</u>                                     |

See accompanying notes to schedule of expenditures of federal awards.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2016

(1) Summary of Significant Accounting Policies

(a) Organization

The accompanying schedule of expenditures of federal awards represents all federal awards administered by the District. The District's organization is defined in note 1 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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, 2016, the District had no food commodities in inventory.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2016

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

|   |                                |
|---|--------------------------------|
| Type of auditors' report issued:  | Unmodified                     |
| Internal control over financial reporting:  |                                |
| 1. Material weakness(es) identified?  | ___ Yes <u>x</u> No            |
| 2. Significant deficiency(ies) identified not considered to be material weakness(es)? | ___ Yes <u>x</u> None reported |
| 3. Noncompliance material to financial statements noted?                              | ___ Yes <u>x</u> No            |

Federal Awards:

|  |                                |
|--|--------------------------------|
| Internal control over major programs:  |                                |
| 4. Material weakness(es) identified?   | ___ Yes <u>x</u> No            |
| 5. Significant deficiency(ies) identified not considered to be material weakness(es)?  | ___ Yes <u>x</u> None reported |
| Type of auditors' report issued on compliance for major programs:  | Unmodified                     |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? | ___ Yes <u>x</u> No            |

7. The District's major programs audited were:

| <u>Name of Federal Programs</u>   | <u>CFDA Number</u>  |
|---|---------------------|
| Special Education Cluster:  |                     |
| Special Education - Grants to States  | 84.027              |
| Special Education - Preschool Grants  | 84.173              |
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | \$750,000           |
| 9. Auditee qualified as low-risk auditee?                                   | <u>x</u> Yes ___ No |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Status of Prior Audit Findings  
Year ended June 30, 2016

There were no audit findings in the prior year financial statements (June 30, 2015).



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Extraclassroom Activity Funds  
Financial Statement with  
Independent Auditors' Report

June 30, 2016

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Extraclassroom Activity Funds

Table of Contents

|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report  | 1 - 2       |
| Statement of Assets, Liabilities and Fund Equity - Cash Basis               | 3           |
| Statement of Revenues, Expenditures and Changes in Fund Equity - Cash Basis | 4           |
| Notes to Financial Statements   | 5           |
| Supplemental Schedule of Cash Receipts and Disbursements - Cash Basis       | 6 - 7       |

\* \* \* \* \*

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
William Floyd Union Free School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Extraclassroom Activity Funds of William Floyd Union Free School District (the District) which comprise the statement of assets, liabilities and fund equity - cash basis as of June 30, 2016, and the related statement of revenues, expenditures, and changes in fund equity - cash basis for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in note 1(b), this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the assets, liabilities and fund equity - cash basis and the related revenues, expenditures and changes in fund equity - cash basis of the William Floyd Union Free School District's Extraclassroom Activity Funds for the year ended June 30, 2016, in accordance with the basis of accounting as described in note 1(b).

Basis of Accounting

We draw attention to note 1(b) of the financial statement, which describes the basis of accounting. This financial statements is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 6 and 7 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 opinion paragraphs, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 12, 2016

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Extraclassroom Activity Funds  
Statement of Assets, Liabilities and Fund Equity - Cash Basis  
June 30, 2016

| <u>Assets</u>                      |                                   |                   |
|------------------------------------|-----------------------------------|-------------------|
| Cash                               |                                   | <u>\$ 173,828</u> |
|                                    | Total assets                      | <u>\$ 173,828</u> |
|                                    |                                   |                   |
| <u>Liabilities and Fund Equity</u> |                                   |                   |
| Fund equity - assigned             |                                   | <u>\$ 173,828</u> |
|                                    | Total fund equity                 | <u>173,828</u>    |
|                                    | Total liabilities and fund equity | <u>\$ 173,828</u> |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Extraclassroom Activity Funds  
Statement of Revenues, Expenditures and Changes in Fund Equity - Cash Basis  
Year ended June 30, 2016

|   |                          |
|---|--------------------------|
| Revenues - charges for services, sale of property and miscellaneous | \$ 433,689               |
| Expenditures - instruction and club activities                      | <u>422,628</u>           |
| Excess expenditures over revenues                                   | 11,061                   |
| Fund equity at beginning of year                                    | <u>162,767</u>           |
| Fund equity at end of year  | <u><u>\$ 173,828</u></u> |

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Extraclassroom Activity Funds

Notes to Financial Statements

June 30, 2016

(1) 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.

(c) Fund Equity Assigned

Fund equity includes amounts that are constrained by the Extraclassroom Activity Fund of William Floyd Union Free School District's intent to be used for specific purposes of the respective activity, but are neither restricted nor committed.

(d) Cash and Cash Equivalents

The Fund'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 District's.

(2) Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2016, the School District's Extraclassroom total bank balances of \$173,828 were covered by FDIC.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Extraclassroom Activity Funds  
 Supplemental Schedule of Cash Receipts and Disbursements - Cash Basis  
 Year ended June 30, 2016

| <u>Extraclassroom Activity</u>     | <u>Cash</u><br><u>Balances at</u><br><u>July 1, 2015</u> | <u>Cash</u><br><u>Receipts</u> | <u>Cash</u><br><u>Disbursements</u> | <u>Cash</u><br><u>Balances at</u><br><u>June 30, 2016</u> |
|------------------------------------|--|--------------------------------|-------------------------------------|---|
| William Floyd High School:         |  |                                |                                     |   |
| Best Buddies                       | \$ 3,042   | -                              | (1,822)                             | 1,220   |
| Chamber Players                    | 1,227  | 29,346                         | (30,212)                            | 361   |
| Class of 2015                      | 3,805  | 500                            | (4,305)                             | -   |
| Class of 2016                      | 2,020  | 44,740                         | (41,507)                            | 5,253   |
| Class of 2017                      | 6,508  | 197                            | (2,310)                             | 4,395   |
| Class of 2018                      | 1,513  | -                              | (706)                               | 807   |
| Class of 2019                      | -  | 3,974                          | (395)                               | 3,579   |
| CTE                                | -  | 19,206                         | (3,810)                             | 15,396  |
| Foreign Language Honor Society     | 52   | -                              | -                                   | 52  |
| Future Business Leaders of America | 77   | 13,019                         | (12,371)                            | 725   |
| Interact Club                      | 166  | -                              | -                                   | 166   |
| Key Club                           | 1,204  | 13,861                         | (13,976)                            | 1,089   |
| Mock Trial                         | 150  | -                              | -                                   | 150   |
| Music Club                         | 1,000  | 6,243                          | (6,130)                             | 1,113   |
| National Art Honor Society         | 1,164  | 3,189                          | (4,004)                             | 349   |
| National Honor Society             | 1,126  | 6,849                          | (7,141)                             | 834   |
| Quiz Bowl/LI Challenge             | 11   | -                              | -                                   | 11  |
| Rockettes (Kickline)               | 201  | 3,995                          | (4,081)                             | 115   |
| Sales Tax Payable                  | 72   | 3,832                          | (3,760)                             | 144   |
| Select Choir                       | 5,957  | 7,999                          | (12,205)                            | 1,751   |
| Sports Club                        | 14,531   | 13,272                         | (15,748)                            | 12,055  |
| Stage Band/Jass Ensemble           | 140  | 51,712                         | (48,856)                            | 2,996   |
| Student Council                    | 10,856   | 25,009                         | (27,258)                            | 8,607   |
| Tri-M (Modern Music Masters)       | 6,634  | 3,351                          | (3,500)                             | 6,485   |
| Vocal Ensemble                     | 115  | 635                            | (448)                               | 302   |
| Yearbook                           | 11,173   | 32,540                         | (20,351)                            | 23,362  |
| Youth and Government               | 6,455  | 3,293                          | (8,079)                             | 1,669   |
| Total High School                  | <u>79,199</u>  | <u>286,762</u>                 | <u>(272,975)</u>                    | <u>92,986</u>   |

(Continued)

See accompanying notes to financial statements.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Extraclassroom Activity Funds  
 Supplemental Schedule of Cash Receipts and Disbursements - Cash Basis, Continued

| <u>Extraclassroom Activity</u>    | <u>Cash<br/>Balances at<br/>July 1, 2015</u> | <u>Receipts<br/>and<br/>Receipts</u> | <u>Disbursements<br/>and<br/>Disbursements</u> | <u>Cash<br/>Balances at<br/>June 30, 2016</u> |
|-----------------------------------|--|--------------------------------------|--|---|
| William Paca Middle School:       |  |                                      |  |   |
| Girl's Chorus                     | \$ 1,420                                     | 12,174                               | (13,376)                                       | 218   |
| Honor Society                     | 566  | 9,837                                | (9,273)  | 1,130   |
| Jazz Band                         | 13   | -                                    | -  | 13  |
| Robotics                          | 68   | -                                    | -  | 68  |
| Sales Tax Payable                 | 636  | 835                                  | (884)  | 587   |
| Student Council                   | 20,322                                       | 23,358                               | (16,933)                                       | 26,747  |
| Yearbook                          | 3,284  | -                                    | (51)   | 3,233   |
| Total William Paca Middle School  | <u>26,309</u>                                | <u>46,204</u>                        | <u>(40,517)</u>                                | <u>31,996</u>                                 |
| William Floyd Middle School:      |  |                                      |  |   |
| 6th Grade Field Trip              | 3,560  | 15,582                               | (14,218)                                       | 4,924   |
| Concert Band                      | 221  | 15,512                               | (13,082)                                       | 2,651   |
| Festival Orchestra                | -  | 7,631                                | (7,631)  | -   |
| Girl's Chorus                     | -  | 3,340                                | (3,340)  | -   |
| Garden Club                       | -  | 1,000                                | -  | 1,000   |
| Honor Society                     | 221  | 3,607                                | (2,600)  | 1,228   |
| Quarterly Sales Tax - District    | 1,394  | -                                    | -  | 1,394   |
| Sales Tax Payable                 | 481  | 660                                  | (971)  | 170   |
| Student Council                   | 12,166                                       | 37,836                               | (39,492)                                       | 10,510  |
| Student Council PBS               | 3,283  | 1,700                                | (2,771)  | 2,212   |
| Yearbook                          | 4,769  | 451                                  | (3,273)  | 1,947   |
| Total William Floyd Middle School | <u>26,095</u>                                | <u>87,319</u>                        | <u>(87,378)</u>                                | <u>26,036</u>                                 |
| William Floyd Elementary School   | <u>31,164</u>                                | <u>13,404</u>                        | <u>(21,758)</u>                                | <u>22,810</u>                                 |
| Grand Total                       | <u>\$ 162,767</u>                            | <u>433,689</u>                       | <u>(422,628)</u>                               | <u>173,828</u>                                |

See accompanying notes to financial statements.