

# D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

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

## Communication of Findings and Other Matters (SAS 112)

Board of Education

William Floyd Union Free School District

In planning and performing our audit of the financial statements of William Floyd Union Free School District as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the William Floyd Union Free School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the governmental unit's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

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

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

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

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

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

*D'Arcangelo & Co., LLP*

October 5, 2009

Rome, New York

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

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

**Required Communication with Those Charged with Governance (SAS 114)**

To the Board of Education  
William Floyd Union Free School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of William Floyd Union Free School District for the year ended June 30, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, 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 January 19, 2009. Professional standards also require that we communicate to you the following information related to our audit.

**Qualitative Aspects of Accounting Practices**

*Significant Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by William Floyd Union Free School District are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year of which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

*Significant Accounting Estimates*

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

Sensitive estimates effecting the financial statements are the estimates involving depreciation lives and methods and postemployment healthcare liability accrual accounts. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable to relation to the financial statements taken as a whole.

**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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 dated October 5, 2009.

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 governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

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.

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

*D'Arcangelo & Co., LLP*

October 5, 2009

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
TABLE OF CONTENTS**

---

	<u>Page</u>
<b>AUDITOR'S REPORTS</b>	
Independent Auditor's Report	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3-12
<b>BASIC FINANCIAL STATEMENTS</b>	
District-Wide Financial Statements	
• Statement of Net Assets	13
• Statement of Activities	14
Fund Financial Statements	
• Balance Sheet – Governmental Funds	15
• Reconciliation of Total Governmental Funds – Balance Sheet to Statement of Net Assets	16
• Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Funds	17
• Reconciliation of the Statement of Revenues and Expenditures of the Governmental Funds to the Statement of Activities	18
Fiduciary Fund Financial Statements	
• Statement of Fiduciary Net Assets	19
• Statement of Changes in Fiduciary Net Assets	20
Notes to Basic Financial Statements	21-34
<b>SUPPLEMENTARY INFORMATION</b>	
Schedules of Change from Original Budget to Revised Budget and Use of Unreserved Fund Balance – General Fund	35
Schedule of Project Expenditures – Capital Projects Fund	36
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	37
Schedule of Certain Revenues and Expenditures Compared to ST-3 Data	38
Investment in Capital Assets, Net of Related Debt	39
Schedule of Funding Progress of the Other Postemployment Benefits	40
<b>SINGLE AUDIT REPORTS AND SCHEDULES</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Governmental Auditing Standards	41-42
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	43-44
Schedule of Expenditures of Federal Awards	45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs – Federal Compliance Requirements	47
Status of Prior Year's Findings and Questioned Costs – Federal Compliance Requirements	48

(Continued)



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
TABLE OF CONTENTS**

(Continued)

---

	<u>Page</u>
<b>EXTRACLASSROOM ACTIVITY FUND</b>	
Independent Auditor's Report	49
Statement of Assets, Liabilities, and Fund Equity – Cash Basis	50
Statement of Revenues, Expenditures, and Changes in Fund Equity – Cash Basis	51
Supplemental Schedule of Cash Receipts and Disbursements – Cash Basis	52-53
Notes to Financial Statements	54

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

### **Independent Auditor's Report**

Board of Education

William Floyd Union Free School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the William Floyd Union Free School District, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of William Floyd Union Free School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the William Floyd Union Free School District, as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2009, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on Pages 3 through 12 and budgetary comparison information and supplementary information on Pages 35 through 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the New York State Education Department. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the William Floyd Union Free School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of William Floyd Union Free School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*D'Arcangelo & Co., LLP*

October 5, 2009

Rome, New York

**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

---

The William Floyd Union Free School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2009 and 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

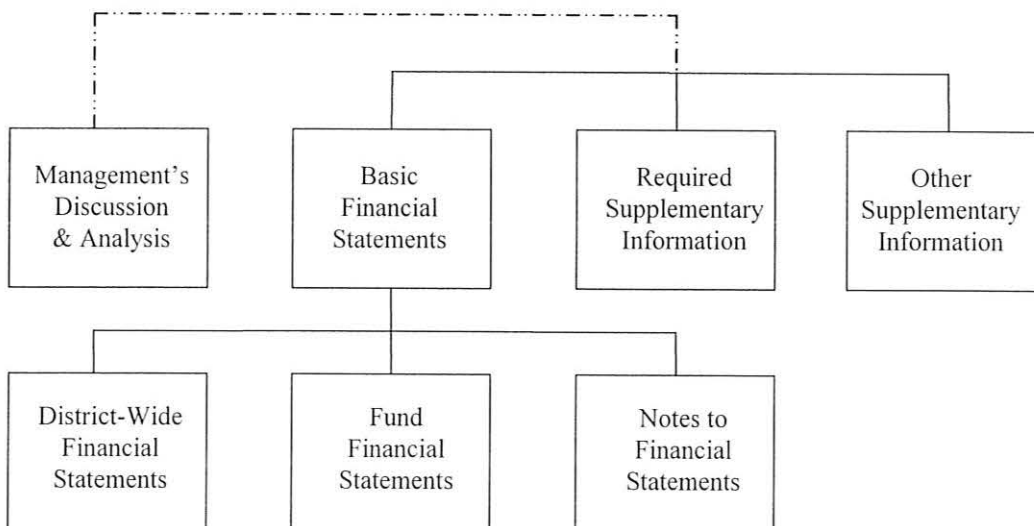
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2009, are as follows:

- The District's total net assets, as reflected in the District-wide financial statements, increased by \$5,316,948.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$196,018,501. Of this amount, \$1,595,001 was offset by program charges for services. General revenues of \$189,685,600 amount to 94.2% of total revenues. These revenues covered the balance of program expenses.
- The District received \$10,054,848 in operating grants to support instructional and food service programs.
- State and federal revenue increased by 6.1% to \$112,939,996 in 2009 from \$106,426,317 in 2008.
- The general fund's total fund balance, as reflected in the fund financial statements on pages 15 and 17, increased by \$6,267,140 to \$30,991,631. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting of \$6,112,582 and a prior period adjustment of \$154,558.
- The District was able to retain as an undesignated, unreserved fund balance of 4% of the 2009-2010 budget, the limit allowable under real property tax law.

**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 the financial statements. A graphic display of the relationship of these statements follows:



**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

---

**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 Assets 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 Assets

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets 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 assets during the fiscal year. All changes in net assets 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. Fund Financial Statements**

The fund 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 revenues in the period that they become 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 fund 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 fund statements provide a detailed short-term view of the District's operations and the services it provides.

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 fund Balance Sheet and the governmental fund 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 four individual governmental funds, general fund, school lunch fund, special aid fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2009

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 Assets. The fiduciary activities have been excluded from the District's District-wide financial statements because the District can not use these assets to finance its operations.

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

**A. Net Assets**

The District's total net assets increased between fiscal year 2008 and 2009. A summary of the District's Statement of Net Assets for June 30, 2009 and 2008, is as follows:

	<u>2009</u>	<u>Restated 2008</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 50,240,718	\$ 46,672,073	\$ 3,568,645	7.6%
Capital Assets, (Net of Depreciation)	<u>221,748,526</u>	<u>224,466,567</u>	<u>(2,718,041)</u>	(1.2%)
Total Assets	<u>\$ 271,989,244</u>	<u>\$ 271,138,640</u>	<u>\$ 850,604</u>	0.3%
Non-Current Liabilities	\$ 125,901,141	\$ 132,129,852	\$ (6,228,711)	(4.7%)
Other Liabilities	<u>17,537,391</u>	<u>15,775,024</u>	<u>1,762,367</u>	11.2%
Total Liabilities	<u>\$ 143,438,532</u>	<u>\$ 147,904,876</u>	<u>\$ (4,466,344)</u>	(3.0%)
Net Assets				
Invested in Capital Assets (Net of Related Debt)	\$ 113,874,953	\$ 102,924,742	\$ 10,950,211	10.6%
Unrestricted	<u>14,675,759</u>	<u>20,309,022</u>	<u>(5,633,263)</u>	(27.7%)
Total Net Assets	<u>\$ 128,550,712</u>	<u>\$ 123,233,764</u>	<u>\$ 5,316,948</u>	4.3%

Current and other assets increased by \$3,568,645, as compared to the prior year. The increase is primarily due to an increase in the District's cash balances, as well as amounts due from other governments.

Capital assets decreased by \$2,718,041, as compared to the prior year. This decrease is primarily due to depreciation exceeding amounts expended for additions. Note 5 to the Financial Statements provides additional information.

Non-current liabilities decreased by \$6,228,711, as compared to the prior year. This decrease is primarily a result of the pay down of outstanding Serial Bonds in the amount of \$9,435,000, and the current year accrual of post employment benefits in the amount of \$3,129,900.

The net assets invested 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 assets at June 30, 2009 is \$14,675,759, which represents the amount by which the District's liabilities, excluding debt related to capital construction, exceeded the District's assets other than capital assets.

**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2009

**B. Changes in Net Assets**

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. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2009 and 2008 is as follows.

<b>Revenues</b>	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 1,595,001	\$ 1,422,328	\$ 172,673	12.1%
Operating Grants	10,054,848	10,705,162	(650,314)	(6.1%)
General Revenues				
Property Taxes and STAR	72,735,094	69,525,956	3,209,138	4.6%
State and Federal Sources	112,939,996	106,426,317	6,513,679	6.1%
Other	<u>4,010,510</u>	<u>4,915,341</u>	<u>(904,831)</u>	(18.4%)
Total Revenues	<u>201,335,449</u>	<u>192,995,104</u>	<u>8,340,345</u>	4.3%
<b>Expenses</b>				
General Support	\$ 31,545,164	\$ 28,470,967	\$ 3,074,197	10.8%
Instruction	142,707,394	140,358,775	2,348,619	1.7%
Pupil Transportation	12,030,869	12,339,183	(308,314)	(2.5%)
Community Service	2,066	3,494	(1,428)	(40.9%)
Debt Service-Unallocated Interest	6,683,564	7,871,543	(1,187,979)	(15.1%)
Food Service Program	<u>3,049,444</u>	<u>3,007,067</u>	<u>42,377</u>	1.4%
Total Expenses	<u>196,018,501</u>	<u>192,051,029</u>	<u>3,967,472</u>	2.1%
Total Change in Net Assets	<u>\$ 5,316,948</u>	<u>\$ 944,075</u>	<u>\$ 4,372,873</u>	

The District's revenues increased by 4.3% in 2009 or \$8,340,345. The major factors that contributed to the increase were:

- Property tax and STAR revenues increased by \$3,209,138.
- The District received additional state aid and federal aid of \$6,513,679.

The District's expenditures for the year increased by \$3,967,472 or 2.1%. This is mainly due to the current year accrual of postemployment benefits in accordance with GASB 45.

Debt service expenditures decreased by \$1,187,979. This is mainly due to lower interest rates on short-term debt.

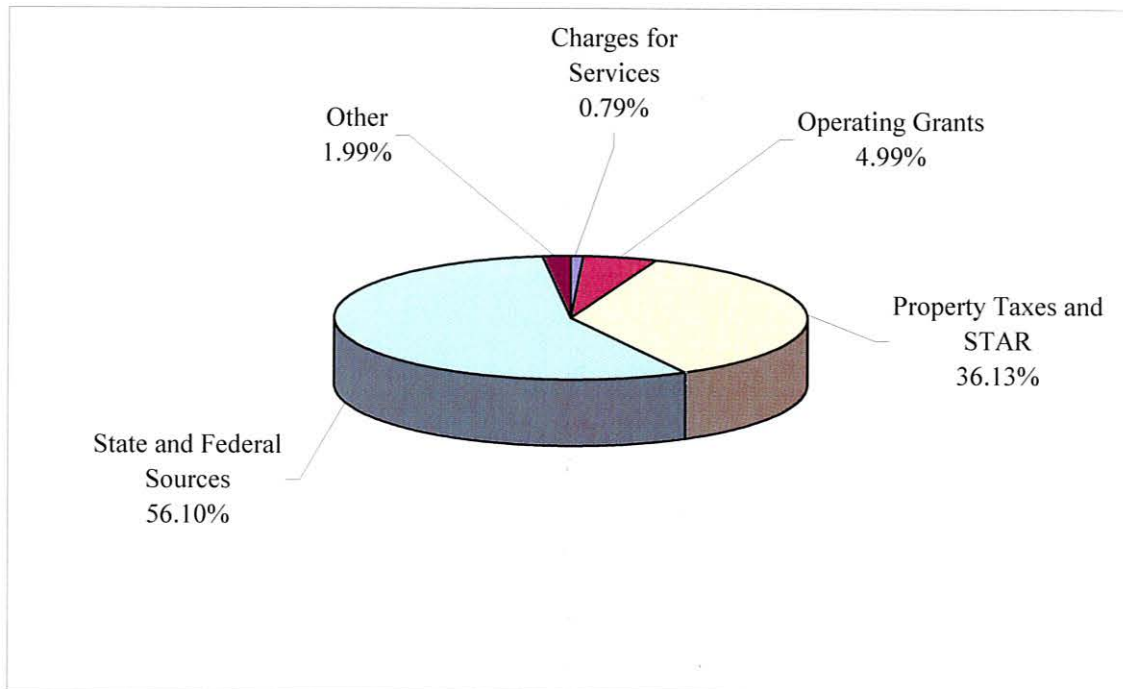


**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

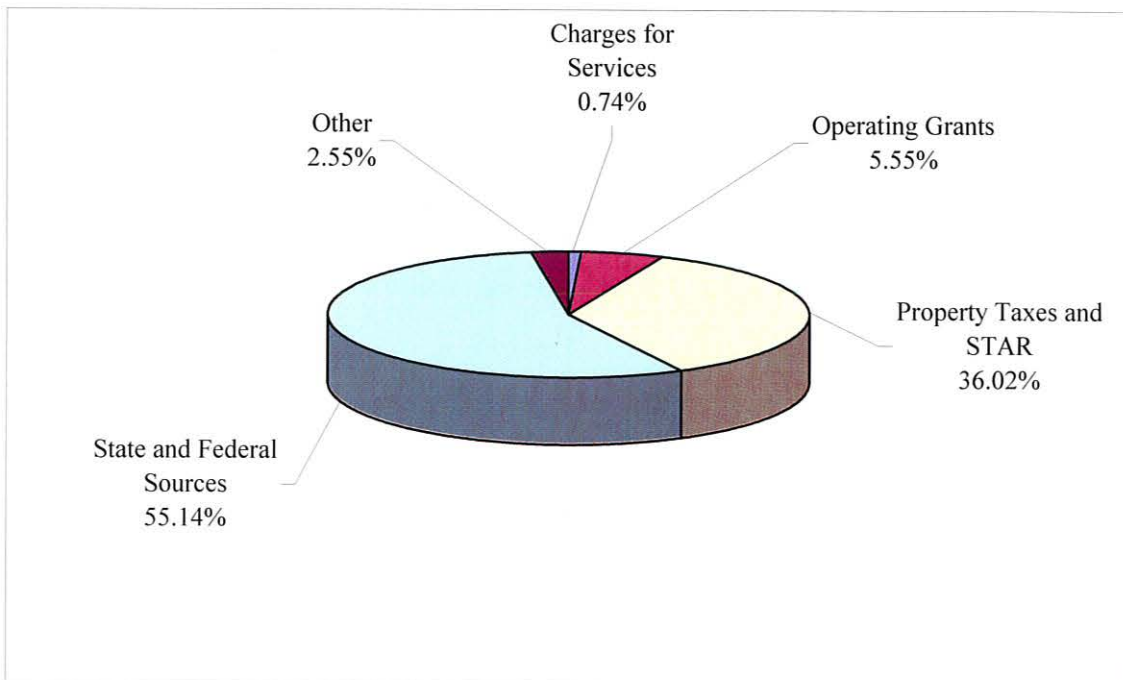
---

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

**For the Year Ended June 30, 2009**



**For the Year Ended June 30, 2008**

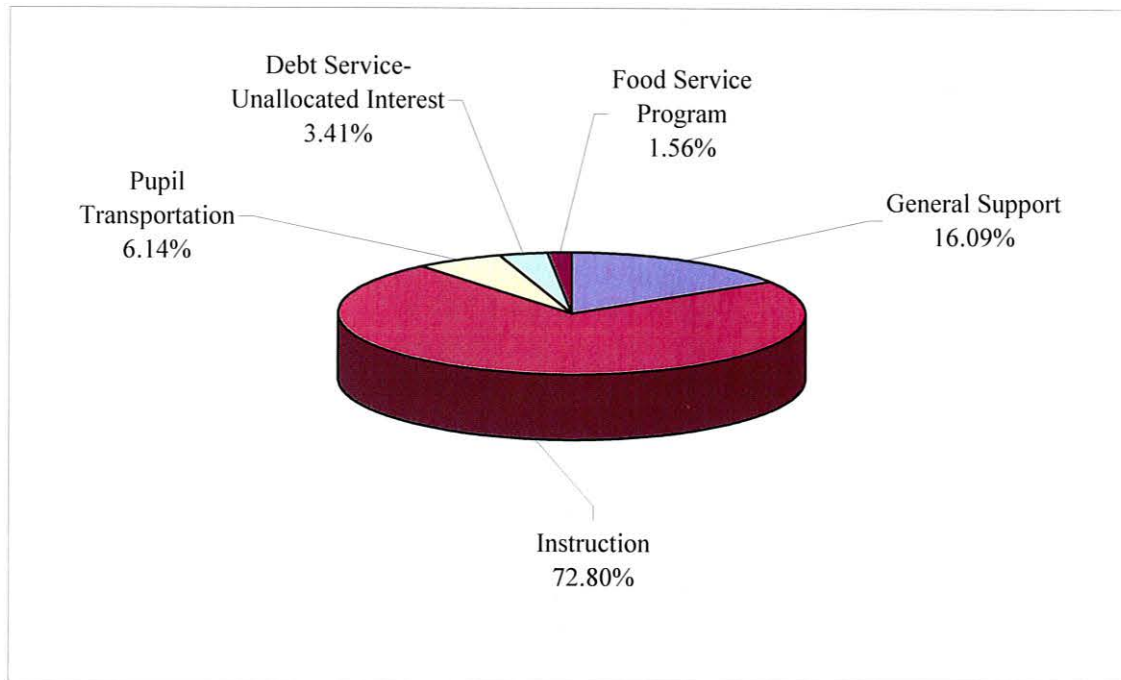


**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT  
MANAGEMENTS DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

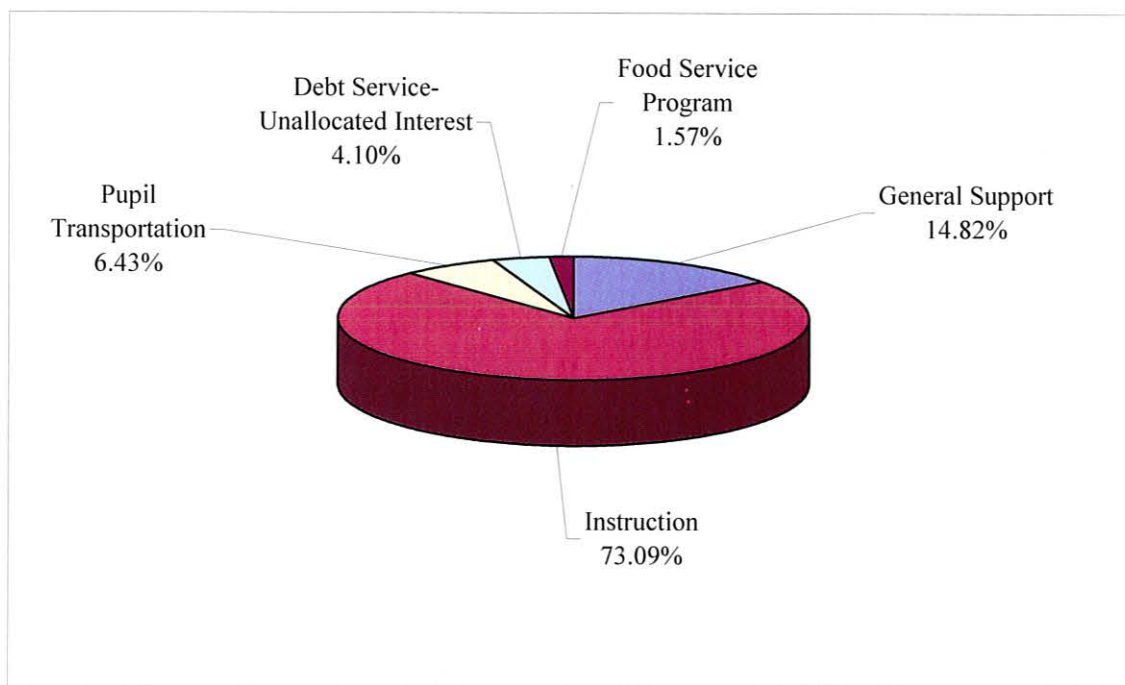
---

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

**For the Year Ended June 30, 2009**



**For the Year Ended June 30, 2008**



**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2009

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES**

At June 30, 2009, the District's governmental funds reported a combined fund balance of \$27,733,468, which is an increase of \$1,977,990 over the prior year. This increase is due to an excess of revenues over expenditures for the year. A summary of the change in fund balance by fund is as follows:

<b>General Fund</b>	<u>2009</u>	<u>Restated 2008</u>	<u>Increase (Decrease)</u>
Reserve for:			
Encumbrances	\$ 2,701,016	\$ 1,376,524	\$ 1,324,492
Workers' Compensation	2,880,200	2,114,482	765,718
Unemployment Insurance	115,000		115,000
Employee Benefit Accrued Liability	7,159,773	7,159,773	
Retirement Contribution	700,000		700,000
Insurance	100,000	100,000	
Unreserved - Designated for Subsequent Year's Expenditures	9,552,692	6,268,583	3,284,109
Unreserved - Undesignated	<u>7,782,950</u>	<u>7,705,128</u>	<u>77,822</u>
	<u>30,991,631</u>	<u>24,724,490</u>	<u>6,267,141</u>
 <b>School Lunch Fund</b>			
Reserve for Inventory	26,803	14,735	12,068
Unreserved - Undesignated	<u>1,075,628</u>	<u>1,067,206</u>	<u>8,422</u>
	<u>1,102,431</u>	<u>1,081,941</u>	<u>20,490</u>
 <b>Special Aid Fund</b>			
Reserve for Encumbrances	240,494	306,130	(65,636)
Unreserved - Undesignated	<u>(240,494)</u>	<u>(306,130)</u>	<u>65,636</u>
 <b>Capital Projects Fund</b>			
Reserve for Encumbrances		93,253	(93,253)
Unreserved - Undesignated (Deficit)	<u>(4,360,594)</u>	<u>(144,206)</u>	<u>(4,216,388)</u>
	<u>(4,360,594)</u>	<u>(50,953)</u>	<u>(4,309,641)</u>
 Total Fund Balance	<u>\$ 27,733,468</u>	<u>\$ 25,755,478</u>	<u>\$ 1,977,990</u>

Combined increases of \$1,580,718 to the general fund reserved fund balances (excluding encumbrances) during the year ended June 30, 2009 is a result of transfers to reserves approved by the Board of Education.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2008-2009 Budget**

The District's General fund adopted budget for the year ended June 30, 2009, was \$192,905,793. This is an increase of \$6,933,960 over the prior years adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$72,347,238 in estimated property taxes and STAR, and State Aid in the amount of \$109,622,972.

**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

---

**B. Change in General Fund's Unreserved – Undesignated 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, Unreserved – Undesignated Fund Balance	\$7,705,128
Prior-Period Adjustment	154,558
Revenues over Budget	3,173,007
Expenditures and Encumbrances under Budget	7,883,664
Net Increase to Reserved Funds	(1,580,718)
Appropriated for June 30, 2010 Budget	(9,552,692)
Adjustment for Rounding	<u>3</u>
Closing, Unreserved – Undesignated Fund Balance	<u>\$7,782,950</u>

Opening, Unreserved - Undesignated Fund Balance

The \$7,705,128 shown in the table is the portion of the District's June 30, 2008, fund balance that was retained undesignated. This was 4.0% of the District's 2008-2009 approved operating budget.

Revenues Over Budget

The 2008-2009 budget for revenues was \$186,681,174. The actual revenues received for the year were \$189,854,181. The actual revenue over estimated or budgeted revenue was \$3,173,007. This variance contributes directly to the change to the undesignated portion of the General fund balance from June 30, 2008 to June 30, 2009.

Expenditures and Encumbrances Under Budget

The 2008-2009 budget for expenditures was \$194,326,280. The actual expenditures and encumbrances were \$186,442,617. The final budget was under expended by \$7,883,664. This under expenditure contributes to the change to the undesignated portion of the general fund balance from June 30, 2008 to June 30, 2009.

Appropriated Fund Balance

The District has chosen to use \$9,552,692 of its available June 30, 2009, fund balance to partially fund its 2009-2010 approved operating budget.

Closing, Unreserved - Undesignated Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2009-2010 fiscal year with an undesignated fund balance of \$7,782,950. This is an increase of \$77,822 over the undesignated balance from the prior year as of June 30, 2008.

**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2009**

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2009, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net decrease in capital assets is due to depreciation expense exceeding capital expenditures for the year ended June 30, 2009. A summary of the District's capital assets, net of depreciation at June 30, 2009 and 2008, is as follows:

	2009	2008	(Decrease)
Land	\$ 35,132,218	\$ 35,132,218	\$
Construction in Process	4,362,834		4,362,834
Buildings	175,988,331	182,559,379	(6,571,048)
Improvements	3,963,935	4,021,092	(57,157)
Vehicles, Furniture, and Equipment	2,301,208	2,753,878	(452,670)
Capital Assets, Net	<u>\$ 221,748,526</u>	<u>\$ 224,466,567</u>	<u>\$ (2,718,041)</u>

**B. Debt Administration**

At June 30, 2009, the District had total bonds payable of \$113,380,000. A summary of the outstanding debt at June 30, 2009 and 2008, is as follows:

Issue Date	Interest Rate	2009	2008	Increase (Decrease)
12/15/2002	4.00%	\$ 28,980,000	\$ 31,015,000	\$ (2,035,000)
02/19/2003	3.50%	22,085,000	26,810,000	(4,725,000)
06/21/2006	4.20%-4.25%	13,865,000	14,500,000	(635,000)
03/22/2007	4.00%-5.00%	48,450,000	50,490,000	(2,040,000)
		<u>\$ 113,380,000</u>	<u>\$ 122,815,000</u>	<u>\$ (9,435,000)</u>

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

- The designated fund balance applied to the June 30, 2010 budget in the amount of \$9,552,692 is an increase of \$3,284,104 from the previous year.
- The voters of the school district approved the 2009-2010 budget in the amount of \$194,666,853 during May 2009. This represents the lowest estimated property tax rate increase and budget to budget increase in more than 30 years. This was accomplished with limited or no reductions of instructional programs, ensuring that quality education is the highest priority of the district.
- Capital Projects in the District are moving forward and the High School Project, the largest of three, is in the final stages of approval at the New York State Education Department. Construction is anticipated to commence at the end of 2009 or the beginning of 2010.
- The School District continues to upgrade policies and procedures relative to its Business and Human Resources Offices. The Business Office continues to upgrade its Internal Control Procedures Manual to ensure consistent, clear, and repeatable procedures are followed for every transaction.

**WILLIAM FLOYD UNION FRE SCHOOL DISTRICT**  
**MANAGEMENTS DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2009**

---

- Annual single audits of major programs have reaffirmed the district as a Low Risk Auditee based on compliance of operational policies and procedures from external and internal guidance documents.
- In response to auditor suggestions, extracurricular activity accounts/clubs were audited and those not operating in compliance with Commissioner Regulations were closed and their balances transferred in accordance with the policies of the Board of Education.
- Standard and Poors recently reaffirmed the School Districts rating of AA-in response to a TAN borrowing.

**8. CONTACTING THE DISTRICT**

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**June 30, 2009**

---

**Assets**

Cash and Cash Equivalents	\$ 23,152,122
Restricted Cash and Cash Equivalents	10,954,973
Receivables	
Other Governments	10,302,695
Due from Fiduciary Funds	5,678,718
Other Receivables	125,407
Inventory	26,803
Capital Assets (Net of Accumulated Depreciation)	<u>221,748,526</u>
Total Assets	<u>\$ 271,989,244</u>

**Liabilities**

Accounts Payable	\$ 2,848,233
Accrued Liabilities	6,207,700
Due To	
Other Governments	1,774,646
Teacher's Retirement System	6,486,720
Employees' Retirement System	220,092
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	9,165,000
Due in More Than One Year	
Bonds Payable	103,069,167
Other Postemployment Benefits	6,507,200
Compensated Absences	<u>7,159,774</u>
Total Liabilities	<u>143,438,532</u>

**Net Assets**

Investment in Capital Assets (Net of Related Debt)	113,874,953
Unrestricted	<u>14,675,759</u>
Total Net Assets	<u>128,550,712</u>

<b>Total Liabilities and Net Assets</b>	<u><u>\$ 271,989,244</u></u>
---	------------------------------

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



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
General Support	\$ 31,545,164	\$	\$	\$ (31,545,164)
Instruction	142,707,394	367,877	8,397,639	(133,941,878)
Pupil Transportation	12,030,869			(12,030,869)
Community Service	2,066			(2,066)
Debt Service - Unallocated Interest	6,683,564			(6,683,564)
Food Service	3,049,444	1,227,124	1,689,924	(132,396)
Total Functions/Programs	<u>\$ 196,018,501</u>	<u>\$ 1,595,001</u>	<u>\$ 10,087,563</u>	<u>(184,335,937)</u>
<b>General Revenues</b>				
Real Property Taxes				60,270,753
STAR and Other Real Property Tax Items				12,464,341
Use of Money and Property				2,441,198
Sales of Property and Compensation for Loss				198,207
State and Federal Sources				112,939,996
Miscellaneous				<u>1,338,390</u>
Total General Revenues				<u>189,652,885</u>
Change in Net Assets				5,316,948
Net Assets, Beginning of Year				123,079,206
Prior Period Adjustments				<u>154,558</u>
Net Assets, Beginning of Year (Restated)				<u>123,233,764</u>
Net Assets, End of Year				<u>\$ 128,550,712</u>

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2009**

	General	School Lunch	Special Aid	Capital	Total
<b>Assets</b>					
Cash and Cash Equivalents	\$ 22,322,035	\$ 830,087	\$	\$	\$ 23,152,122
Restricted Cash and Cash Equivalents	10,954,973				10,954,973
Other Governments	7,306,270	134,212	2,862,213		10,302,695
Due from Other Funds	22,225,530	484,040	9,446,732		32,156,302
Other Receivables	125,130		277		125,407
Inventory		26,803			26,803
Total Assets	<u>\$ 62,933,938</u>	<u>\$ 1,475,142</u>	<u>\$ 12,309,222</u>	<u>\$</u>	<u>\$ 76,718,302</u>
<b>Liabilities</b>					
Payables					
Accounts Payable	\$ 1,491,544	\$	\$	\$ 1,356,689	\$ 2,848,233
Accrued Liabilities	5,814,878		189,270		6,004,148
Due To					
Other Governments	1,749,754	24,892			1,774,646
Other Funds	11,005,908	347,819	12,119,952	3,003,905	26,477,584
Teacher's Retirement System	6,486,720				6,486,720
Employees' Retirement System	220,092				220,092
Deferred Revenue	<u>5,173,411</u>				<u>5,173,411</u>
Total Liabilities	<u>31,942,307</u>	<u>372,711</u>	<u>12,309,222</u>	<u>4,360,594</u>	<u>48,984,834</u>
<b>Fund Balance (Deficit)</b>					
Fund Balance - Reserved					
Special Reserves	10,954,973				10,954,973
Reserve for Inventory		26,803			26,803
Reserve for Encumbrances	2,701,016		240,494		2,941,510
Fund Balance - Unreserved					
Designated for Subsequent Year's Expenditures	9,552,692				9,552,692
Undesignated (Deficit)	<u>7,782,950</u>	<u>1,075,628</u>	<u>(240,494)</u>	<u>(4,360,594)</u>	<u>4,257,490</u>
Total Fund Balance (Deficit)	<u>30,991,631</u>	<u>1,102,431</u>		<u>(4,360,594)</u>	<u>27,733,468</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 62,933,938</u>	<u>\$ 1,475,142</u>	<u>\$ 12,309,222</u>	<u>\$</u>	<u>\$ 76,718,302</u>

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO STATEMENT OF NET ASSETS**  
**June 30, 2009**

	Total Governmental Funds (Modified Accrual)	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Assets Total
<b>Assets</b>				
Cash and Cash Equivalents	\$ 23,152,122	\$	\$	\$ 23,152,122
Restricted Cash and Cash Equivalents	10,954,973			10,954,973
Receivables				
Other Governments	10,302,695			10,302,695
Due from Other Funds	32,156,302		(26,477,584)	5,678,718
Other Receivables	125,407			125,407
Inventory	26,803			26,803
Capital Assets		221,748,526		221,748,526
<b>Total Assets</b>	<u>\$ 76,718,302</u>	<u>\$ 221,748,526</u>	<u>\$ (26,477,584)</u>	<u>\$ 271,989,244</u>
<b>Liabilities</b>				
Accounts Payable	\$ 2,848,233	\$	\$	\$ 2,848,233
Accrued Liabilities	6,004,148	203,552		6,207,700
Bonds Payable		112,234,167		112,234,167
Due To				
Other Governments	1,774,646			1,774,646
Other Funds	26,477,584		(26,477,584)	
Teacher's Retirement System	6,486,720			6,486,720
Employees' Retirement System	220,092			220,092
Compensated Absences		7,159,774		7,159,774
Other Postemployment Benefits		6,507,200		6,507,200
Deferred Revenue	5,173,411	(5,173,411)		
<b>Total Liabilities</b>	<u>48,984,834</u>	<u>120,931,282</u>	<u>(26,477,584)</u>	<u>143,438,532</u>
<b>Total Fund Balance/Net Assets</b>	<u>27,733,468</u>	<u>100,817,244</u>		<u>128,550,712</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 76,718,302</u>	<u>\$ 221,748,526</u>	<u>\$ (26,477,584)</u>	<u>\$ 271,989,244</u>

The Accompanying Notes are an Integral Part of These Financial Statements

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	School Lunch	Special Aid	Capital	Total
<b>Revenues</b>					
Real Property Taxes	\$ 60,270,753	\$	\$	\$	\$ 60,270,753
STAR and Other Real Property Tax Items	12,464,341				12,464,341
Charges for Services	367,877				367,877
Use of Money and Property	2,434,662	6,536			2,441,198
Sale of Property and Compensation for Loss	35,847	162,360			198,207
Miscellaneous	1,340,705		30,400		1,371,105
State Aid	112,843,568	76,933	4,363,093		117,283,594
Federal Aid	96,428	1,612,991	4,034,546		5,743,965
School Lunch Sales		1,227,124			1,227,124
Total Revenues	<u>189,854,181</u>	<u>3,085,944</u>	<u>8,428,039</u>		<u>201,368,164</u>
<b>Expenditures</b>					
General Support	22,898,196			402,805	23,301,001
Instruction	98,786,641		8,344,293	3,906,836	111,037,770
Pupil Transportation	11,707,593		323,276		12,030,869
Community Service	2,066				2,066
Food Service Program		3,049,444			3,049,444
Employee Benefits	34,049,836	16,010			34,065,846
Debt Service - Principal	9,435,000				9,435,000
Debt Service - Interest	6,622,737				6,622,737
Total Expenditures	<u>183,502,069</u>	<u>3,065,454</u>	<u>8,667,569</u>	<u>4,309,641</u>	<u>199,544,733</u>
Excess (Deficit) Revenues Over Expenditures	<u>6,352,112</u>	<u>20,490</u>	<u>(239,530)</u>	<u>(4,309,641)</u>	<u>1,823,431</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from Other Funds			239,530		239,530
Transfers to Other Funds	(239,530)				(239,530)
Total Other Financing Sources (Uses)	<u>(239,530)</u>		<u>239,530</u>		
<b>Excess Revenues Over Expenditures and Other Financing Sources</b>	6,112,582	20,490		(4,309,641)	1,823,431
<b>Fund Balance (Deficit), Beginning of Year</b>	24,724,491	1,081,941		(50,953)	25,755,479
Prior-Period Adjustment	<u>154,558</u>				<u>154,558</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ 30,991,631</u>	<u>\$ 1,102,431</u>	<u>\$</u>	<u>\$ (4,360,594)</u>	<u>\$ 27,733,468</u>

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES AND**  
**EXPENDITURES OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2009**

---

Net Changes in Fund Balance - Total Governmental Funds	\$	1,823,431
--	----	-----------

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

Depreciation Expense	(7,254,145)	
Capital Outlays	<u>4,536,104</u>	(2,718,041)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Repayment Bond Principal	9,435,000
--------------------------	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(32,715)
---	----------

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Serial Bonds	15,562	
Other Post Employment Benefits	(3,129,900)	
Workers Compensation Claims	<u>(76,389)</u>	<u>(3,190,727)</u>

Change in Net Assets Governmental Activities	\$	<u><u>5,316,948</u></u>
--	----	-------------------------

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
June 30, 2009

---

	Private Purpose	
	Trusts	Agency
<b>Assets</b>		
Cash and Cash Equivalents - Unrestricted	\$ 115,300	5,635,255
Cash and Cash Equivalents - Restricted		197,000
Receivables		\$ 43,503
Due from Other Funds	70	67,863
Total Assets	<u>\$ 115,370</u>	<u>\$ 5,943,621</u>
<b>Liabilities</b>		
Due to Other Funds	\$ 30	\$ 5,746,621
Extraclassroom Activity Balances		197,000
Total Liabilities	<u>30</u>	<u>\$ 5,943,621</u>
<b>Net Assets</b>		
Restricted for Scholarships	<u>115,340</u>	
Total Net Assets	<u>115,340</u>	
<b>Total Liabilities and Net Assets</b>	<u>\$ 115,370</u>	

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**For the Year Ended June 30, 2009**

---

	Private Purpose Trusts
<b>Additions</b>	
Investment Income	\$ 1,342
Gifts and Contributions	<u>117,559</u>
Total Additions	<u>118,901</u>
<b>Deductions</b>	
Scholarships and Awards	<u>135,550</u>
Change in Net Assets	(16,649)
Net Assets, Beginning of Year	<u>131,989</u>
Net Assets, End of Year	<u>\$ 115,340</u>

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



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the William Floyd Union Free School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

***Reporting Entity***

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity as Amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

***(a) Extraclassroom Activity Funds***

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

***Joint Venture***

The School District is a component district in the Eastern Suffolk Board of Cooperative Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES' Board is considered a corporate body. Members of a BOCES' Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES' property is held by the BOCES' Board as a corporation [§1950(6)]. In addition, BOCES' Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

*Basis of Presentation*

*(a) District-Wide Statements*

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

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

*(b) Fund Financial Statements*

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

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

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

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

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

*(c) Fiduciary Funds*

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

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

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

*Measurement Focus and Basis of Accounting*

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

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

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

*Estimates*

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

*Cash and Cash Equivalents*

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

*Property Taxes*

Real property taxes are levied annually by the Board of Education. Taxes were collected during the period December 1, 2008, to June 1, 2009.

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

*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.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

***Interfund Transactions***

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

The amounts reported on the Statement of Net Assets for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 11 to the financial statements.

***Capital Assets***

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

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

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

***Inventories***

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.

***Compensated Absences***

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

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

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

***Retirement Plans***

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

***Postemployment Benefits***

In addition to providing pension benefits, the School District provides both health insurance coverage and medicare premium reimbursements for retired employees. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Currently approximately 293 retirees meet those eligibility requirements. The School District paid an aggregated amount of approximately \$5,555,600 for these benefits for the year ended June 30, 2009.

***Budgetary Procedures and Budgetary Accounting***

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

***Budget Revisions***

The Board of Education voted to amend the General Fund Budget as follows:

Adopted Budget	\$ 192,905,793
Encumbrances Carried Over	<u>1,376,523</u>
Original Budget	194,282,316
Budget Revisions	<u>43,964</u>
Final Budget	<u>\$ 194,326,280</u>

***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.

***Deferred Revenue***

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

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



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

***Restricted Resources***

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

***Fund Balance – Reservations and Designations***

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

***(a) Reserve for Employee Benefit Accrued Liability***

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

***(b) Reserve for Encumbrances***

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

***(c) Restricted for Scholarships***

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

***(d) Reserve for Inventory***

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

***(e) Insurance Reserve***

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

***(f) Workers' Compensation Reserve***

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

***(g) Retirement Contribution Reserve Fund***

The Retirement Contribution Reserve Fund (GML 6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

***(h) Reserve for Unemployment Insurance***

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

**2. DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

***Total Fund Balances of Governmental Funds Compared To Net Assets of Governmental Activities***

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

***Statement of Revenues, Expenditures, and Changes In Fund Balances Compared To Statement of Activities***

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

***(a) Long-Term Revenue Differences***

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

***(b) Capital Related Differences***

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

***(c) Long-Term Debt Transaction Differences***

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



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

**(d) Employee Benefit Allocation**

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

**3. CASH AND CASH EQUIVALENTS**

***Custodial Credit Risk***

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

As of June 30, 2009, \$45,624,464 of the School District's total bank balances of \$46,124,464 were exposed to custodial credit risk as follows:

\$ 45,124,464 Collateralized with securities held by a pledging financial institution in an account in the District's name.

***Restricted Cash and Cash Equivalents***

Restricted cash of \$10,954,974 in the General Fund represents the following:

Description	Amount
Reserve for Employee Benefit Accrued Liability	\$ 7,159,774
Reserve for Workers' Compensation	2,880,200
Reserve for Insurance	100,000
Reserve for Unemployment	115,000
Reserve for Retirement Contribution	700,000
Total	<u>\$ 10,954,974</u>

**4. PARTICIPATION IN BOCES**

During the year, the School District was billed \$19,354,675 for BOCES' administrative and program costs. Financial statements for the BOCES are available from the BOCES' administrative office at Eastern Suffolk BOCES, 201 Sunrise Highway, Patchogue, New York 11772.

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2009, is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 35,132,218	\$	\$	\$ 35,132,218
Construction in Process	<u>35,132,218</u>	<u>4,362,834</u>	<u>4,362,834</u>	<u>4,362,834</u>
		<u>4,362,834</u>		<u>39,495,052</u>
Capital Assets Being Depreciated				
Buildings and Improvements	256,250,388		57,157	256,193,231
Furniture, Equipment, and Vehicles	<u>15,319,085</u>	<u>230,427</u>	<u>11,109</u>	<u>15,538,403</u>
	<u>271,569,473</u>	<u>230,427</u>	<u>68,266</u>	<u>271,731,634</u>
Accumulated Depreciation				
Buildings and Improvements	69,669,917	6,582,157	11,109	76,240,965
Furniture, Equipment, and Vehicles	<u>12,565,207</u>	<u>671,988</u>		<u>13,237,195</u>
	<u>82,235,124</u>	<u>7,254,145</u>	<u>11,109</u>	<u>89,478,160</u>
Net Capital Assets	<u>\$ 224,466,567</u>	<u>\$ (2,660,884)</u>	<u>\$ (57,157)</u>	<u>\$ 221,748,526</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

Depreciation expense of \$7,254,145 is charged as follows:

General Support	\$ 1,213,263
Instruction	<u>6,040,882</u>
Total	<u>\$ 7,254,145</u>

**6. SHORT-TERM DEBT**

*Tax Anticipation Notes*

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

<u>Date of Maturity</u>	<u>Interest</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
06/30/09	2.75%	\$	\$ 5,000,000	\$ 5,000,000	\$
06/30/09	2.50%		<u>49,500,000</u>	<u>49,500,000</u>	
Total		<u>\$</u>	<u>\$ 54,500,000</u>	<u>\$ 54,500,000</u>	<u>\$</u>

Interest on short-term debt for the year was \$1,290,972.

**7. LONG-TERM DEBT**

*Serial Bonds*

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

Long-term liability balances and activity are as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Bonds Payable	\$122,815,000	\$	\$ 9,435,000	\$113,380,000	\$ 9,165,000
Bond Issuance Costs Net	(1,222,222)		(76,389)	(1,145,833)	
Other Liabilities					
Compensated Absences	7,159,774			7,159,774	
OPEB Liability	<u>3,377,300</u>	<u>8,685,500</u>	<u>5,555,600</u>	<u>6,507,200</u>	
Total Long-Term Liabilities	<u>\$132,129,852</u>	<u>\$ 8,685,500</u>	<u>\$ 14,914,211</u>	<u>\$125,901,141</u>	<u>\$ 9,165,000</u>

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

Interest Paid	\$ 5,331,766
Plus: Interest Accrued in the Current Year	203,552
Amortization on Bond Issuance Costs	76,389
Less: Interest Accrued in the Prior Year	<u>(219,114)</u>
Total Expense	<u>\$ 5,392,593</u>

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 6/30/09</u>
2002 Serial Bond	12/15/02	\$40,000,000	06/15/20	4.00%	\$ 28,980,000
2003 Serial Bond	02/19/03	\$52,780,000	06/15/15	3.50%	22,085,000
2006 Serial Bond	06/21/06	\$15,690,000	06/15/24	4.20%-4.25%	13,865,000
2007 Refunding	03/22/07	\$54,865,000	06/15/25	4.00%-5.00%	<u>48,450,000</u>
Total					<u>\$113,380,000</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

Interest on long-term debt for the year was \$5,331,766.

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

Fiscal Year Ending June 30,	Principal	Interest
2010	\$ 9,165,000	\$ 4,953,096
2011	9,390,000	4,590,501
2012	9,770,000	4,170,731
2013	10,120,000	3,711,041
2014-2018	36,655,000	12,999,375
2019-2023	29,590,000	5,199,541
2024-2027	8,960,000	502,513
Total	<u>\$ 113,380,000</u>	<u>\$ 36,126,798</u>

***Compensated Absences***

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

**8. PENSION PLANS**

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

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

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

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

The School District is required to contribute at an actuarially determined rate. The NYSERS bills the School District based on a fiscal year end of March 31. All required contributions for the NYSERS fiscal year ended March 31, 2009, were paid. The required contributions for the next System fiscal year will be made in 2009-2010. The amount below for 2009-2010 represents the three months of the School District's fiscal year that will be covered in the NYSERS 2009-2010 billing cycle. The TRS contribution for the 2008-2009 year will be made in 2009-2010. The required contributions for the School District's current year and two preceding years were:

	TRS		ERS	
	Rate	Amount	Rate	Amount
2006-2007	8.60%	\$ 5,616,388	10.50%	\$ 1,051,821
2007-2008	8.73%	\$ 6,126,286	10.00%	\$ 955,872
2008-2009	7.63%	\$ 5,566,356	8.14%	\$ 880,369
2009-2010			7.00%	\$ 220,092

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

**9. OTHER POSTRETIREMENT BENEFITS (OPEB)**

**(a) *Plan Description***

The District provides medical, prescription drug and vision to retirees and their covered dependents. Currently, there are about 1,336 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 post-employment 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 Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and 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***

	2009
Normal Cost	\$ 4,323,800
Amortization of UAL	<u>4,361,700</u>
Annual Required Contribution (ARC)	8,685,500
Interest on OPEB Obligation	0
Adjustment to ARC	<u>0</u>
OPEB Expense	<u>\$ 8,685,500</u>

**(d) *Reconciliation of Net OPEB Obligation***

	2009
Net OPEB Obligation at the Beginning of the Year	\$ 3,377,300
Annual Required Contribution	8,685,500
Net OPEB Contributions Made During the Fiscal Year	<u>(5,555,600)</u>
Net OPEB Obligation at the End of the Year	<u>\$ 6,507,200</u>
Percentage of Expense Contributed	63.9%

**(e) *Funding Status***

	2009
Actuarial Accrued Liability (AAL)	\$ 116,222,300
Actuarial Value of Assets	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 116,222,300</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%
Annual Covered Payroll	\$ 90,056,903
UAAL as a Percentage of Covered Payroll	129.05%

**(f) *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 November 1, 2007.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

Effective January 1, 2008, the School 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 School District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the School District's net OPEB obligation.

**(g) Health Care Trend Factors**

Medical care costs are assumed to increase in accordance with the following schedule:

<u>Year</u>	<u>Trend</u>
2010	9.5%
2011	9.0%
2012	8.5%
2013	8.0%
2014 and Later	7.5%

**(h) Additional Information**

Actuarial Cost Method	Projected Unit Credit
Amortization Period	Single Amortization Period
Amortization Period (Years)	30
Amortization Discount	4.0%
Method Used to Determine Actuarial Value of Assets	N/A

**10. RISK MANAGEMENT**

***General Information***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

***Self Insured Health Insurance***

The School District has chosen to establish a self-funded health and dental benefit program for its employees. The benefit programs administrator, Island Group Administration, is responsible for the approval, processing, and payment of claims, after which they bill the School District for reimbursement. The School District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the School District. At year-end, the School District has a liability of \$3,114,427, which represents reported and unreported claims, which were incurred on or before year end, but which were not paid by the School District as of that date.

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

	Beginning of Year <u>Liability</u>	Incurred Claims Including <u>IBNRs</u>	Claim <u>Payments</u>	End of Year <u>Liability</u>
2006-2007	\$ 2,976,297	\$ 15,895,455	\$ 15,872,574	\$ 2,999,178
2007-2008	\$ 2,999,178	\$ 17,757,901	\$ 17,896,023	\$ 2,861,056
2008-2009	\$ 2,861,056	\$ 19,718,541	\$ 19,465,170	\$ 3,114,427

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2009

**11. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS**

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General	\$ 22,225,530	\$ 11,005,908	\$	\$ 239,530
School Lunch	484,040	347,819		
Special Aid	9,446,732	12,119,952	239,530	
Fiduciary	67,933	5,746,651		
Capital Projects		3,003,905		
Total Government Activities	\$ 32,224,235	\$ 32,224,235	\$ 239,530	\$ 239,530

- The School 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 Assets.

**12. FUND BALANCES – SPECIAL RESERVES**

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

The following is a summary of the change in reserve funds during the year ended June 30, 2009:

Reserve	Balance at 07/01/08	Additions	Balance at 06/30/09
General Fund			
Employee Benefit Accrued Liability	\$ 7,159,773	\$	\$ 7,159,773
Workers' Compensation	2,114,482	765,718	2,880,200
Retirement Contribution		700,000	700,000
Insurance	100,000		100,000
Unemployment		115,000	115,000
Total Reserves	\$ 9,374,255	\$ 1,580,718	\$ 10,954,973

**13. CONTINGENCIES AND COMMITMENTS**

***Potential Grantor Liability***

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

***Litigation***

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

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

**14. PRIOR-PERIOD ADJUSTMENT**

*General Fund*

A prior-period adjustment of \$154,558 was made in the General Fund to adjust for State Aid adjustments for prior years.

**15. DEFICIT FUND BALANCE**

*Capital Fund*

The Capital fund has a deficit fund balance in the amount of \$4,360,594. This deficit is a result of capital projects expenditures without long term financing. Once long term financing is obtained the deficit will be eliminated.

**15. NEW ACCOUNTING PRONOUNCEMENTS**

*GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets*

GASB 51 provides guidance regarding how to identify, account for, and report intangible assets. The new standard characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature, and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, and water rights. GASB 51 provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

The requirements of GASB 51 are effective for financial statements for periods beginning after June 15, 2009, and for the most part require retroactive application.



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET**  
**AND USE OF UNRESERVED FUND BALANCE - GENERAL FUND**  
**For the Year Ended June 30, 2009**

---

**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 192,905,793
Add: Prior Year's Encumbrances	<u>1,376,523</u>
Original Budget	194,282,316
Add: Board Approved Increase for Unanticipated Revenues	<u>43,964</u>
Final Budget	<u><u>\$ 194,326,280</u></u>

**Use of Unreserved Fund Balance**

Unreserved Fund Balance - As of the Beginning of the Year	\$ 13,973,711
Less: Designated Fund Balance Used For Subsequent Year's Appropriations	<u>6,268,583</u>
Undesignated Fund Balance - As of the Beginning of the Year	<u><u>\$ 7,705,128</u></u>



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
For the Year Ended June 30, 2009

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2009
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Capital Projects (1987-1991)	13,683,251	13,683,251	13,683,157		13,683,157	94	7,146,000		6,537,251	13,683,251	94
Construction-Phase I 1995-96	29,257,000	27,321,058	26,871,768		26,871,768	449,290	24,500,000		2,260,000	26,760,000	(111,768)
Construction-Phase II 1996-97	40,800,000	39,800,000	39,198,216		39,198,216	601,784	36,941,000			36,941,000	(2,257,216)
Construction-Phase III 1999-00	117,056,050	120,056,050	114,395,571	3,965	114,399,536	5,656,514	116,000,000	610,398		116,610,398	2,210,862
Excell Projects 2007-2008	56,905,000	56,905,000	57,157	4,305,676	4,362,833	52,542,167					(4,362,833)
<b>Totals</b>	<u>\$ 257,701,301</u>	<u>\$ 257,765,359</u>	<u>\$ 194,205,869</u>	<u>\$ 4,309,641</u>	<u>\$ 198,515,510</u>	<u>\$ 59,249,849</u>	<u>\$ 184,587,000</u>	<u>\$ 610,398</u>	<u>\$ 8,797,251</u>	<u>\$ 193,994,649</u>	(4,520,861)
									Additional Unspent Proceeds		160,267
											<u>\$ (4,360,594)</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES**  
**COMPARED TO ST-3 DATA**  
**For the Year Ended June 30, 2009**

---

	<u>Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
<b>Revenues</b>			
Real Property Taxes	A -1001	\$ 60,270,753	\$ 60,270,753
State Aid	AT-3999	\$ 112,843,568	\$ 112,843,568
Federal Aid	AT-4999	\$ 96,428	\$ 96,428
Total Revenues	AT-5999	\$ 189,854,183	\$ 189,854,181 *
<b>Expenditures</b>			
General Support	AT-1999	\$ 22,898,196	\$ 22,898,196
Pupil Transportation	AT-5599	\$ 11,707,593	\$ 11,707,593
Debt Service - Principal	AT-9798.6	\$ 9,435,000	\$ 9,435,000
Debt Service - Interest	AT-9798.7	\$ 6,622,737	\$ 6,622,737
Total Expenditures	AT-9999	\$ 183,741,599	\$ 183,741,599

\* Denotes Rounding Adjustment

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
For the Year Ended June 30, 2009

---

Capital Assets, Net	\$ 221,748,526
Add:	
Unamortized Bond Issuance Costs	<u>1,145,833</u>
Total Additions	<u>1,145,833</u>
Deduct:	
Serial Bonds Payable	113,380,000
Less: Capital Fund Deficit	<u>(4,360,594)</u>
Total Deductions	<u>109,019,406</u>
Investment in Capital Assets, Net of Related Debt	<u>\$ 113,874,953</u>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULES OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS**  
**For the Year Ended June 30, 2009**

---

<u>Fiscal Year Ending</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability-Projected Unit Credit</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
June 30, 2009	\$	\$ 116,222,300	\$ 116,222,300	0%	\$ 90,056,903	129.05%

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

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board of Education  
William Floyd Union Free School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of William Floyd Union Free School District as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of William Floyd Union Free School District in a separate letter dated October 5, 2009.

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

*D'Arcangelo & Co., LLP*

October 5, 2009

Rome, New York

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

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

Board of Education  
William Floyd Union Free School District

**Compliance**

We have audited the compliance of the William Floyd Union Free School District, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2009. The School District's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the William Floyd Union Free School District's management. Our responsibility is to express an opinion on the William Floyd Union Free School District's compliance based on our audit.

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

In our opinion, the William Floyd Union Free School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

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

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

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

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

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

*D'Arcangelo & Co., LLP*

October 5, 2009

Rome, New York



**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Current Year Expenditures</u>
<u>U.S. Department of Agriculture</u> (Passed Through the State Education Department of the State of New York)		
School Breakfast Program	10.553	\$ 117,779
National School Lunch Program	10.555	<u>1,189,134</u>
Cash Assistance Subtotal		
National School Lunch Program-Food Donation (Noncash)	10.555	<u>263,096</u>
Total U.S. Department of Agriculture		<u>1,570,009</u>
<u>U.S. Department of Education</u> (Passed Through the State Education Department of the State of New York)		
Title I Grants to Local Educational Agencies	84.010	2,541,049
Special Education - Grants to States, (IDEA, Part B)	84.027	2,260,382
Vocational Education – Basic Grants to States	84.048	32,882
Special Education - Preschool Grants, (IDEA Preschool)	84.173	175,370
Safe and Drug-Free Schools and Communities, Title IV	84.186	53,304
Education of Homeless Children and Youth	84.196	119,556
Educational Technology State Grants, (Title IID)	84.318	6,420
Title III	84.365	65,134
Improving Teacher Quality State Grants, (Title IIA)	84.367	<u>629,486</u>
Total U.S. Department of Education		<u>5,883,583</u>
<u>Total Federal Financial Assistance</u>		<u>\$ 7,453,592</u>

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2009**

---

**1. SIGNIFICANT ACCOUNTING POLICIES**

***Organization***

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

***Basis Of Accounting***

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

***Food Donation***

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2009, the School District had food commodities totaling \$26,803, in inventory.

***Cluster Programs***

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

U.S. Department of Agriculture

Nutrition Cluster

CFDA #10.553	School Breakfast Program
CFDA #10.555	National School Lunch Program

U.S. Department of Education

Special Education Cluster

CFDA #84.027	Special Education - Grants to States (IDEA, Part B)
CFDA #84.173	Special Education - Preschool Grants (IDEA Preschool)

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL  
 COMPLIANCE REQUIREMENTS  
 For the Year Ended June 30, 2009**

***Summary of Auditor's Results***

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	a. <u>U.S. Department of Education</u> CFDA #84.027 Special Education - Grants to States (IDEA, Part B) CFDA #84.173 Special Education - Preschool Grants (IDEA Preschool) CFDA #84.367 Title II A - Improving Teacher Quality State Grants
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

***Findings – Financial Statement Audit***

None noted.

***Findings and Questioned Costs – Major Federal Award Program Audit***

None noted.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED  
COSTS – FEDERAL COMPLIANCE REQUIREMENTS  
For the Year Ended June 30, 2009**

---

None Noted.

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

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

**Independent Auditor's Report**

Board of Education

William Floyd Union Free School District

We have audited the accompanying statement of assets, liabilities, and fund equity - cash basis of the Extraclassroom Activity Fund of William Floyd Union Free School District as of June 30, 2009, and the related statement of revenues, expenditures, and changes in fund equity - cash basis for the year then ended. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

As explained in Note 1, it is the School District's policy to prepare the financial statements of the Extraclassroom Activity Fund on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of any adjustments which might have resulted had the cash collections referred to above been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund equity - cash basis of the Extraclassroom Activity Fund of William Floyd Union Free School District at June 30, 2009, and its revenues, expenditures, and changes in fund equity - cash basis for the year then ended on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements referred to above and, in our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the third preceding paragraph is fairly stated in all material respects in relation to the basic financial statements taken as a whole, on the basis of accounting described in Note 1.

*D'Arcangelo & Co., LLP*

October 5, 2009

Rome, New York

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY - CASH BASIS  
June 30, 2009

---

Assets

Cash	\$ 197,000
------	------------

<u>Total Assets</u>	<u>\$ 197,000</u>
---------------------	-------------------

Liabilities and Fund Equity

Fund Equity

Unreserved and Undesignated	\$ 197,000
-----------------------------	------------

Total Fund Equity	<u>197,000</u>
-------------------	----------------

<u>Total Liabilities and Fund Equity</u>	<u>\$ 197,000</u>
--	-------------------

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - CASH BASIS**  
**For the Year Ended June 30, 2008**

---

Revenues

Charges for Services, Sale of Property, and Miscellaneous	\$ 508,634
Total Revenues	<u>508,634</u>

Expenditures

Instruction - Club Activities	<u>515,309</u>
Total Expenditures	<u>515,309</u>

Revenues Over Expenditures (6,675)

Fund Equity, Beginning of Year 203,675

Fund Equity, End of Year \$ 197,000

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

**WILLIAM FLOYD HIGH SCHOOL**  
**EXTRACURRICULAR ACTIVITY FUND**  
**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS**  
**For the Year Ended June 30, 2009**

Activities	Balance at 07/01/08	Cash Receipts	Cash Disbursements	Balance at 06/30/09
<b>William Floyd High School</b>				
Chamber Players	\$ 4,336	\$ 426	\$ 4,336	\$ 426
9th Grade Symphonic Band	1,448	2,133	3,581	
10th-11th Grade Concert Band	2		2	
Art Club	1,409		1,409	
Best Buddies	20	625	100	545
Business Honor Society	81	3,501	3,454	128
Business Service Club	1,164	8,099	6,321	2,942
Choir	5,295	5,421	9,088	1,628
Class of 2009	3,904	85,774	89,678	
Class of 2010	2,724	2,391	1,000	4,115
Class of 2011	740	400	296	844
Class of 2012	9627	500	1,187	8,940
Class of 2013	0	14,843		14,843
Chairs for Charity	121		121	
Colonial Times Newspaper	16			16
Coalition for Humanity	571		500	71
Life Smarts		1,176	697	479
DECA	209	2,980	3,064	125
Drama	1,071	1,714	1,970	815
Environmental Defense Club	564	847	940	471
Floyd Medical Society	70			70
Foreign Language Honor Society	773	203	232	744
French Club	296	332	474	154
Future Business Leaders of America	797	9,000	9,140	657
Girl's Chorus	6,474		6,474	
Wind Ensemble	237		237	
Interact Club	160			160
International Club	268		100	168
Italian Club	122	723	724	121
JV Rockettes (JV Kickline)	364			364
Key Club	3,956	6,611	7,847	2,720
Latin Dance Club	475		475	
Literary Magazine	208	405	500	113
Math Club	346			346
Math Honor Society	13	280		293
National Art Honor Society	105	3,510	2,622	993
National Honor Society	1,265	1,091	1,750	606
Natural Helpers	901	100	864	137
Occupational Education Club	852	3,000	3,852	
Orchestra	400		400	
Quiz Bowl/LI Challenge	561		125	436
Renaissance	3,122	8,270	4,673	6,719
Robotics	182			182
Rockettes (Kickline)	148	880	799	229
SADD	542	1,854	2,227	169
Sales Tax Payable	761	1,623	2,264	120
School Store	1,020	200	1,220	
Friends of Rachel		170	100	70
Sound and Light Club		145	145	
Spanish Club	15	2,265	2,268	12
Sports Club	6,576	47,182	44,186	9,572
Stage Band/Jazz Ensemble	106	27,610	27,051	665
Step Squad	605			605
Marching Band		2,381	2,379	2
Music Club		44,369	29,058	15,311
Student Council	6,583	22,825	12,300	17,108
Student's General Fund	18,898	9,940	28,839	(1)
Tri-M (Modern Music Masters)	4,921	2,049	1,850	5,120
Yearbook	19,595	23,894	40,434	3,055
Youth and Government	8,482	17,146	9,671	15,957
<b>Total</b>	<b>\$ 123,501</b>	<b>\$ 368,888</b>	<b>\$ 373,024</b>	<b>\$ 119,365</b>

(Continued)



**WILLIAM FLOYD HIGH SCHOOL**  
**EXTRACLASSROOM ACTIVITY FUND**  
**SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS**  
**For the Year Ended June 30, 2009**  
**(Continued)**

Activities	Balance at 07/01/08	Cash Receipts	Cash Disbursements	Balance at 06/30/09
<b><u>William Paca Middle School</u></b>				
Cadet Band	\$ 50	\$	\$	\$ 50
Concert Band	5,054	13,630	16,157	2,527
Drama Club	8,096	100	2,125	6,071
Festival Orchestra	410	303		713
Fitness Club	1,616			1,616
Girl's Chorus	1,916			1,916
Honor Society	695	478	737	436
Robotics	124	854	303	675
Sales Tax Payable	150	5,010	4,586	574
Student Council	8,547	11,386	6,230	13,703
Student's General Fund	5,670	2,152	7,822	
Yearbook	1,869	2,299	124	4,044
Total	34,197	36,212	38,084	32,325
<b><u>William Floyd Middle School</u></b>				
6th Grade Advisory	\$	\$ 19,625	\$ 15,752	3,873
6th Grade Field Trip		1,645	1,089	556
7th Grade Advisory	10	9,684	6,355	3,339
8th Grade Advisory	25	11,406	7,386	4,045
8th Grade Field Trip		12,447	12,447	
8th Grade Italian Team Trip	6			6
Best Buddies	145	449	144	450
Cadet Band	50	281	281	50
Cheerleading	1			1
Concert Band	141	12,439	12,034	546
Drama Club	4,945		969	3,976
Festival Orchestra	7			7
Girl's Chorus	685			685
Home and Careers Club	236	500	15	721
Honor Society	1,417	1,856	2,284	989
Math Club	2,541			2,541
Mrs. Smith's lifeskills	470			470
Peace Project/National Helper	232	2,607		2,839
Remembrance Garden Club	2,592		432	2,160
SADD	10	1,000	500	510
Sales Tax Payable	184	1,295	1,366	113
School Store	114			114
Student Council	2,502	12,713	2,005	13,210
Student's General Fund	26,736	10,272	37,008	
Woodworking Club	250			250
CIA		676	634	42
Yearbook	2,678	4,639	3,500	3,817
Total	45,977	103,534	104,201	45,310
<b>Grand Total</b>	<b>\$ 203,675</b>	<b>\$ 508,634</b>	<b>\$ 515,309</b>	<b>\$ 197,000</b>

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**EXTRAClassroom Activity Fund**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2009**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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.

*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.