

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

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Required Communication with Board of Education

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, 2013. 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 June 1, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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. As described in Note 1 to the financial statements, the William Floyd Union Free School District changed accounting policies related to the financial statement presentation of net position and deferred inflows and outflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2012. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

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

1. The District, in accordance with GASB No. 45: "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," requires significant actuarial estimates to calculate the District's postemployment benefits liability.
2. The District's estimate of its compensated absences liability.
3. Estimates involving depreciable lives of the District's capital assets and the related depreciation.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2013.

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education, Administration of 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 9, 2013

Rome, New York

Client: **33850 - William Floyd Union Free School District**
Engagement: **2013FS - WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**
Period Ending: **6/30/2013**
Trial Balance: **TB**
Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
to record fixed asset activity in accordance with g34				
GW-C00-10-0104-000	Equipment		1,000,928.00	
GW-C00-10-0112-000	Buildings - Acc Depr		13,882.00	
GW-C00-10-0112-000	Buildings - Acc Depr		96,567.00	
GW-C00-10-0114-000	Equipment - Acc Depr		723,231.00	
GW-C00-10-0114-000	Equipment - Acc Depr		10,067,558.00	
GW-C00-60-1620-700	General Support - Depreciation		1,395,041.00	
GW-C00-60-1621-400	Maintenance of Plant-Cont		26,876.00	
GW-C00-60-2110-700	Instructional - Depreciation		5,495,215.00	
GW-C00-10-0102-000	Buildings			96,567.00
GW-C00-10-0104-000	Equipment			405,216.00
GW-C00-10-0104-000	Equipment			10,094,434.00
GW-C00-10-0112-000	Buildings - Acc Depr			6,568,524.00
GW-C00-10-0114-000	Equipment - Acc Depr			321,732.00
GW-C00-34-0911-P	Prior Period Adjustment			331,897.00
GW-C00-60-1621-400	Maintenance of Plant-Cont			1,000,928.00
Total			18,819,298.00	18,819,298.00
Adjusting Journal Entries JE # 2				
to record long term debt activity in accordance with g34				
GW-C00-20-0628-000	Bonds Payable		11,305,000.00	
GW-C00-60-9711-700	Serial Bonds Interest-Sch		50,000.00	
GW-C00-20-0628-000	Bonds Payable			50,000.00
GW-C00-60-9711-600	Serial Bonds Principal-Sch			11,305,000.00
Total			11,355,000.00	11,355,000.00
Adjusting Journal Entries JE # 3				
to adjust accrued interest on bonds in accordance with g34				
GW-C00-20-0651-000	Accrued Interest Payable		23,044.00	
GW-C00-60-9711-700	Serial Bonds Interest-Sch			23,044.00
Total			23,044.00	23,044.00
Adjusting Journal Entries JE # 4				
to post OPEB activity per actuary in accordance with g45				
GW-C00-60-0698	Employee Benefits		5,115,864.00	
GW-C00-20-0688	GASB 45 Liability			5,115,864.00
Total			5,115,864.00	5,115,864.00
Adjusting Journal Entries JE # 5				

to adjust compensated absences per
clients calculation in accordance with g34

GW-C00-60-2110-125	Teach Reg School - K-6 In	621,187.00	
GW-C00-20-0687-000	Compensated Absences		621,187.00
Total		621,187.00	621,187.00

Adjusting Journal Entries JE # 6

to record cy construction in progress in
accordance with g34

GW-C00-10-0105-000	Construction Work in Prog	4,637,844.00	
GW-C00-60-2110-200	Instructional- Capital Outlays		4,637,844.00
Total		4,637,844.00	4,637,844.00

Adjusting Journal Entries JE # 7

to record amortization on refunding
charges

GW-C00-60-9711-700	Serial Bonds Interest-Sch	76,389.00	
GW-C00-20-0628-002	Accumulated Amortization		76,389.00
Total		76,389.00	76,389.00

Adjusting Journal Entries JE # 8

to record amortization of premium on
refunding

GW-C00-20-0628-004	Accumulated Amortization-Deferred Gain	54,273.00	
GW-C00-20-0628-004	Accumulated Amortization-Deferred Gain	180,625.00	
GW-C00-60-9711-700	Serial Bonds Interest-Sch	108,545.00	
GW-C00-20-0628-003	Deferred Gain on Refunding		162,818.00
GW-C00-60-9711-700	Serial Bonds Interest-Sch		180,625.00
Total		343,443.00	343,443.00

Adjusting Journal Entries JE # 9

to allocate employee benefits per g34

GW-C00-60-0698	Employee Benefits	8,095.00	
GW-C00-60-1620-800	General Support - Employee Benefit	5,157,767.00	
GW-C00-60-2110-800	Instructional - Employee Benefit	46,419,907.00	
GW-C00-60-0698	Employee Benefits		51,577,674.00
GW-C00-60-2110-800	Instructional - Employee Benefit		8,095.00
Total		51,585,769.00	51,585,769.00

Adjusting Journal Entries JE # 10

to record g34 revenue recognition

GW-C00-40-3101-010	State Aid-Basic Formula	534,430.00	
GW-C00-20-0691-000	Deferred Revenues		534,430.00
Total		534,430.00	534,430.00

Adjusting Journal Entries JE # 11

to record refunding activity in debt service
fund

V9991.400	PAYMENT TO ESCROW AGENT	9,220,653.00	
V5791	PROCEEDS OF REFUNDING		9,220,653.00
Total		9,220,653.00	9,220,653.00

Adjusting Journal Entries JE # 12
to reclass premium on refunding

A 9711.6000-00	PRINCIPAL	1,265,000.00	
A 9711.7000-00	INTEREST		1,265,000.00
Total		1,265,000.00	1,265,000.00

Adjusting Journal Entries JE # 13
to record board approved reserve activity
per client schedule

A909	FUND BALANCE, UNRESERVED	8,990,959.00	
A814	WORKERS' COMPENSATION RESERVE		1,090,000.00
A827	RESERVE FOR RETIREMENT CONTRIBUTIONS		4,476,027.00
A863	INSURANCE RESERVE		1,748,305.00
A867	RESERVE FOR EMPLOYEE BENEFITS		556,627.00
A910	APPROPRIATED FUND BALANCE(NEXT YRS. BUDG		1,120,000.00
Total		8,990,959.00	8,990,959.00

WILLIAM FLOYD UNION
FREE SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2013

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
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Independent Auditor's Report

Board of Education

William Floyd Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the William Floyd Union Free School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the William Floyd Union Free School District, as of June 30, 2013, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

New Accounting Standard

As discussed in Note 1 to the financial statements, the William Floyd Union Free School District changed accounting policies related to the financial statement presentation of net position and deferred inflows and outflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, in 2012. The new pronouncements provide for the separate classification for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting provisions of GASB Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the residual measure and by renaming that measure as net position, rather than net assets. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, budgetary comparison information on page 38 and schedule of funding progress of the other postemployment benefits on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the William Floyd Union Free School District's basic financial statements. The other supplementary information on pages 40 through 42 is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the 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 also not a required part of the financial statements. The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 9, 2013, on our consideration of the William Floyd Union Free 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering William Floyd Union Free School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 9, 2013

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

The William Floyd Union Free School District's management's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2013 and 2012. The intent of this management 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.

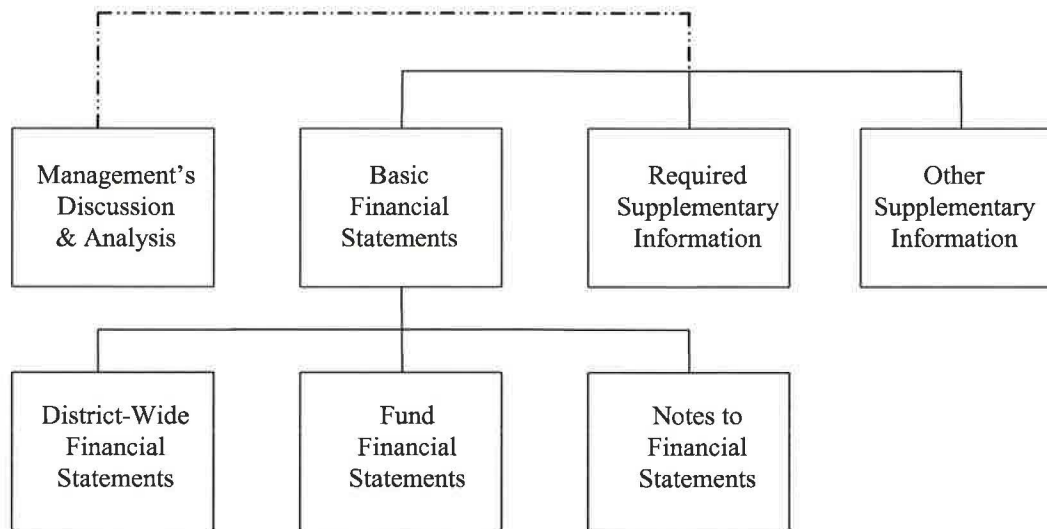
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2013, are as follows:

- The District's total net position, as reflected in the District-wide financial statements, increased by \$9,290,930.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$200,698,570. Of this amount, \$1,583,165 was offset by program charges for services, \$10,199,278 was offset by Operating Grants and Contributions, and \$198,207,057 was offset by General Revenues.
- State and Federal revenue decreased by \$503,211 to \$105,907,136 in 2013 from \$106,410,347 in 2012.
- The General Fund's total fund balance, as reflected in the fund financial statements on Pages 15 and 17, increased by \$10,218,192 to \$58,479,287. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.

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 FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

A. District-wide Financial Statements

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

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

B. 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, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Assets

The District's total net position increased between fiscal year 2012 and 2013. A summary of the District's Statement of Net Position for June 30, 2013 and 2012, is as follows:

	2013	Restated 2012	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 83,310,008	\$ 73,366,403	\$ 9,943,605	13.6%
Capital Assets, Net of Accumulated Depreciation	235,348,723	236,295,186	(946,463)	(0.4%)
Deferred Charges on Refunding	916,666	993,055	(76,389)	(7.7%)
Total Assets	<u>\$ 319,575,397</u>	<u>\$ 310,654,644</u>	<u>\$ 8,997,142</u>	2.9%
Non-Current Liabilities	\$ 134,163,561	\$ 139,753,590	\$ (5,590,029)	(4.0%)
Other Liabilities	33,066,524	28,178,569	4,887,955	17.3%
Total Liabilities	<u>\$ 167,230,085</u>	<u>\$ 167,932,159</u>	<u>\$ (702,074)</u>	(0.4%)
Net Position				
Invested in Capital Assets (Net of Related Debt)	\$ 134,101,014	\$ 123,868,866	\$ 10,232,148	8.3%
Restricted	29,795,981	21,305,558	8,490,423	28.5%
Unrestricted (Deficit)	(11,551,683)	(2,451,939)	(9,099,744)	(371.1%)
Total Net Position	<u>\$ 152,345,312</u>	<u>\$ 142,722,485</u>	<u>\$ 9,622,827</u>	6.7%

Current and other assets increased by \$9,943,605, as compared to the prior year. The increase is primarily due to an increase in the District's cash balances.

Capital assets decreased by \$946,463, as compared to the prior year. Note 5 to the Financial Statements provides additional information.

Non-current liabilities decreased by \$5,590,029, as compared to the prior year. This decrease is primarily due to principal payments made on existing debt.

Other Liabilities increased by \$4,887,955 primarily due to the increase accrued liabilities and amount due to the Teachers' Retirement System.

The net position 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 position at June 30, 2013 is a deficit of \$11,551,683, which represents the amount by which the District's liabilities, excluding debt related to capital construction exceeded District assets, other than capital assets.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. 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, 2013 and 2012 is as follows.

Revenues	2013	2012	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 1,583,165	\$ 1,613,347	\$ (30,182)	(1.9%)
Operating Grants	10,199,278	10,180,735	18,543	0.2%
Capital Grants		4,569,786	(4,569,786)	100.0%
General Revenues				
Property Taxes and STAR	90,774,614	83,997,018	6,777,596	8.1%
State and Federal Sources	105,907,136	106,410,347	(503,211)	(0.5%)
Other	<u>1,525,307</u>	<u>3,246,450</u>	<u>(1,721,143)</u>	<u>(53.0%)</u>
Total Revenues	<u>209,989,500</u>	<u>210,017,683</u>	<u>(28,183)</u>	<u>(0.01%)</u>
Expenses				
General Support	\$ 31,103,122	\$ 34,881,938	\$ (3,778,816)	(10.8%)
Instruction	148,714,746	141,841,107	6,873,639	4.8%
Pupil Transportation	12,386,991	12,633,355	(246,364)	(2.0%)
Debt Service-Unallocated Interest	4,764,509	4,998,898	(234,389)	(4.7%)
Food Service Program	<u>3,729,202</u>	<u>3,553,508</u>	<u>175,694</u>	<u>4.9%</u>
Total Expenses	<u>200,698,570</u>	<u>197,908,806</u>	<u>2,789,764</u>	<u>1.4%</u>
Total Change in Net Position	<u>\$ 9,290,930</u>	<u>\$ 12,108,877</u>	<u>\$ (2,817,947)</u>	

The District's revenues decreased by 0.01% in 2013 or \$28,183. The major factors that contributed to the decrease were:

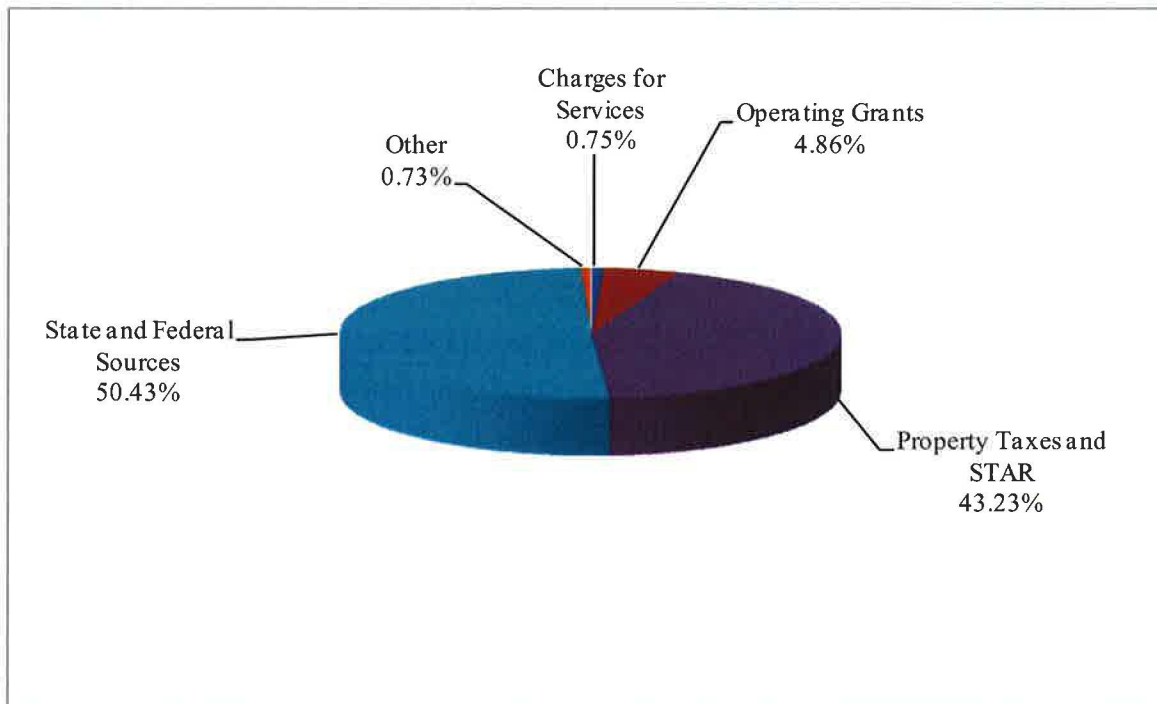
- Property tax and STAR revenues increased by 8.1%, or \$6,777,596.
- Capital Grants decreased by \$4,569,786 due to the receipt of Excel grant funds in the prior year.

The District's expenditures for the year increased by \$2,789,764 partially due to the increase in the accrual of post retirement benefits in accordance with GASB 45.

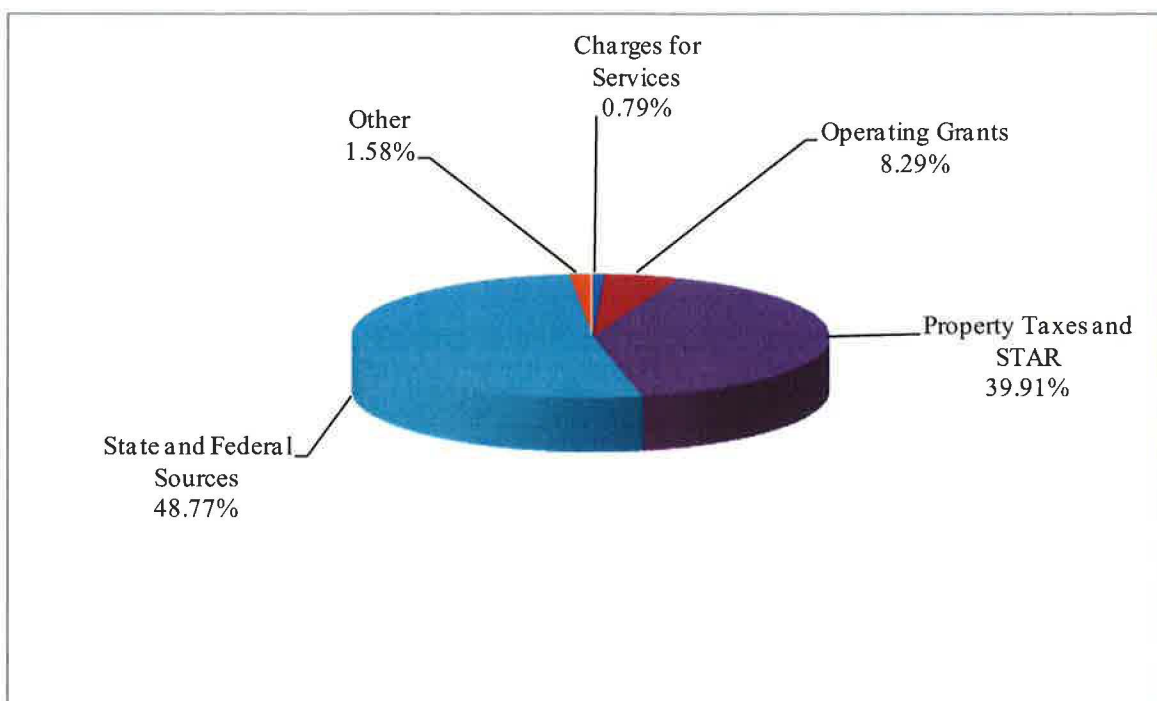
**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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

For the Year Ended June 30, 2013



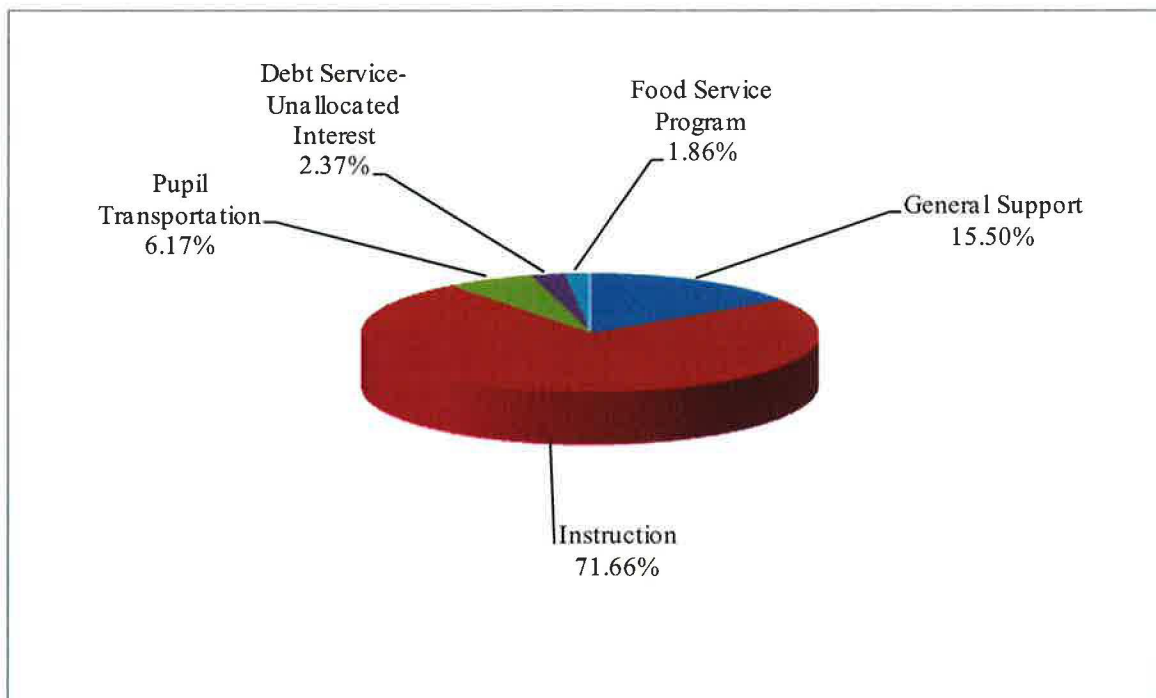
For the Year Ended June 30, 2012



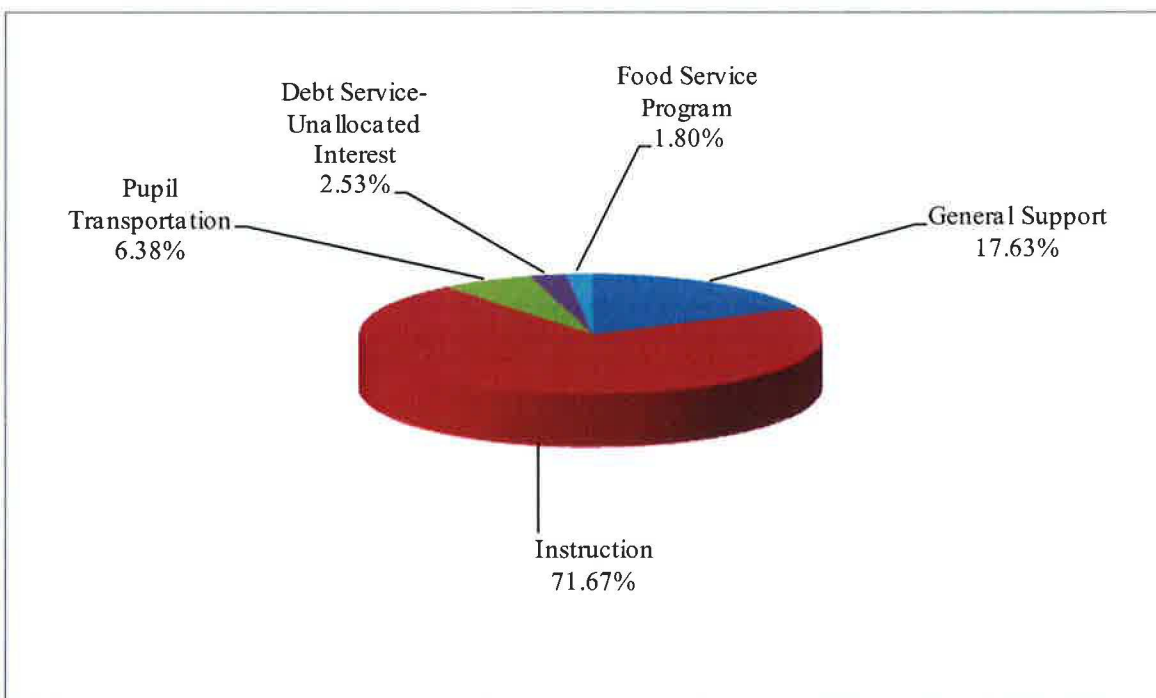
**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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

For the Year Ended June 30, 2013



For the Year Ended June 30, 2012



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2013, the District's governmental funds reported a combined fund balance of \$50,412,416, which is an increase of \$5,567,036 over the prior year, including prior-period adjustments. This increase is due to the district's revenues exceeding expenditures. A summary of the change in fund balance by fund is as follows:

	2013	2012	Increase (Decrease)
General Fund			
Restricted for:			
Workers' Compensation	5,227,636	4,128,745	1,098,891
Unemployment	1,674,240	1,668,899	5,341
Employee Benefit Accrued Liability	7,832,789	6,699,119	1,133,670
Retirement Contribution	12,425,051	7,923,668	4,501,383
Insurance	2,636,265	885,127	1,751,138
Total Restricted	<u>29,795,981</u>	<u>21,305,558</u>	<u>8,490,423</u>
Assigned			
General Support	236,880	77,382	159,498
Instruction	1,505,225	1,242,686	262,539
Employee Benefits	7,150	10,146	(2,996)
Appropriated for Subsequent Year's Expenditures	18,114,000	16,994,000	1,120,000
Total Assigned	<u>19,863,255</u>	<u>18,324,214</u>	<u>1,539,041</u>
Unassigned	<u>8,820,051</u>	<u>8,631,323</u>	<u>188,728</u>
Total General Fund	<u>58,479,287</u>	<u>48,261,095</u>	<u>10,218,192</u>
School Lunch Fund			
Nonspendable	18,777	11,231	7,546
Assigned	<u>1,108,193</u>	<u>1,129,051</u>	<u>(20,858)</u>
Total School Lunch Fund	<u>1,126,970</u>	<u>1,140,282</u>	<u>(13,312)</u>
Capital Projects Fund			
Unassigned (Deficit)	<u>(9,193,841)</u>	<u>(4,555,997)</u>	<u>(4,637,844)</u>
Total Capital Projects Fund	<u>(9,193,841)</u>	<u>(4,555,997)</u>	<u>(4,637,844)</u>
Total Fund Balance	<u>\$ 50,412,416</u>	<u>\$ 44,845,380</u>	<u>\$ 5,567,036</u>

Combined increases of \$8,490,423 in General Fund restricted fund balances during the year ended June 30, 2013 is a result of District funding of reserves approved by the Board of Education.

The decrease in the amount of \$4,637,844 in the Capital Fund balance is a result of District expenditures in the Capital Fund related to ongoing capital projects. The deficit will be eliminated when long term financing is obtained.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2012-2013 Budget

The District's General Fund adopted budget for the year ended June 30, 2013, was \$215,783,082. This is an increase of \$7,648,888 over the prior years adopted budget.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

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

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

Opening, Unassigned Fund Balance	\$ 8,631,323
Revenues over Budget	2,582,798
Expenditures and Encumbrances under Budget	26,940,353
Appropriated Reserves	(4,060,214)
Roll Over of Encumbrances	1,330,214
Net Increase in Restricted Funds	(8,490,423)
Appropriated For Subsequent Year's Expenditures	<u>(18,114,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 8,820,051</u>

Opening, Unassigned Fund Balance

The \$8,631,323 shown in the table is the portion of the District's June 30, 2012, fund balance that was retained unassigned. This was 4% of the District's 2012-2013 approved operating budget.

Revenues Over Budget

The 2012-2013 budget for revenues was \$196,242,636. The actual revenues received for the year were \$198,825,434. The actual revenue over estimated or budgeted revenue was \$2,582,798. This variance contributes directly to the change to the unassigned portion of the General fund balance from June 30, 2012 to June 30, 2013.

Expenditures and Encumbrances Under Budget

The 2012-2013 budget for expenditures was \$217,296,850. The actual expenditures and encumbrances were \$190,356,497. The final budget was under expended by \$26,940,353. This under expenditure also contributes to the change to the unassigned portion of the general fund balance from June 30, 2012 to June 30, 2013.

Appropriated Fund Balance

The District has chosen to use \$18,114,000 of its available June 30, 2013, fund balance to partially fund its 2013-2014 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2013-2014 fiscal year with an unassigned fund balance of \$8,820,051, which is 4% of the District's 2013-2014 approved operating budget.

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2013, 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, 2013. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2013 and 2012, is as follows:

	2013	2012	Increase/ (Decrease)
Land	\$ 35,132,218	\$ 35,132,218	\$
Construction in Process	44,691,649	40,053,805	4,637,844
Buildings and Improvements	153,654,564	160,209,206	(6,554,642)
Vehicles, Furniture, and Equipment	1,870,292	899,957	970,335
Capital Assets, Net	<u>\$ 235,348,723</u>	<u>\$ 236,295,186</u>	<u>\$ (946,463)</u>

B. Debt Administration

At June 30, 2013, the District had total bonds payable of \$100,900,000. A summary of the outstanding debt at June 30, 2013 and 2012, is as follows:

Issue Date	Interest Rate	2013	2012	Increase (Decrease)
2/26/2013	2.0-3.0%	\$ 4,540,000	\$	\$ 4,540,000
2/19/2003	3.50%		9,115,000	(9,115,000)
6/21/2006	4.20%-4.25%	11,045,000	11,800,000	(755,000)
3/22/2007	4.00%-5.00%	39,360,000	41,795,000	(2,435,000)
2/1/2010	2.00%-4.00%	27,500,000	28,765,000	(1,265,000)
10/5/2011	2.50%-5.00%	18,455,000	20,680,000	(2,225,000)
		<u>\$ 100,900,000</u>	<u>\$ 112,155,000</u>	<u>\$ (11,255,000)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- State support of the William Floyd School District budget for the 2012-13 school year was 49.1% and is projected to decline to 47.6% for the 2013-14 school year. We anticipate that this trend will continue in the years to come due to the economic outlook that is being forecasted by the NYS Comptroller's office. The State, as a whole, continues to warn of further reductions in its financial support to school districts and is shifting financial support to performance and incentive grant funding which is awarded on annual or multi-year periods. These significant deficits in state funding, along with federal grant reductions and the third year of the Tax Levy Cap have changed the direction of fiscal planning for school districts like William Floyd. These scenarios along with the increase of unfunded mandates and the reduction of local control over tax levy decisions are making school districts like ours reduce student choices and opportunities. We foresee this as the norm going forward as compared to the exception which will make the highly complex budgetary process more rigorous and drawn out.
- Retirement contributions for both TRS and ERS employees increased over the last two (2) years. While ERS and TRS both had increases that did not result in a Tax Levy Cap exclusion during the 12-13 school year, the increased costs continue to create an unsustainable burden at the local level. For the 13-14 school year TRS contributions increased from 11.84% to 16.25% which resulted in a exclusion of 2.41% exclusion. These increases, which we believe will continue to rise, in conjunction with the Tax Levy Cap can potentially consume most, if not all, of any revenue increases generated by the Tax

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2013**

Levy and State Aid. The State has presented short term ill conceived solutions that result in “kicking the can down the road”. The State also created a new employee tier but will not result in savings to a district for years to come.

- The continued economic issues facing Suffolk County has played itself out in a number of ways for the William Floyd School District. Investment earnings continue to decline and make up a smaller portion of the District's revenue stream. The banks with whom we deal with have created new ways to increase their revenue stream by charging for services that had no cost impact in previous years, this alone resulted in an increased expense of over \$25,000 during the 2012-13 school year and is expected to increase.
- During the 2012-13 school year the district was finally hit with the reductions in assessed values, similar to neighboring districts. It resulted in a decline in assessed of more than \$460,000, a drop which represents more than the last 5 years combined. The district was recently notified that the assessed values declined once again in the amount of \$404,000 for the 2013-14 school year. Going forward, the district is anticipating similar declines due to the economic forces influencing housing in the Long Island markets and also the devastating effects of Hurricane Sandy from the previous year.
- Continued financial hardships and foreclosure rates within the communities William Floyd serves requires increased expenditures as the District adheres to State and Federal mandates related to homeless and foster children, even though funding for these mandates continues to be reduced. The number of homeless and foster continues to rise on exponential rate compared to previous periods and the free and reduced rates are a historical high in all buildings
- Federal Grant funding continues to decline without any reduction in legally required services that need to be offered based on the grant rules and obligations. During the 2011-12 school year, combined total Title and IDEA appropriations for the WFSD were \$4,917,533 and for the 2012-13 school year declined by more than \$498,000 which represented over a 10% reduction in total funding. This lack of financial support creates an undue burden on districts similar to ours which are heavily affected by economic downturns. These grants are directly targeted to high needs district and the reduction in funds continuously moves the burden to the local tax payers.
- APPR and Common Core were implemented during the 2012-13 school year, both are high stakes and unfunded mandates. This shift in the educational direction of NYS is welcomed, but the lack of financial support to help implement it expected from those in charge at NYS. With the introduction of APPR, the state made continuous threats of withholding state aid if implementation was not done timely, though their part was months behind and direction was non-existent. The evaluation component of APPR alone has increased time away from the core mission of educating students and making NYS a educational powerhouse. The introduction of the Common Core initiative across NYS is being met with frustration and parental skepticism alike. This newest approach to education is poorly supported on both the implementation side and the financial side alike.

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 POSITION
June 30, 2013

Assets

Cash and Cash Equivalents	\$ 36,235,109
Restricted Cash and Cash Equivalents	29,795,981
Receivables	
Due from Other Governments	10,613,193
Due from Fiduciary Funds	6,478,208
Other Receivables	168,740
Inventory	18,777
Capital Assets (Net of Accumulated Depreciation)	<u>235,348,723</u>
Total Assets	<u>318,658,731</u>

Deferred Outflow of Resources

Deferred Charge on Refunding of Debt (Net of Amortization)	<u>916,666</u>
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Total Assets and Deferred Outflow of Resources	<u>\$ 319,575,397</u>
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Liabilities

Accounts Payable	\$ 1,914,028
Accrued Liabilities	7,471,428
Due To	
Other Governments	1,990,873
Teachers' Retirement System	10,203,712
Employees' Retirement System	545,383
Bond Interest	185,543
Unearned Revenue	10,755,557
Noncurrent Liabilities	
Due Within One Year	
Bonds Payable	10,220,000
Due in More Than One Year	
Bonds Payable	91,872,295
Other Postemployment Benefits	24,238,477
Compensated Absences	<u>7,832,789</u>
Total Liabilities	<u>167,230,085</u>

Net Position

Net Investment in Capital Assets	134,101,014
Restricted	29,795,981
Unrestricted (Deficit)	<u>(11,551,683)</u>
Total Net Position	<u>152,345,312</u>

Total Liabilities and Net Position	<u>\$ 319,575,397</u>
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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, 2013

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	\$ 31,103,122	\$	\$	\$ (31,103,122)
Instruction	148,714,746	268,960	7,783,838	(140,661,948)
Pupil Transportation	12,386,991			(12,386,991)
Debt Service - Unallocated Interest	4,764,509			(4,764,509)
Food Service	3,729,202	1,314,205	2,415,440	443
Total Functions/Programs	<u>\$ 200,698,570</u>	<u>\$ 1,583,165</u>	<u>\$ 10,199,278</u>	<u>(188,916,127)</u>
General Revenues				
Real Property Taxes				76,347,284
STAR and Other Real Property Tax Items				14,427,330
Use of Money and Property				617,244
Sales of Property and Compensation for Loss				109,824
State and Federal Sources				105,907,136
Miscellaneous				<u>798,239</u>
Total General Revenues				<u>198,207,057</u>
Change in Net Position				<u>9,290,930</u>
Net Position, Beginning of Year				142,722,485
Prior Period Adjustments				<u>331,897</u>
Net Position, Beginning of Year (Restated)				<u>143,054,382</u>
Net Position, End of Year				<u>\$ 152,345,312</u>

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

	General	School Lunch	Special Aid	Debt Service	Capital	Total
Assets						
Cash and Cash Equivalents	\$ 17,790,576	\$ 1,813,617	\$	\$	\$ 16,630,916	\$ 36,235,109
Restricted Cash and Cash Equivalents	29,795,981					29,795,981
Receivables						
Due from Other Governments	7,422,552	27,349	3,163,292			10,613,193
Due from Other Funds	39,138,959	901,808	5,515,881			45,556,648
Other Receivables	168,253	144	343			168,740
Inventory		18,777				18,777
Total Assets	<u>\$ 94,316,321</u>	<u>\$ 2,761,695</u>	<u>\$ 8,679,516</u>	<u>\$</u>	<u>\$ 16,630,916</u>	<u>\$ 122,388,448</u>
Liabilities						
Payables						
Accounts Payable	\$ 1,314,852	\$	\$ 76,866	\$	\$ 522,310	\$ 1,914,028
Accrued Liabilities	7,463,738	2,648	5,042			7,471,428
Due To						
Other Governments	1,990,873					1,990,873
Other Funds	3,546,308	1,632,077	8,597,608		25,302,447	39,078,440
Teachers' Retirement System	10,203,712					10,203,712
Employees' Retirement System	545,383					545,383
Bond Interest	16,611					16,611
Unearned Revenue	10,755,557					10,755,557
Total Liabilities	<u>35,837,034</u>	<u>1,634,725</u>	<u>8,679,516</u>	<u></u>	<u>25,824,757</u>	<u>71,976,032</u>
Fund Balance						
Fund Balance - Reserved						
Nonspendable		18,777				18,777
Restricted	29,795,981					29,795,981
Assigned	19,863,255	1,108,193				20,971,448
Unassigned	8,820,051				(9,193,841)	(373,790)
Total Fund Balance (Deficit)	<u>58,479,287</u>	<u>1,126,970</u>	<u></u>	<u></u>	<u>(9,193,841)</u>	<u>50,412,416</u>
Total Liabilities and Fund Balance	<u>\$ 94,316,321</u>	<u>\$ 2,761,695</u>	<u>\$ 8,679,516</u>	<u>\$</u>	<u>\$ 16,630,916</u>	<u>\$ 122,388,448</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 POSITION
June 30, 2013

	Total Govenmental Funds (Modified Accrual)	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Total
Assets				
Cash and Cash Equivalents	\$ 36,235,109	\$	\$	\$ 36,235,109
Restricted Cash and Cash Equivalents	29,795,981			29,795,981
Receivables				
Other Governments	10,613,193			10,613,193
Due from Other Funds	45,556,648		(39,078,440)	6,478,208
Other Receivables	168,740			168,740
Inventory	18,777			18,777
Capital Assets		235,348,723		235,348,723
Total Assets	<u>\$ 122,388,448</u>	<u>\$ 235,348,723</u>	<u>\$ (39,078,440)</u>	<u>\$ 318,658,731</u>
Deferred Outflow of Resources				
Deferred Charge on Refunding of Debt (Net of Amortization)		916,666		916,666
Total Assets and Deferred Outflow of Resources	<u>\$ 122,388,448</u>	<u>\$ 236,265,389</u>	<u>\$ (39,078,440)</u>	<u>\$ 319,575,397</u>
Liabilities				
Accounts Payable	\$ 1,914,028	\$	\$	\$ 1,914,028
Accrued Liabilities	7,471,428			7,471,428
Bonds Payable		102,092,295		102,092,295
Due To				
Other Governments	1,990,873			1,990,873
Other Funds	39,078,440		(39,078,440)	
Teachers' Retirement System	10,203,712			10,203,712
Employees' Retirement System	545,383			545,383
Bond Interest	16,611	168,932		185,543
Compensated Absences		7,832,789		7,832,789
Other Postemployment Benefits		24,238,477		24,238,477
Unearned Revenue	10,755,557			10,755,557
Total Liabilities	<u>71,976,032</u>	<u>134,332,493</u>	<u>(39,078,440)</u>	<u>167,230,085</u>
Fund Balance/Net Position				
Total Fund Balance/Net Position	50,412,416	101,932,896		152,345,312
Total Liabilities and Net Position	<u>\$ 122,388,448</u>	<u>\$ 236,265,389</u>	<u>\$ (39,078,440)</u>	<u>\$ 319,575,397</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, 2013

	General	School Lunch	Special Aid	Debt Service	Capital	Total
Revenues						
Real Property Taxes	\$ 76,347,284	\$	\$	\$	\$	\$ 76,347,284
STAR and Other Real Property Tax Items	14,427,330					14,427,330
Charges for Services	268,960					268,960
Use of Money and Property	612,699	4,545				617,244
Sale of Property and Compensation for Loss	108,628	1,196				109,824
Miscellaneous	1,153,397		179,272			1,332,669
Interfund Revenues						
State Aid	105,685,288	129,672	2,717,588			108,532,548
Federal Aid	221,848	2,285,768	5,066,250			7,573,866
School Lunch Sales		1,314,205				1,314,205
Total Revenues	<u>198,825,434</u>	<u>3,735,386</u>	<u>7,963,110</u>			<u>210,523,930</u>
Expenditures						
General Support	20,884,581	1,941			4,637,844	25,524,366
Instruction	94,107,437		6,716,939			100,824,376
Pupil Transportation	12,066,798		320,193			12,386,991
Food Service Program		3,729,202				3,729,202
Employee Benefits	45,228,352	17,555	1,207,808			46,453,715
Debt Service - Principal	11,305,000					11,305,000
Debt Service - Interest	4,733,244					4,733,244
Total Expenditures	<u>188,325,412</u>	<u>3,748,698</u>	<u>8,244,940</u>		<u>4,637,844</u>	<u>204,956,894</u>
Excess (Deficit) Revenues Over Expenditures	<u>10,500,022</u>	<u>(13,312)</u>	<u>(281,830)</u>		<u>(4,637,844)</u>	<u>5,567,036</u>
Other Financing Sources (Uses)						
Proceeds of Refunding Bond				9,220,653		9,220,653
Payments to Escrow Agent				(9,220,653)		(9,220,653)
Transfers from Other Funds			281,830			281,830
Transfers to Other Funds	<u>(281,830)</u>					<u>(281,830)</u>
Total Other Financing Sources (Uses)	<u>(281,830)</u>		<u>281,830</u>			
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	10,218,192	(13,312)			(4,637,844)	5,567,036
Fund Balance (Deficit), Beginning of Year	48,261,095	1,140,282			(4,555,997)	44,845,380
Fund Balance (Deficit), End of Year	<u>\$ 58,479,287</u>	<u>\$ 1,126,970</u>	<u>\$</u>	<u>\$</u>	<u>\$ (9,193,841)</u>	<u>\$ 50,412,416</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, 2013**

Net Changes in Fund Balance - Total Governmental Funds	\$	5,567,036
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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 position and allocated over their useful lives as depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeded depreciation expense in the period.

	Depreciation Expense	(6,890,256)	
	Gain on Disposal	(26,876)	
	Capital Outlays	<u>5,638,772</u>	(1,278,360)

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

	Amortized Bond Premium	72,079	
	Repayment Bond Principal	<u>11,305,000</u>	11,377,079

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		(534,430)
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Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Loss on Refunding	(50,000)	
	Accrued Interest on Serial Bonds	23,045	
	Amortized Issuance Costs	(76,389)	
	Other Post Employment Benefits	(5,115,864)	
	Compensated Absences	<u>(621,187)</u>	<u>(5,840,395)</u>

Change in Net Position Governmental Activities	\$	<u>9,290,930</u>
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WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2013

	Private Purpose	
	Trusts	Agency
Assets		
Cash and Cash Equivalents - Unrestricted	\$	\$ 6,548,433
Cash and Cash Equivalents - Restricted	146,723	143,336
Due from Other Funds	215	503,814
Total Assets	<u>\$ 146,938</u>	<u>\$ 7,195,583</u>
Liabilities		
Due to Other Funds	\$ 410	\$ 6,981,827
Agency Liabilities		70,420
Extraclassroom Activity Balances		143,336
Total Liabilities	<u>410</u>	<u>\$ 7,195,583</u>
Net Assets		
Restricted for Scholarships	<u>146,528</u>	
Restricted For Other Purposes		
Total Net Assets	<u>146,528</u>	
Total Liabilities and Net Assets	<u>\$ 146,938</u>	

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2013

	Private Purpose Trusts
Additions	
Investment Income	\$ 336
Gifts and Contributions	<u>98,260</u>
Total Additions	<u>98,596</u>
Deductions	
Scholarships and Awards	<u>101,200</u>
Change in Net Position	(2,604)
Net Position, Beginning of Year	<u>149,132</u>
Net Position, End of Year	<u>\$ 146,528</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, 2013

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. 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, 2013

Basis of Presentation

(a) District-Wide Statements

The Statement of Net Position 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 - is the School District's primary operating fund and is used to account for and report all financial transactions except those required to be accounted for in another fund.

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

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

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

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

Debt Service Funds: This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated.

(c) Fiduciary Funds

This fund is used to account for and report 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 and report 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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.

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, 2012, to June 1, 2013.

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, 2013

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 Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 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.

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has one item that qualifies for reporting in this category. It is a deferred charge on refunding of debt reported in the District-wide Statement of Net Position. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Retirement Plans

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

Short-Term Debt

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

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.

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	\$ 215,783,082
Encumbrances Carried Over	<u>1,330,214</u>
Original Budget	217,113,296
Budget Revisions	<u>183,554</u>
Final Budget	<u>\$ 217,296,850</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.

Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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.

Equity Classifications

(a) District-wide Statements

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

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

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

Unrestricted net position - reports all other net assets that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

(b) Fund Statements

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

The following classifications describe the relative strength of the spending constraints:

Non-Spendable Fund Balance

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund.

Restricted Fund Balance

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

The School District has established the following restricted fund balances:

- ***Workers' Compensation Reserve*** - Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds. 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, 2013

- ***Unemployment Insurance Reserve*** – According to General Municipal Law §6-m, must be 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.
- ***Retirement Contribution Reserve*** – According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.
- ***Insurance Reserve*** – The 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.
- ***Reserve for Employee Benefits Accrued Liability*** – According to General Municipal Law §6-p, must be used 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. This reserve is accounted for in the General Fund.
- ***Capital Fund*** – This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.
- ***Reserve for Endowments and Scholarships*** – This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Fiduciary Fund.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority; i.e. the Board of Education. The School District has no committed fund balances as of June 30, 2013.

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

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Order of Use of Fund Balance

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

New Accounting Standard

The District changed accounting policies related to the financial statement presentation of net position and deferred inflows and outflows of resources by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2012. The new pronouncements provide for the separate classification for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting provisions of GASB Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the residual measure and by renaming that measure as net position, rather than net assets.

Future Changes in Accounting Standards

The school district will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

- GASB has issued Statement 65, *Items Previously Reported as Assets and Liabilities*, effective for the year ending June 30, 2014.
- GASB has issued Statement 66, *GASB Technical Corrections – 2012 – an Amendment of Statements 10 and 62*, effective for the year ending June 30, 2014.
- GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending June 30, 2015.
- GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.
- GASB has issued Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending June 30, 2015.

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 Position of Governmental Activities

Total fund balances of the School District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position 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:

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

(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 Position.

(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. The School District has 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, 2013, total bank balances of \$81,912,079 were fully collateralized.

Restricted Cash and Cash Equivalents

Restricted cash of \$29,795,981 in the General Fund represents the following:

<u>Description</u>	<u>Amount</u>
Reserve for Employee Benefit Accrued Liability	\$ 7,832,789
Reserve for Workers' Compensation	5,227,636
Reserve for Insurance	2,636,265
Reserve for Unemployment	1,674,240
Reserve for Retirement Contribution	12,425,051
Total	\$ <u>29,795,981</u>

4. PARTICIPATION IN BOCES

During the year, the School District was billed \$16,841,909 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 35,132,218	\$	\$	\$ 35,132,218
Construction in Process	<u>40,053,804</u>	<u>4,637,844</u>		<u>44,691,648</u>
	<u>75,186,022</u>	<u>4,637,844</u>		<u>79,823,866</u>
Capital Assets Being Depreciated				
Buildings and Improvements	256,193,232		(96,567)	256,096,664
Furniture, Equipment, and Vehicles	<u>15,929,970</u>	<u>1,000,928</u>	<u>(10,094,434)</u>	<u>6,836,464</u>
	<u>272,123,202</u>	<u>1,000,928</u>	<u>(10,191,001)</u>	<u>262,933,128</u>
Accumulated Depreciation				
Buildings and Improvements	95,970,143	6,568,524	(96,567)	102,442,100
Furniture, Equipment, and Vehicles	<u>14,711,998</u>	<u>321,732</u>	<u>(10,067,558)</u>	<u>4,966,172</u>
	<u>110,682,141</u>	<u>6,890,256</u>	<u>(10,164,125)</u>	<u>107,408,272</u>
Net Capital Assets	\$ <u>236,627,083</u>	\$ <u>(1,251,484)</u>	\$ <u>(26,876)</u>	\$ <u>235,348,723</u>

Depreciation expense of \$6,890,256 is charged as follows:

General Support	\$ 1,395,041
Instruction	<u>5,495,215</u>
Total	\$ <u>6,890,256</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 Issue</u>	<u>Interest</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
8/30/12	.75%	\$	\$ 30,000,000	\$ 30,000,000	\$
Total		\$	\$ <u>30,000,000</u>	\$ <u>30,000,000</u>	\$

Interest on short-term debt for the year was \$185,625.

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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Long-term liability balances and activity are as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds Payable	\$ 112,155,000	\$ 9,165,000	\$ 20,420,000	\$ 100,900,000	\$ 10,220,000
Deferred Bond Premium	1,264,375	162,818	234,898	1,192,295	
Compensated Absences	7,211,602	621,187		7,832,789	
OPEB Liability	19,122,613	10,880,194	5,764,330	24,238,477	
Total Long-Term Liabilities	\$ 139,753,590	\$ 20,829,199	\$ 26,419,228	\$ 134,163,561	\$ 10,220,000

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

Interest Paid	\$ 4,547,619
Plus: Interest Accrued in the Current Year	168,932
Amortization of Deferred Income	234,898
Economic Gain on Refunding	50,000
Less: Premium on Refunding, Current Year	(162,818)
Interest Accrued in the Prior Year	(191,976)
Total Expense	\$ 4,646,655

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

Serial Bonds	Issue Date	Original Amount	Final Maturity	Interest Rate (%)	Outstanding at 6/30/13
2013 Refunding	02/26/13	\$ 9,165,000	06/15/15	2.0-3.0%	\$ 4,540,000
2006 Serial Bond	06/21/06	\$15,690,000	06/15/24	4.20%-4.25%	11,045,000
2007 Refunding	03/22/07	\$54,865,000	06/15/25	4.00%-5.00%	39,360,000
2010 Serial Bond	02/01/10	\$30,000,000	12/15/29	2.00%-4.00%	27,500,000
2011 Refunding	10/05/11	\$20,900,000	06/15/20	2.50%-5.00%	18,455,000
Total					\$100,900,000

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

Fiscal Year Ending June 30, ..	Principal	Interest
2014	\$ 10,220,000	\$ 3,407,621
2015	8,490,000	3,074,603
2016	7,575,000	2,799,790
2017	7,940,000	2,583,823
2018-2022	39,075,000	9,248,876
2023-2027	22,495,000	2,889,701
2028-2030	5,105,000	311,700
Total	\$ 100,900,000	\$ 24,316,114

Prior-Year Defeasance of Debt

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. On June 30, 2013, \$40,590,000 of bonds outstanding are considered defeased.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

Advance Refunding

On February 26, 2013, the School District issued \$9,165,000 in general obligation bonds with an average interest rate of 2.0% to 3.0% to advance refund \$9,115,000 of outstanding 2003 serial bonds with an average interest rate of 4.5%. The net proceeds of \$9,220,653 (after payment of \$107,165 in underwriting fees, insurance, other issuance costs and a premium of \$162,818) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the 2003 serial bonds are considered to be defeased, and the liability for those bonds has been removed from the School District's financial statements. At June 30, 2013, the balance of the advance refunded bonds was \$4,590,000.

The original issue premium on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premium is being amortized using the straight-line method over 3 years, the remaining time to maturity of the bonds. The current year amortization is \$54,273 and is included as a reduction to interest expense on the statement of activities.

Deferred Gain on Premium	\$ 162,818
Less: Accumulated Amortization	<u>54,273</u>
Net Unamortized Gain on Premium	<u>\$ 108,545</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 for employees who joined prior to July 27, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For NYSTRS, employees who joined on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% of their annual salary for their entire working career. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. For employees in NYSERS who joined after January 1, 2010 but prior to March 31, 2013, they must contribute 3% of their salary throughout their active membership. Those joining after April 1, 2013 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. 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, 2013, were paid. The required contributions for the next System fiscal year will be made in 2013-2013. The amount below for 2013-2014 represents

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

the three months of the School District's fiscal year will be covered in the NYSERS 2013-2014 billing cycle. The required contributions for the current year and two preceding years were:

	TRS		ERS	
	Rate	Amount	Rate	Amount
2011	8.62%	\$ 6,723,708	12.10%	\$ 1,231,525
2012	11.11%	\$ 7,825,384	12.70%	\$ 1,743,112
2013	11.84%	\$ 8,617,722	15.00%	\$ 2,127,550

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. 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*

	2013
Normal Cost	\$ 4,056,046
Amortization of UAL	7,329,396
Annual Required Contribution (ARC)	11,385,442
Interest on OPEB Obligation	956,131
Adjustment to ARC	(1,461,379)
OPEB Expense	\$ 10,880,194

(d) *Reconciliation of Net OPEB Obligation*

	2013
Net OPEB Obligation at the Beginning of the Year	\$ 19,122,613
OPEB Expense	10,880,194
Net OPEB Contributions Made During the Fiscal Year	(5,764,330)
Net OPEB Obligation at the End of the Year	\$ 24,238,477
Percentage of Expense Contributed	52%

(e) *Trend Information*

Fiscal Year Ending	Annual Net OPEB Expense	OPEB Expense Contributed	% of Expense Contributed	Net OPEB Obligation
June 30, 2013	\$ 10,880,194	\$ 5,764,330	52.0%	\$ 24,238,477
June 30, 2012	\$ 10,613,976	\$ 6,398,315	60.3%	\$ 19,122,613
June 30, 2011	\$ 7,615,880	\$ 3,188,982	41.9%	\$ 14,906,952

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

(f) Funding Status

	2013
Actuarial Accrued Liability (AAL)	\$ 95,907,499
Actuarial Value of Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$ 95,907,499
Funded Ratio (Assets as a Percentage of AAL)	0.0%
Annual Covered Payroll	\$ 87,172,461
UAAL as a Percentage of Covered Payroll	110.0%

(g) Actuarial Methods and Assumptions

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

The projections of benefits are based on the types of benefits provided under the substantive plan at the time of the valuation date and on the pattern of cost-sharing between the employer and Plan members. In addition, the projections do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and Plan members in the future. The actuarial calculations reflect a long-term perspective; actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The actuarial measurement date was dated July 1, 2011.

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.

(h) Health Care Trend Factors

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

Year	Trend
2014	6.00%
2015	5.75%
2016	5.75%
2017	5.50%
2018 and later	5.50%

(i) Additional Information

Actuarial Cost Method	Projected Unit Credit
Amortization Period	Single Amortization Period
Amortization Period (Years)	27
Amortization Discount	5.0%
Method Used to Determine Actuarial Value of Assets	N/A

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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

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 \$5,932,017, 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 Liability	Incurred Claims Including IBNRs	Claim Payments	End of Year Liability
2010-2011	\$ 3,679,305	\$ 25,725,312	\$ 25,348,808	\$ 4,055,809
2011-2012	\$ 4,055,809	\$ 25,542,269	\$ 25,369,056	\$ 4,229,022
2012-2013	\$ 4,229,022	\$ 25,431,062	\$ 23,728,067	\$ 5,932,017

11. INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Fund	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General	\$ 39,138,959	\$ 3,546,308	\$	\$ 281,830
School Lunch	901,808	1,632,077		
Special Aid	5,515,881	8,597,608	281,830	
Fiduciary	504,029	6,982,237		
Capital Projects		25,302,447		
Total Government Activities	\$ 46,060,677	\$ 46,060,677	\$ 281,830	\$ 281,830

- 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 Position.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

12. FUND BALANCE

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	<u>Capital Fund</u>	<u>Total</u>
Nonspendable					
School Lunch Inventory	\$ _____	\$ 18,777	\$ _____	\$ _____	\$ 18,777
Restricted					
Employee Benefit Accrued Liability	7,832,789				7,832,789
Workers Compensation	5,227,636				5,227,636
Insurance	2,636,265				2,636,265
Unemployment Insurance	1,674,240				1,674,240
Retirement Contribution Reserve	<u>12,425,051</u>				<u>12,425,051</u>
Total Restricted	<u>29,795,981</u>				<u>29,795,981</u>
Assigned					
School Lunch		1,108,193			1,108,193
General Fund:					
General Support	236,880				236,880
Instruction	1,505,225				1,505,225
Employee Benefits	7,150				7,150
Appropriated Fund Balance	<u>18,114,000</u>				<u>18,114,000</u>
Total Assigned	<u>19,863,255</u>	<u>1,108,193</u>			<u>20,971,448</u>
Unassigned (Deficit)	<u>8,820,051</u>			<u>(9,193,841)</u>	<u>(373,790)</u>
Total Fund Balance (Deficit)	<u>\$ 58,479,287</u>	<u>\$ 1,126,970</u>	<u>\$ _____</u>	<u>\$ (9,193,841)</u>	<u>\$ 50,412,416</u>

The following is a summary of the change in reserve funds during the year ended June 30, 2013:

	<u>Balance at 07/01/12</u>	<u>Additions/ Deletions</u>	<u>Balance at 06/30/13</u>
General Fund			
Employee Benefit Accrued Liability	\$ 6,699,119	\$ 1,133,670	\$ 7,832,789
Workers Compensation	4,128,745	1,098,891	5,227,636
Insurance	885,127	1,751,138	2,636,265
Unemployment Insurance	1,668,899	5,341	1,674,240
Retirement Contributions	<u>7,923,668</u>	<u>4,501,383</u>	<u>12,425,051</u>
Total General Fund	<u>\$ 21,305,558</u>	<u>\$ 8,490,423</u>	<u>\$ 29,795,981</u>

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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

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.

Significant Encumbrances

The School District did not have any individually significant encumbrances at June 30, 2013.

14. PRIOR-PERIOD ADJUSTMENTS

District-wide

A prior-period adjustment of \$331,897 was made in the District-wide financial statement to adjust fixed assets per recent appraisal.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	\$ 90,769,693	\$ 76,347,186	\$ 76,347,284	\$	98
Other Real Property Tax Items	10,000	14,432,507	14,427,330		(5,177)
Charges for Services	195,000	195,000	268,960		73,960
Use of Money and Property	768,000	768,000	612,699		(155,301)
Sale of Property and Compensation for Loss	41,000	56,122	108,628		52,506
Miscellaneous	1,000,000	1,035,432	1,153,397		117,965
Interfund Revenues					
State Aid	103,275,389	103,408,389	105,685,288		2,276,899
Federal Aid			221,848		221,848
Total Revenues	196,059,082	196,242,636	198,825,434		2,582,798
Other Financing Sources					
Appropriated Reserves	4,060,214	4,060,214			(4,060,214)
Appropriated Fund Balance	16,994,000	16,994,000			(16,994,000)
Total Revenues and Other Financing Sources	\$ 217,113,296	\$ 217,296,850	198,825,434	\$	(18,471,416)
Expenditures					
General Support					
Board of Education	\$ 64,408	65,458	57,231	\$	8,227
Central Administration	987,963	981,905	869,491		112,414
Finance	1,259,134	1,246,466	1,085,077	60,854	100,535
Staff	1,884,900	2,018,818	1,289,140		729,678
Central Services	17,176,865	17,325,952	15,467,833	176,026	1,682,093
Special Items	2,881,740	2,766,740	2,115,809		650,931
Total General Support	24,255,010	24,405,339	20,884,581	236,880	3,283,878
Instruction					
Instruction, Administration, and Improvement	4,839,300	4,851,884	4,706,414	10,000	135,470
Teaching - Regular School	53,786,664	53,454,826	48,557,319	145,428	4,752,079
Programs for Children With Special Needs	39,310,852	39,331,101	31,953,079	1,349,797	6,028,225
Teaching - Special School	138,660	138,660	128,317		10,343
Instructional Media	1,976,289	2,145,910	2,099,799		46,111
Pupil Services	6,865,076	7,097,026	6,662,509		434,517
Total Instruction	106,916,841	107,019,407	94,107,437	1,505,225	11,406,745
Pupil Transportation	13,199,356	13,266,323	12,066,798	7,150	1,192,375
Employee Benefits	55,557,006	55,420,698	45,228,352		10,192,346
Debt Service - Principal	10,060,000	10,068,100	11,305,000		(1,236,900)
Debt Service - Interest	6,829,721	6,821,621	4,733,244		2,088,377
Total Expenditures	216,817,934	217,001,488	188,325,412	1,749,255	26,926,821
Other Financing Uses					
Transfers to Other Funds	295,362	295,362	281,830		13,532
Total Expenditures and Other Financing Uses	\$ 217,113,296	\$ 217,296,850	188,607,242	\$ 1,749,255	\$ 26,940,353
Net Change in Fund Balances			10,218,192		
Fund Balances - Beginning of Year			48,261,095		
Fund Balances - End of Year			\$ 58,479,287		

Notes to Required Supplementary Information

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
SCHEDULES OF FUNDING PROGRESS OF OTHER POST-EMPLOYMENT BENEFITS
For the Year Ended June 30, 2013

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability-Projected Unit Credit	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
	(a)	(b)	(b)-(a)	(a)/(b)	(c)	[(b)-(a)]/(c)
June 30, 2010	\$ 0	\$ 80,377,368	\$ 80,377,368	0%	\$ 93,986,982	85.52%
June 30, 2011	\$ 0	\$ 85,404,447	\$ 85,404,447	0%	\$ 88,381,192	96.63%
June 30, 2012	\$ 0	\$ 93,733,379	\$ 93,733,379	0%	\$ 85,130,062	110.11%
June 30, 2013	\$ 0	\$ 95,907,499	\$ 95,907,499	0%	\$ 87,172,461	110.02%

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
For the Year Ended June 30, 2013

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 215,783,082
Add: Prior Year's Encumbrances	<u>1,330,214</u>
Original Budget	217,113,296
Add: Grant Received	<u>183,554</u>
Final Budget	<u><u>\$ 217,296,850</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2013-14 Voter Approved Expenditure Budget	\$ 220,501,263
Maximum Allowed (4% of 2013-14 Budget)	8,820,051

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 19,863,255
Unassigned Fund Balance	<u>8,820,051</u>
Total Unrestricted Fund Balance	<u>28,683,306</u>

Less:

Appropriated Fund Balance	18,114,000
Encumbrances Included in Committed and Assigned Fund Balance	<u>1,749,255</u>
Total Adjustments	<u>19,863,255</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 8,820,051</u></u>
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Actual Percentage	4.00%
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WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2013

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2013
			Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Excel Projects	\$ 56,905,000	\$ 56,905,000	\$ 40,053,804	\$ 4,637,844	\$ 44,691,648	\$ 12,213,352	\$ 30,000,000	\$ 5,187,444	310,363	\$ 35,497,807	\$ (9,193,841)
Totals	<u>\$ 56,905,000</u>	<u>\$ 56,905,000</u>	<u>\$ 40,053,804</u>	<u>\$ 4,637,844</u>	<u>\$ 44,691,648</u>	<u>\$ 12,213,352</u>	<u>\$ 30,000,000</u>	<u>\$ 5,187,444</u>	<u>\$ 310,363</u>	<u>\$ 35,497,807</u>	<u>\$ (9,193,841)</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2013

Capital Assets, Net	\$ 235,348,723
Add:	
Unamortized Refunding Bond Charges	<u>916,666</u>
Deduct:	
Deferred Premium on Refunding	1,264,375
Serial Bonds Payable	<u>100,900,000</u>
Total Deductions	<u>102,164,375</u>
Net Investment in Capital Assets	<u>\$ 134,101,014</u>

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

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

Independent Auditor's 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, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise William Floyd Union Free School District's basic financial statements, and have issued our report thereon dated October 1, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

Purpose of this Report

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

D'Arcangelo + Co., LLP

October 9, 2013

Rome, New York

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

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**Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

Board of Education
William Floyd Union Free School District

Report on Compliance for Each Major Federal Program

We have audited William Floyd Union Free School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013. William Floyd Union Free 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of William Floyd Union Free School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of William Floyd Union Free School District's compliance.

Opinion on Each Major Federal Program

In our opinion, William Floyd Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of William Floyd Union Free School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered William Floyd Union Free School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of William Floyd Union Free School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control

over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 9, 2013

Rome, New York

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

<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	\$ 432,814
National School Lunch Program	10.555	<u>1,728,445</u>
Cash Assistance Subtotal		2,161,259
National School Lunch Program-Food Donation (Noncash)	10.555	<u>124,509</u>
Total U.S. Department of Agriculture		<u>2,285,768</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	1,606,499
Special Education - Grants to States, (IDEA, Part B)	84.027	2,379,831
Special Education - Preschool Grants, (IDEA Preschool)	84.173	184,612
State Personal Development Grant	84.323	20,995
Title III	84.365	46,135
Improving Teacher Quality State Grants, (Title IIA)	84.367	527,662
State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants, Recovery Act	84.395	<u>300,516</u>
Total U.S. Department of Education		<u>5,066,250</u>
Total Federal Financial Assistance		<u>\$ 7,352,018</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, 2013

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 1 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, 2013, the School District had food commodities totaling \$6,421, 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, 2013**

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# 84.010 Title I – Grants to Local Educational Agencies CFDA# 84.395 State Fiscal Stabilization Fund (SFSF)-Race to the Top Incentive Grants, Recovery Act b. <u>U.S. Department of Agriculture</u> Nutrition Cluster CFDA #10.553 School Breakfast Program CFDA #10.555 National School Lunch Program
	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

See Status of Prior Year's Findings and Questioned Costs.

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, 2013**

Findings – Financial Statement Audit

11-1 Fixed Assets Inventory

Condition: At June 30, 2012, the School District did not have complete inventory records available to audit. Although the District contracted with an outside appraisal service, there appears to be discrepancies related to the amount of dispositions recorded in their records. It should be noted that the District internal controls discovered this discrepancy with the independent appraisal report and is currently working with them to resolve the discrepancy.

Cause: The District contracts with an outside appraisal service and there are discrepancies in the amount of dispositions between the District's and the Appraisal Company's records.

Criteria: GASB 34

Effect: We were unable to audit the fixed assets and our audit report is qualified.

Recommendation: We recommend the District work closer with the independent appraisal company on future appraisals to ensure that any discrepancies be resolved in a more timely manner.

Status: The District has sufficiently resolved this matter in the current year

Findings and Questioned Costs – Major Federal Award Program Audit

None noted.

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Extraclassroom Activity Fund **Required Communication with Board of Education**

Board of Education
William Floyd Union Free School District

We have audited the financial statements of the Extraclassroom Activity Funds of William Floyd Union Free School District for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 June 1, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Extraclassroom Activity Funds of William Floyd Union Free School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2013. We noted no transactions entered into by the Funds during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements noted during the audit.

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 9, 2013.

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 governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Education, Administration of 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 9, 2013

Rome, New York

WILLIAM FLOYD UNION
FREE SCHOOL DISTRICT

EXTRACLASSROOM
ACTIVITY FUND

FINANCIAL STATEMENTS

For the Year Ended
June 30, 2013

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
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Independent Auditor's Report

Board of Education
William Floyd Union Free School District

We have audited the accompanying financial statements of the Extraclassroom Activity Fund of William Floyd Union Free School District, which comprise the statement of assets, liabilities, and fund equity - cash basis as of June 30, 2013, and the related statement of revenues, expenditures, and changes in fund equity - cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis For Qualified 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.

Qualified Opinion

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, 2013, 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.

Basis of Accounting

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

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on page 6 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the opinion paragraphs, the information is fairly stated in all material respects in relation to the financial statements as a whole.

D'Arcangelo + Co., LLP

October 9, 2013

Rome, New York

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
EXTRAClassroom Activity Fund
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY - CASH BASIS
June 30, 2013**

<u>Assets</u>	
Cash	\$ <u>143,342</u>
<u>Total Assets</u>	\$ <u>143,342</u>
<u>Fund Equity</u>	
Assigned	\$ <u>143,342</u>
<u>Total Liabilities and Fund Equity</u>	\$ <u>143,342</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, 2013

Revenues	
Charges for Services, Sale of Property, and Miscellaneous	\$ <u>332,411</u>
Total Revenues	<u>332,411</u>
Expenditures	
Instruction - Club Activities	<u>330,302</u>
Total Expenditures	<u>330,302</u>
Excess Expenditures Over Revenues	2,109
<u>Fund Equity</u> , Beginning of Year	<u>141,233</u>
<u>Fund Equity</u> , End of Year	\$ <u>143,342</u>

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

**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
EXTRAClassroom Activity Fund
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

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.

Cash and Cash Equivalents

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

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

2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. As of June 30, 2013, the School District's extraclassroom total bank balances of \$161,262 were covered by FDIC.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
For the Year Ended June 30, 2013

Activities	Balance at 07/01/12	Cash Receipts	Cash Disbursements	Balance at 06/30/13
<u>William Floyd High School</u>				
Best Buddies	\$ 597	\$ 0	\$ 0	\$ 597
Business Honor Society	78	0	0	78
Business Service Club	2	0	0	2
Chamber Players	197	0	0	197
Class of 2016	0	3,603	242	3,361
Class of 2012	3,640	315	3,955	0
Class of 2013	12,398	61,632	65,427	8,603
Class of 2014	3,488	953	980	3,461
Class of 2015	5,749	429	1,912	4,266
Coalition for Humanity	71	0	0	71
DECA	324	0	0	324
Environmental Defense Club	153	0	0	153
Foreign Language Honor Society	261	0	209	52
Future Business Leaders of America	192	12,932	12,934	190
Interact Club	516	250	476	290
Key Club	604	5,570	5,785	389
Marching Band	2	0	0	2
Math Club	170	0	0	170
Math Honor Society	43	0	0	43
Mock Trial	150	0	0	150
Music Club	2,529	14,998	16,129	1,398
National Art Honor Society	2,615	3,451	4,628	1,438
National Honor Society	1,302	2,586	2,703	1,185
Quiz Bowl/LI Challenge	11	0	0	11
Renaissance	99	0	0	99
Robotics	182	0	0	182
Rockettes (Kickline)	1,143	1,390	0	2,533
SADD	161	0	0	161
Sales Tax Payable	83	4,089	3,750	422
Select Choir	0	21,901	20,840	1,061
Sports Club	7,163	35,076	29,479	12,760
Stage Band/Jazz Ensemble	7,429	24,397	21,862	9,964
Student Council	4,510	13,258	12,563	5,205
Tri-M (Modern Music Masters)	4,363	4,778	3,250	5,891
Yearbook	24,920	22,713	27,620	20,013
Youth and Government	634	5,280	5,473	441
Total	85,779	239,601	240,217	85,163

(Continued)

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
SUPPLEMENTAL SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
For the Year Ended June 30, 2013
(Continued)

Activities	Balance at 07/01/12	Cash Receipts	Cash Disbursements	Balance at 06/30/13
<u>William Paca Middle School</u>				
Cadet Band	\$ 50	\$ 0	\$ 0	\$ 50
Drama Club	5,895	0	0	5,895
Festival Orchestra	421	0	0	421
Fitness Club	1,616	0	0	1,616
Girl's Chorus	500	0	0	500
Honor Society	354	993	1,066	281
Jazz Band	849	0	0	849
Robotics	528	0	0	528
Sales Tax Payable	360	4,801	4,558	603
Student Council	7,255	14,344	10,712	10,887
Yearbook	3,901	1	0	3,902
Total	21,729	20,139	16,336	25,532
<u>William Floyd Middle School</u>				
6th Grade Advisory	\$ 6,583	0	6,583	\$ 0
6th Grade Field Trip	1,048	5,690	6,465	273
7th Grade Advisory	621	0	621	0
8th Grade Advisory	2,256	0	2,256	0
8th Grade Italian Team Trip	6	0	0	6
Best Buddies	651	0	0	651
Cadet Band	50	0	0	50
Cheerleading	1	0	0	1
CIA	1,051	0	0	1,051
Concert Band	32	9,407	8,198	1,241
Drama Club	3,976	0	0	3,976
Festival Orchestra	0	5,199	5,199	0
Girl's Chorus	258	3,608	3,866	0
Home and Careers Club	192	0	0	192
Honor Society	1,564	3,077	3,804	837
Math Club	2,118	0	0	2,118
Peace Project/National Helper	655	0	0	655
Remembrance Garden Club	2,160	0	0	2,160
SADD	510	0	0	510
Sales Tax Payable	346	1,288	1,397	237
Student Council PBS	2,068	3,491	2,766	2,793
School Store	114	0	0	114
Student Council	2,342	39,214	30,813	10,743
Woodworking Club	9	0	0	9
Yearbook	4,816	1,697	1,781	4,732
Quartley Sales Tax - District	298	0	0	298
Total	33,725	72,671	73,749	32,647
Grand Total	\$ 141,233	\$ 332,411	\$ 330,302	\$ 143,342