

**SAYVILLE UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
WITH INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011**

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**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*.**



# Pappas & Company

CERTIFIED PUBLIC ACCOUNTANTS

3 Rensselaer Drive • Commack, NY 11725

(631) 462-0660 • Fax (631) 462-8664

## INDEPENDENT AUDITORS' REPORT

*The Board of Education  
Sayville Union Free School District  
Sayville, New York*

*We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Sayville Union Free School District, (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.*

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

*In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund as well as the fiduciary funds of the Sayville Union Free School District as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.*

*In accordance with Government Auditing Standards, we have also issued a report dated October 4, 2011, on our consideration of the Sayville Union Free School District's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States, and should be considered in assessing the results of our audit.*

*Management's Discussion and Analysis and other required supplementary as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.*

*Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Sayville Union Free School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.*

*Pappas & Company*

October 4, 2011  
Commack, New York

# SAYVILLE UNION FREE SCHOOL DISTRICT

## *MANAGEMENT DISCUSSION AND ANALYSIS*

Management offers readers of the Sayville Union Free School District financial statements this narrative overview and analysis of the financial activities and the District's performance during the fiscal year ending June 30, 2011. We would encourage readers to consider the information presented in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- District-wide net assets at June 30, 2011 were \$22,689,425. (For details please refer to Exhibit 1 in the Financial Statement section).
- Overall general revenues for all funds were \$79,825,091, which were less than expenditures by \$2,702,409 thus decreasing the District's net assets. (See Exhibit 2 of the Financial Statements section. Overall revenue is the sum of general revenues, charges for services and operating grants).
- The ending fund balance of the District's General fund as of June 30, 2011 was \$23,147,555. Of this amount, \$7,429,359 is available for spending at the government's discretion (unassigned).
- \$3,460,000 of principal was paid down on serial bond debt during the fiscal year.
- The District continues to offer all programs.
- The proposed 2011-2012 budget in the amount of \$81,779,400 was approved by the District's residents.

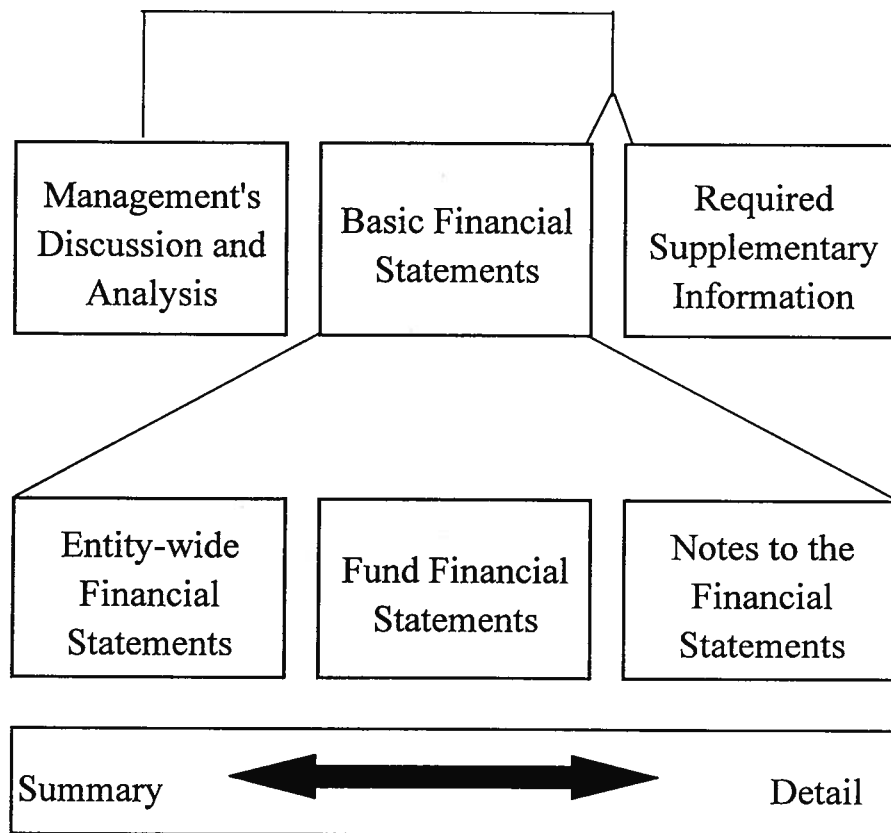
### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's **overall** financial status.

- The remaining statements are *fund financial statements* that focus on **individual** parts of the District, reporting the District's operations in more detail than the district-wide statements. Government Fund statements tell how basic services were financed in the short term and what remains for future spending.
- Fiduciary Funds statements provide financial information where the District acts as a trustee or agent for the benefit of others.

**Table A-1**  
**Organization of the District's Financial Report**



Following is a chart that further describes the major features of the District-Wide Statements and the Fund Financial Statements:

	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and Economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

### ***District-wide Statements***

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the net assets are an indicator of whether the financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

Net assets of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Assets:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting;



- Allocate net asset balances as follows:
  - *Net Assets* invested in capital assets, net of related debt
  - *Restricted net assets* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation such as capital projects and Debt service.
  - *Unrestricted net assets* are net assets that do not meet any of the above restrictions

### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is found in the two Exhibits that provide a reconciliation to explain the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special revenue funds, debt service funds, capital project funds and permanent funds. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Equity.
- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from district-wide financial statements because it cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

### Net assets

The District's net assets were less on June 30, 2011, than they were the year before, decreasing 10.65% to \$22,689,425. (See Table A-3)

**Table A-3**  
**Condensed Statement of Net Assets (in thousands of dollars)**

	<u>Governmental Activities</u>		Total Percentage Change
	<u>2011</u>	<u>Recast 2010</u>	
Current and Other Assets	\$ 32,156	\$ 36,672	
Capital Assets	55,616	51,439	
Total Assets	<u>87,772</u>	<u>88,111</u>	<u>(0.04)%</u>
Current Liabilities	8,844	9,108	
Non-Current Liabilities	56,239	53,611	
Total Liabilities	<u>65,083</u>	<u>62,719</u>	<u>3.77%</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	20,235	19,287	
Restricted	13,661	20,472	
Unrestricted	(11,207)	(14,367)	
Total Net Assets	<u>22,689</u>	<u>25,392</u>	<u>(10.65)%</u>

Capital assets increased by various school district improvement projects detailed in the supplementary schedule (SS 4).

Non-current liabilities within the grouping had a decrease in serial bonds but the postemployment benefit obligations and compensated absences increased.

- Capital assets valued here are net of depreciation.
- Liabilities include all school district debt and long-term compensated absences as well as other postemployment benefit obligations.
- Net assets invested in capital assets, net of related debt, relates to the investment in capital assets at cost such as land, buildings and improvements, and furniture and equipment, etc. and subtracting accumulated depreciation and related bond debt.

- Unrestricted net assets reflect the net value after all capitalized assets are depreciated, all current and long-term liabilities are valued, and all restricted funds are deducted.

### Changes in net assets

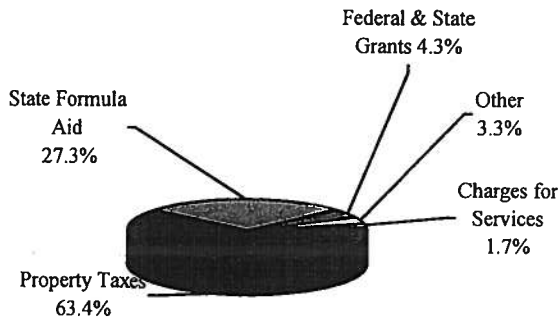
**Table A-4**  
**Changes In Net Assets From Operating Results (in thousands of dollars)**

	Governmental Activities		Total Percentage Change
	2011	2010	
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services	\$ 1,364	\$ 1,393	
Operating Grants	3,456	4,752	
<b>General Revenues</b>			
Property Taxes and Tax Items	50,627	48,010	
State Formula Aid	21,776	22,473	
Other	2,602	3,708	
<b>Total Revenues</b>	<b>\$ 79,825</b>	<b>\$ 80,336</b>	<b>(0.6)%</b>
<b>Expenses</b>			
General Support	12,590	12,115	
Instruction	63,706	64,920	
Pupil Transportation	3,284	3,230	
Community Service	156	173	
Debt Interest	1,660	1,545	
School Lunch Program	1,131	1,040	
<b>Total Expenses</b>	<b>82,527</b>	<b>83,023</b>	<b>(0.6)%</b>
<b>Decrease In Net Assets:</b>	<b>\$ (2,702)</b>	<b>\$ (2,687)</b>	

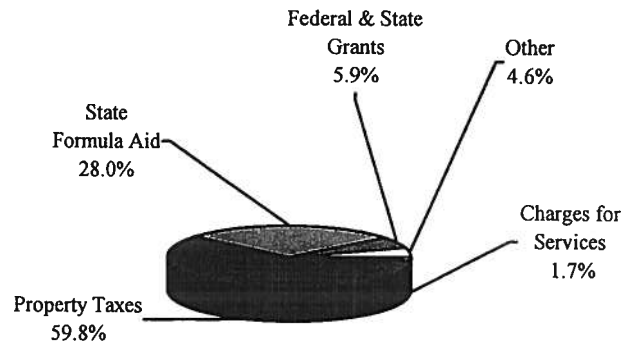
### Revenues

- Property taxes and state aid contributed most of the revenue.
- Charges for Services include tuition, fees and related services.
- Operating Grants are state and federal funds received for school lunch reimbursement and special aid instruction. During the year, additional funds were received as a grant as a result of the American Recovery and Reinvestment Act (ARRA). Within guidelines, these funds were used for instruction (salaries and employee benefits).

**Table A-5**  
**Source of Revenues for Governmental Activities Fiscal Year**  
**2011**



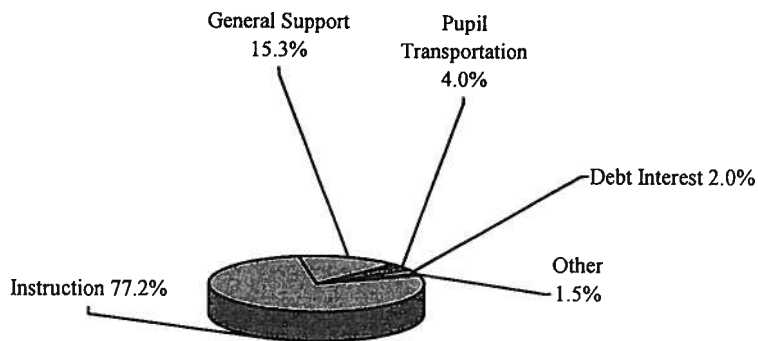
**2010**



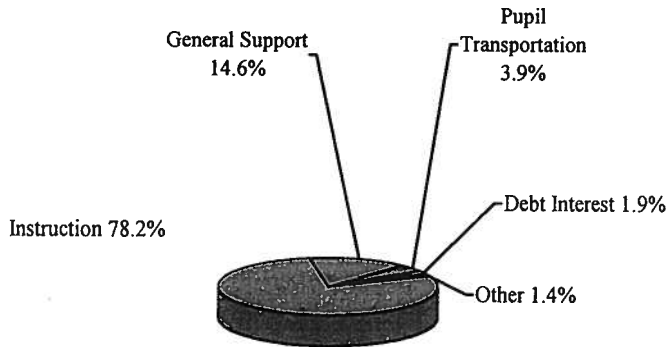
**Expenses**

The District's expenses are predominantly related to general instruction, pupil services and transporting students. The District's general support activities accounted for 15.3 percent of expenses. On the charts, "Other" includes community service and the school lunch program.

**Table A-6**  
**Expenses for Fiscal Year 2011**



**Expenses for Fiscal Year 2010**



**Governmental Activities**

The continued good health of the District’s finances can be credited:

- Leadership of the District’s Board of Education.
- Board of Education and Administration’s oversight of District’s finances.
- The District’s Policy review process that has resulted in Policies and Procedures being updated in a timely manner.
- Continued assessment, implementation and improvement of financial internal control structure.
- The constructive recommendations provided by External, Internal, and Claims Audit processes.
- Positive financial performance due to conservative financial management and careful expenditure control.
- Approval of the annual budget and support of community.
- Long-range fiscal strategies that have effectively utilized the District’s available resources; and the use of reserve and surplus **funds**.

Table A-7 shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

**Table A-7  
Net Cost of Governmental Activities (in thousands of dollars)**

	2011		2010	
	Total Cost	Net Cost	Total Cost	Net Cost
General Support	\$ 12,590	\$ 12,590	\$ 12,115	\$ 12,115
Instruction	63,706	60,001	64,920	59,752
Pupil Transportation	3,284	3,284	3,230	3,230
Debt Interest	1,660	1,660	1,545	1,545
Community Service	156	156	173	173
School Lunch	1,131	17	1,040	62
<b>Total</b>	<b>\$ 82,527</b>	<b>\$ 77,708</b>	<b>\$ 83,023</b>	<b>\$ 76,877</b>

- Most of the net costs of \$77,707,616 were financed by District's taxpayers and government aid.
- The total costs of all government activities this year was \$82,527,500.
- The users of the District's programs funded \$1,363,739 of the cost by "charges for services". Operating grants of \$3,456,145 received for instruction and the school lunch program also reduced the total costs to the District.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2011, the District's governmental funds reported a combined fund balance of \$26,999,209, which is a decrease of \$4,283,214 from the prior year. This decrease is due to an excess of expenditures over revenues based upon the modified accrual basis of accounting and mainly reflects capital outlay. A summary of the change in fund balance by fund presented in accordance with GASB 54 classifications is as follows. Certain 2010 amounts have been reclassified for comparative purposes to conform to the 2011 presentation. There was no change in the 2010 totals.

	<u>2011</u>	<u>2010</u>	<u>Changes</u>
<b>General Fund</b>			
Restricted:			
Bonded debt	\$ 98,489	\$ 180,146	\$ (81,657)
Employee benefit accrued liability	8,433,042	8,697,156	(264,114)
Retirement contribution	1,033,522	1,031,378	2,144
Workers' compensation	843,923	764,355	79,568
Unemployment insurance	388,200	246,943	141,257
Assigned:			
Appropriated fund balance	2,500,000	2,500,000	-
Unappropriated fund balance	2,421,020	1,860,765	560,255
Unassigned	<u>7,429,359</u>	<u>5,449,818</u>	<u>1,979,541</u>
	<u>23,147,555</u>	<u>20,730,561</u>	<u>2,416,994</u>
<b>School Lunch Fund</b>			
Nonspendable: Inventory	16,099	19,169	(3,070)
Unassigned	<u>(16,099)</u>	<u>(17,937)</u>	<u>1,838</u>
	<u>-</u>	<u>1,232</u>	<u>(1,232)</u>
<b>Capital Projects Fund</b>			
Restricted for bonded capital projects	2,864,010	9,552,275	(6,688,265)
Assigned:			
Unappropriated fund balance	<u>987,644</u>	<u>998,355</u>	<u>(10,711)</u>
	<u>3,851,654</u>	<u>10,550,630</u>	<u>(6,698,976)</u>
	<u>\$ 26,999,209</u>	<u>\$ 31,282,423</u>	<u>\$ (4,283,214)</u>

#### A. General Fund

The net change in the general fund – fund balance is an increase of \$2,416,994 as revenues of \$76,441,015 exceeded expenditures of \$74,024,021.

#### B. School Lunch Fund

The school lunch fund – fund balance decreased \$1,232. Both revenue and expenditures increased compared to the prior year but the end result was that excess expenditures over revenues eliminated the fund balance.

#### C. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$6,698,976 as work continues on the District's various capital projects.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Many factors and variables occur during the daily business operations of the school district. The District actively manages the revenue budget to maximize all state aid claims and miscellaneous receipts.

Simultaneously, budgetary savings were achieved through competitive purchasing efforts and reduced spending. Other significant factors include:

- The District's general fund adopted budget for the year ended June 30, 2011 was \$78,735,453. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,860,765 and budget revisions of \$16,175 for a total final budget of \$80,612,393.
- The District's final budget for the General Fund anticipates that revenues and expenditures would be roughly equal. The actual results for the year show an excess of revenues over expenditures of \$2,416,994. Encumbrances for goods and services at year end amounted to \$2,421,020.
- An available amount of fund balance - \$2,500,000 has been appropriated to partially fund its 2011-12 approved operating budget.
- The establishing and funding of appropriate reserves has provided for future liability obligations thus reducing the resources needed in the annual operating budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

By June 30, 2011, the District had invested \$55,616,230 net of accumulated depreciation in a broad range of capital assets, including land, buildings and improvements, furniture, machinery and equipment and vehicles. This includes \$701,428 of grants and resources of the Sayville Library, contributed towards construction of the District owned building. Total depreciation expense for the year was \$2,722,400 and additions to building improvements and machinery and equipment amounted to \$6,899,083 net of prior construction in progress that has been reclassified to depreciable assets- "Buildings".

**Table A-8**  
**Capital Assets (net of depreciation, in thousands of dollars)**

	Governmental Activities	
	2011	2010
Land	\$ 318	\$ 318
Construction in Progress	10,340	17,143
Buildings	42,643	32,511
Site Improvements	13	3
Machinery/Equipment/Vehicles	2,302	1,464
Total	<u>\$ 55,616</u>	<u>\$ 51,439</u>

More detailed information can be found in Note 5 and Note 6 to the Financial Statements.

### *Long-Term Debt*

At year-end, the District had \$34,645,000 (non-current portion) of general obligation bonds in addition to other long-term debt outstanding. More detailed information is presented in Note 8 to the Financial Statements. Information on the net other postemployment benefits is shown separately in Note 11.

**Table A-9**  
**Outstanding Long-Term Debt (in thousands of dollars)**

	Fiscal Year	
	2011	2010
Serial Bonds	\$ 34,645	\$ 38,245
Compensated Absences	6,882	6,599
Net OPEB Obligation	14,712	8,767
<b>Total</b>	<u>\$ 56,239</u>	<u>\$ 53,611</u>



## FACTORS BEARING ON THE DISTRICT'S FUTURE

Through the support of the Board of Education, the District has implemented a long-term fiscal plan that continues to enhance the fiscal health of the School District. This is evidenced by past and current year audited financial statements. Sayville School District is committed to providing quality instructional programs and educational opportunities for our students. The current fiscal plan provides the necessary foundation to support our exemplary programs – currently and into the future.

However, at the time these financial statements were prepared, the District was aware of several circumstances that could impact the future:

- Beginning with the 2012-13 school year, school districts are faced with new Legislation that imposes a 2% tax levy cap at a time when New York State has been reducing State aid revenues to districts. This may result in significant challenges for districts to preserve educational opportunities for students.
- Continued fiscal burden for local school districts to fund additional Federal, State, and local unfunded mandates.
- New York State's **continuing** fiscal deficit.
- New York State's ability to continually fund the current State aid formula.
- New York State's ability to provide mandate relief in order to reduce the fiscal burden to local taxpayers.
- The budget shortfall created due to the temporary fiscal effect Federal stimulus (ARRA funds) and Jobs Funds monies have had on New York State public schools.
- New York State's ability to fund the large revenue shortfall left in the State budget when the temporary Federal stimulus monies run out.
- New York State's ability to provide the necessary Legislation to allow public schools to begin funding Other Postemployment Benefits (OPEB) in accordance with GASB 45 disclosure and reporting requirements.
- New York State's ability to create Legislation that would allow public schools to establish a Teacher Retirement reserve (TRS) to help offset rising retirement costs.
- Ability of the financial markets and the consolidation of financial institutions, thus limiting available resources.

- The effect of rising interest rates on the District's Tax Anticipation Notes (Tan's), Bond Anticipation Notes (BAN's) and future Bond borrowings.
- The continued downturn in financial investment markets and the effect of continued increases on New York State Employee and Teacher Retirement Systems and contribution rates.

While the District is aware of the potential fiscal effects of the above circumstances, its aggressive fiscal management Practices and Policies will continue to provide the oversight to maintain and grow the fiscal resources necessary to support our current programs and instructional opportunities in the future.

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

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the District's accountability for the money it receives. If you have questions about the report or need additional financial information, contact Mr. John J. Belmonte, Assistant Superintendent for Business, Sayville Union Free School District, 99 Greeley Avenue, Sayville, New York 11782.

SAYVILLE UNION FREE SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2011

**ASSETS**

Current Assets:	
Cash	\$ 28,492,513
Restricted Cash	1,009,953
Accounts Receivable	75,596
State and Federal Aid Receivable	2,562,144
Due from Fiduciary Fund	41
Inventories	16,099
Total Current Assets	<u>32,156,346</u>
Non-Current Assets:	
Capital Assets-Not Being Depreciated	10,658,731
Capital Assets Being Depreciated, Net of Accumulated Depreciation	44,957,499
Total Assets	<u>\$ 87,772,576</u>

**LIABILITIES**

Current Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 1,443,115
Bond Interest and Matured Bonds	40,480
Accrued Interest Payable-Bonds	86,965
Due to Other Governments	592
Serial Bonds Payable - Due Within One Year	3,600,000
Due To Teachers' Retirement System	3,032,257
Due To Employees' Retirement System	368,718
Compensated Absences Payable-Due Within One Year	156,887
Deferred Revenues	115,088
Total Current Liabilities and Deferred Revenues	<u>8,844,102</u>
Non-Current Liabilities:	
Serial Bonds Payable	34,645,000
Net OPEB Obligation	14,711,987
Compensated Absences Payable	6,882,062
Total Non-Current Liabilities	<u>56,239,049</u>
Total Liabilities and Deferred Revenues	<u>65,083,151</u>

**NET ASSETS**

Investment in Capital Assets, Net of Related Debt	20,235,240
Restricted	13,661,186
Unrestricted (Deficit)	(11,207,001)
Total Net Assets	<u>\$ 22,689,425</u>

See Accompanying Notes to the Basic Financial Statements.

SAYVILLE UNION FREE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b><u>FUNCTIONS/PROGRAMS</u></b>				
General Support	\$ 12,590,192	\$ -	\$ -	\$ (12,590,192)
Instruction	63,706,291	449,053	3,256,793	(60,000,445)
Pupil Transportation	3,284,343	-	-	(3,284,343)
Community Service	156,012	-	-	(156,012)
Debt Interest Expense	1,659,854	-	-	(1,659,854)
School Lunch Program	<u>1,130,808</u>	<u>914,686</u>	<u>199,352</u>	<u>(16,770)</u>
Total Functions and Programs	<u>\$ 82,527,500</u>	<u>\$ 1,363,739</u>	<u>\$ 3,456,145</u>	<u>(77,707,616)</u>
 <b><u>GENERAL REVENUES</u></b>				
Real Property Taxes				44,513,909
Other Tax Items Including STAR Reimbursement				6,113,292
Use of Money and Property				1,726,346
Sale of Property and Compensation for Loss				112,183
Miscellaneous				547,824
Medicaid Reimbursement				215,571
State Aid-General				<u>21,776,082</u>
Total General Revenues				<u>75,005,207</u>
Change in Net Assets				(2,702,409)
Total Net Assets - Beginning of Year				<u>25,391,834</u>
Total Net Assets - End of Year				<u>\$ 22,689,425</u>

See Accompanying Notes to the Basic Financial Statements.

SAYVILLE UNION FREE SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011

					Governmental Funds
	General	Special Aid	School Lunch	Capital Projects	Total
<b>ASSETS</b>					
Cash	\$ 24,346,804	\$ 119,894	\$ 38,678	\$ 3,987,137	\$ 28,492,513
Restricted Cash	1,009,953	-	-	-	1,009,953
State and Federal Aid Receivable	1,218,423	1,332,633	11,088	-	2,562,144
Due From Other Funds	1,490,048	-	-	-	1,490,048
Accounts Receivable	73,778	-	1,818	-	75,596
Inventories	-	-	16,099	-	16,099
Total Assets	<u>\$ 28,139,006</u>	<u>\$ 1,452,527</u>	<u>\$ 67,683</u>	<u>\$ 3,987,137</u>	<u>\$ 33,646,353</u>
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 1,293,941	\$ 124,838	\$ 24,336	\$ -	\$ 1,443,115
Bond Interest and Matured Bonds	40,480	-	-	-	40,480
Due To Other Funds	-	1,325,584	28,940	135,483	1,490,007
Due To Other Governments	-	-	592	-	592
Due To Teachers' Retirement System	3,032,257	-	-	-	3,032,257
Due To Employees' Retirement System	368,718	-	-	-	368,718
Compensated Absences Payable	156,887	-	-	-	156,887
Deferred Revenues	99,168	2,105	13,815	-	115,088
Total Liabilities and Deferred Revenues	<u>4,991,451</u>	<u>1,452,527</u>	<u>67,683</u>	<u>135,483</u>	<u>6,647,144</u>
<b>Fund Balances:</b>					
Nonspendable					
Inventory	-	-	16,099	-	16,099
Restricted					
Bonded Capital Projects				2,864,010	2,864,010
Bonded Debt	98,489	-	-	-	98,489
Employee Benefit Accrued Liability	8,433,042	-	-	-	8,433,042
Retirement Contribution	1,033,522	-	-	-	1,033,522
Workers' Compensation	843,923	-	-	-	843,923
Unemployment Insurance	388,200	-	-	-	388,200
Assigned:					
Appropriated Fund Balance	2,500,000	-	-	-	2,500,000
Unappropriated Fund Balance	2,421,020	-	-	987,644	3,408,664
Unassigned	7,429,359	-	(16,099)	-	7,413,260
Total Fund Balances	<u>23,147,555</u>	<u>-</u>	<u>-</u>	<u>3,851,654</u>	<u>26,999,209</u>
Total Liabilities and Fund Balances	<u>\$ 28,139,006</u>	<u>\$ 1,452,527</u>	<u>\$ 67,683</u>	<u>\$ 3,987,137</u>	<u>\$ 33,646,353</u>

See Accompanying Notes to the Basic Financial Statements.

SAYVILLE UNION FREE SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2011

Total Governmental Fund Balances	\$	26,999,209
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

The cost of building and acquiring capital assets (land, building, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Assets includes those capital assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$	93,648,930	
Accumulated depreciation		<u>(38,032,700)</u>	55,616,230

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

Bonds payable		38,245,000	
Accrued interest on bonds payable		86,965	
Compensated absences		6,882,062	
Net OPEB obligation		<u>14,711,987</u>	<u>(59,926,014)</u>

Total Net Assets	\$	<u><u>22,689,425</u></u>
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SAYVILLE UNION FREE SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR YEAR ENDED JUNE 30, 2011

	Governmental Fund Types				Governmental Funds Total
	General	Special Aid	School Lunch	Capital Projects	
<b>Revenues:</b>					
Real Property Taxes	\$ 44,513,909	\$ -	\$ -	\$ -	\$ 44,513,909
Real Property Tax Items (Including STAR Reimbursement)	6,113,292	-	-	-	6,113,292
Charges for Services	449,053	-	-	-	449,053
Use of Money and Property	1,726,168	-	178	-	1,726,346
Sale of Property and Compensation for Loss	112,183	-	-	-	112,183
Miscellaneous	468,097	-	-	57,107	537,179
State and Local Sources	21,776,082	470,402	11,975	-	22,261,343
Medicaid Reimbursement	215,571	-	14,859	-	215,571
Federal Sources	1,061,337	1,725,054	141,560	-	2,927,951
Surplus Food	-	-	42,933	-	42,933
Sales-School Breakfast and Lunch Program	-	-	914,686	-	914,686
Total Revenues	76,435,692	2,195,456	1,126,191	57,107	79,814,446
<b>Expenditures:</b>					
Current:					
General Support	9,619,695	-	-	-	9,619,695
Instruction	40,983,112	2,139,867	-	-	43,122,979
Pupil Transportation	3,082,283	172,732	-	-	3,255,015
Community Services	101,547	-	-	-	101,547
Employee Benefits	15,003,234	-	86,157	-	15,089,391
Cost of Sales	-	-	1,041,266	-	1,041,266
Debt Service:					
Principal	3,460,000	-	-	-	3,460,000
Interest	1,657,007	-	-	-	1,657,007
Capital Outlay	-	-	-	6,750,760	6,750,760
Total Expenditures	73,906,878	2,312,599	1,127,423	6,750,760	84,097,660
Excess (Deficiency) of Revenues Over Expenditures	2,528,814	(117,143)	(1,232)	(6,693,653)	(4,283,214)
<b>Other Sources and (Uses):</b>					
Operating Transfers In	5,323	117,143	-	-	122,466
Operating Transfers Out	(117,143)	-	-	(5,323)	(122,466)
Total Other Sources (Uses)	(111,820)	117,143	-	(5,323)	-
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other (Uses)	2,416,994	-	(1,232)	(6,698,976)	(4,283,214)
Fund Balance Beginning of Year	20,730,561	-	1,232	10,550,630	31,282,423
Fund Balance End of Year	23,147,555	-	-	3,851,654	26,999,209

See Accompanying Notes to the Basic Financial Statements.