

**WYANDANCH UNION FREE SCHOOL DISTRICT  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY SCHEDULES WITH  
INDEPENDENT AUDITOR'S REPORTS  
IN CONNECTION WITH OMB CIRCULAR A-133  
For The Year Ended June 30, 2012**

# WYANDANCH UNION FREE SCHOOL DISTRICT

## TABLE OF CONTENTS

### PAGE(s)

#### **INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS**

Independent Auditor's Report.....	5-6
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#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis .....	8-20
--	------

#### **FINANCIAL STATEMENTS**

Statement of Net Assets .....	22
-------------------------------	----

Statement of Activities and Changes in Net Assets - Governmental Activities .....	23
--	----

Balance Sheet - Governmental Funds .....	24
--	----

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets .....	25
--	----

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds .....	26
---	----

Reconciliation of Governmental Funds - Statements of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities .....	27
--	----

Statement of Fiduciary Net Assets - Fiduciary Funds .....	28
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#### **NOTES TO THE FINANCIAL STATEMENTS**

Notes to the Financial Statements.....	30-58
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# WYANDANCH UNION FREE SCHOOL DISTRICT

## TABLE OF CONTENTS

### PAGE(s)

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund .....	60-61
Schedule of Funding Progress - Other Post-Employment Benefits .....	62

#### **OTHER SUPPLEMENTARY INFORMATION**

Schedule of Change from Adopted Budget to Final Budget and use of Unreserved Fund Balance - General Fund .....	64
Schedule of Project Expenditures - Capital Projects Fund .....	65
Schedule of Certain Revenues and Expenditures Compared to ST-3 Data .....	66
Investment in Capital Assets, Net of Related Debt.....	67

#### **FEDERAL GRANT COMPLIANCE AUDIT**

Report on Internal Control over Financial Reporting and Based On Compliance and Other Matters Based on and Audit of Financial Statements Performed In Accordance with Government Auditing Standards .....	69-70
Independent Auditor's Report On Compliance with Requirements that could have a direct effect of Each Major Program and on Internal Control over Compliance In Accordance with OMB Circular A-133.....	71-72
Schedule of Expenditures of Federal Awards.....	73
Notes to the Schedule of Expenditures of Federal Awards .....	74
Schedule of Findings and Questioned Costs and Summary Schedule of Prior Audit Findings .....	75-79

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION**



**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION**

To the Board of Education of  
The Wyandanch Union Free School District  
Wyandanch, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyandanch Union Free School District (the "District") as of and for the year ended June 30, 2012, 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 administration. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Wyandanch Union Free School District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and budgetary comparison information on Pages 8 through 20 and 60 through 67 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 supplementary information and schedule of expenditures of federal awards are the responsibility of the District's administration and were derived from and relate 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Deans Archer & Co*

Valley Stream, New York  
October 15, 2012

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For The Fiscal Year Ended June 30, 2012**

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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The Wyandanch Union Free School District's Discussion and Analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

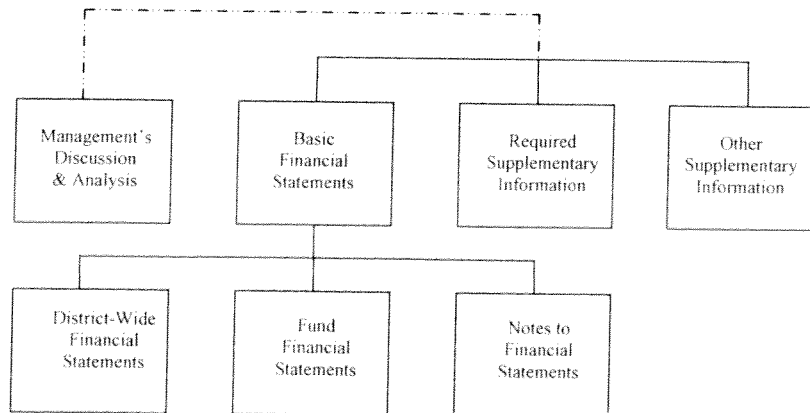
**1. Financial Highlights**

Key financial highlights for fiscal year 2012 are as follows:

- The District's total net assets, as reflected in the district-wide financial statements, increased by \$886,357. The primary factor is an increase in Capital Assets.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$58,440,127; of this amount, \$4,021,706 was offset by program charges for services and operating grants. General revenues of \$53,783,686 amount to 93 % of total revenues, and were adequate to cover the balance of program expenses.
- The general fund's total fund balance of \$3,556,901, as reflected in the fund financial statements, increased by \$1,749,015. 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:





**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**A. District-Wide Statements**

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

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

The Statement of Net Assets

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

The Statement of Activities

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

**B. Fund Financial Statements**

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

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

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**B. Fund Financial Statements - (Continued)**

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, special aid fund, school lunch 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 Assets. The fiduciary activities have been excluded from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

**2. Financial Analysis of the District as a Whole**

**A. Net Assets**

The District's total net assets increased by \$866,357 between the fiscal year 2011 and 2012. A summary of the District's Statement of Net Assets is as follows: In the previous fiscal year, the 2011 net assets amounts were reclassified for comparative purposes to confirm to the 2012 presentation, specifically in the classification of restricted net assets as clarified by the implementation of GASB 54 (*Fund Balance Reporting and Governmental Fund Type Definitions*). There was no change in the 2011 net assets total.

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 8420387.00	\$ 16,711,085	\$ (8,290,698)	(49.61)%
Capital Assets, Net	<u>22,944,168</u>	<u>21,679,288</u>	<u>1,264,880</u>	5.83 %
Total Assets	31,364,555	38,390,373	(7,025,818)	(18.30)%
Current and Other Liabilities	5,166,776	15,214,396	(10,047,620)	(66.04)%
Long-Term Liabilities	11,799,728	10,663,101	1,136,627	10.66 %
Net Other Postemployment Benefit Obligation	<u>5,282,768</u>	<u>4,283,950</u>	<u>998,818</u>	23.32 %
Total Liabilities	22,249,272	30,161,447	(7,912,175)	(26.23)%
Net Assets				
Invested in Capital Assets, Net of Related Debt	15,042,834	16,919,288	(1,876,454)	(11.09)%
Restricted	250,000	250,000	-	0.00 %
Unrestricted	<u>(6,177,551)</u>	<u>(8,940,362)</u>	<u>2,762,811</u>	(30.90)%
Total Net Assets	\$ <u>9,115,283</u>	\$ <u>8,228,926</u>	\$ <u>886,357</u>	10.77 %

Current and other assets decreased by \$8,290,698, as compared to the prior year. The decrease is attributed to the change in timing of the receipt of the District's annual Tax Anticipation Note which occurred after June 30, 2012.

Capital assets, net increased by \$1,264,880 as compared to the prior year. This increase is primarily due to investment in capital assets at cost, such as construction in progress, buildings and improvements, equipments, net of depreciation expense. The accompanying Notes to Financial Statements, Note 7 "Capital Assets" provides additional information.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**2. Financial Analysis of the District as a Whole**

Current and other liabilities decreased by \$10,047,620, as compared to the prior year. This decrease is primarily due to repayment of outstanding tax and bond anticipation notes.

Long-term liabilities increased by \$1,136,627 as compared to the prior year. This increase is primarily due to the result of increases in obligations for benefits plans.

Net other postemployment benefits obligation in the amount of \$5,282,768.17 has been included in accordance with GASB Statement No. 45. The accompanying Notes to Financial Statements, Note 12 – “Postemployment Benefits”, provides additional information.

The net assets invested in capital assets, net of related debt, relates to the investment in capital assets at cost such as land; construction in progress; buildings and improvements; site improvements; and, furniture and equipment; and vehicles, net of depreciation and related debt. This number increased compared to the prior year by \$1,999,880 as follows:

	<b><u>Increase (Decrease)</u></b>
Capital asset additions - total	\$ <u>1,994,502</u>
Additions financed by debt	
Additions financed by appropriations	1,994,502
Principal debt reduction of construction bonds	735,000
Depreciation expense	<u>(729,622)</u>
	\$ <u><u>1,999,880</u></u>

The unrestricted net assets in the amount of \$(6,177,551) relate to the balance of district's net assets. This number includes the district's other reserves and fund balances less unfunded liabilities such as compensated absences. This number increased over the prior year by \$2,762,811.

The District's total net assets increased by \$886,357 or 10.8%.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

**B. Changes in Net Assets**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements, in which, 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, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 442,223	\$ 293,821	\$ 148,402	50.51 %
Operating Grants	4,021,706	4,583,630	(561,924)	(12.26)%
General Revenues				
Property Taxes and STAR	20,907,101	20,233,724	673,377	3.33 %
Use of Money	39,042	747,421	(708,379)	(94.78)%
State Sources	31,366,134	31,128,474	237,660	0.76 %
Other	<u>1,035,186</u>	<u>1,496,935</u>	<u>(461,749)</u>	(30.85)%
Total Revenues	<u>57,811,392</u>	<u>58,484,005</u>	<u>(672,613)</u>	(1.15)%
<b>Expenses</b>				
General Support	6,792,450	7,697,124	(904,674)	(11.75)%
Instruction	44,047,523	43,849,903	197,620	0.45 %
Pupil Transportation	2,932,285	2,998,101	(65,816)	(2.20)%
Community Services	8,909	87,414	(78,505)	(89.81)%
Debt Service - Principal	954,932	898,053	56,879	6.33 %
Debt Service - Interest	692,066	703,872	(11,806)	(1.68)%
Capital Outlay	1,721,181	245,701	1,475,480	600.52 %
Food Service Program	<u>1,290,781</u>	<u>1,116,798</u>	<u>173,983</u>	15.58 %
Total Expenses	<u>58,440,127</u>	<u>57,596,966</u>	<u>843,161</u>	1.46 %
Increase/(Decrease) in Net Assets	\$ <u>(628,735)</u>	\$ <u>887,039</u>	\$ <u>(1,515,774)</u>	170.88 %

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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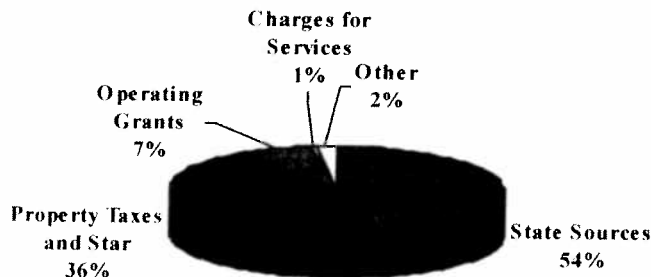
**B. Changes in Net Assets - (Continued)**

The District's 2012 revenues decreased by \$672,613 or 1.15% as compared to the prior year. The district's expenditures for the year increased by \$843,161 or 1.46 %. The largest components of expenses were the costs required for instructional purposes and general support.

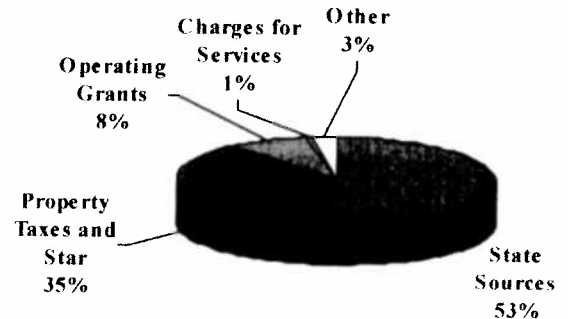
As indicated on the pie charts that follow, state sources and, real property taxes and STAR are the largest components of revenues recognized (i.e., 90% and 88 % of the total for the two years 2012 and 2011, respectively). Instructional expenses are the largest category of expenses incurred (i.e., 75% and 76% of the total for the two years 2012 and 2011, respectively).

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

**June 30, 2012**



**June 30, 2011**

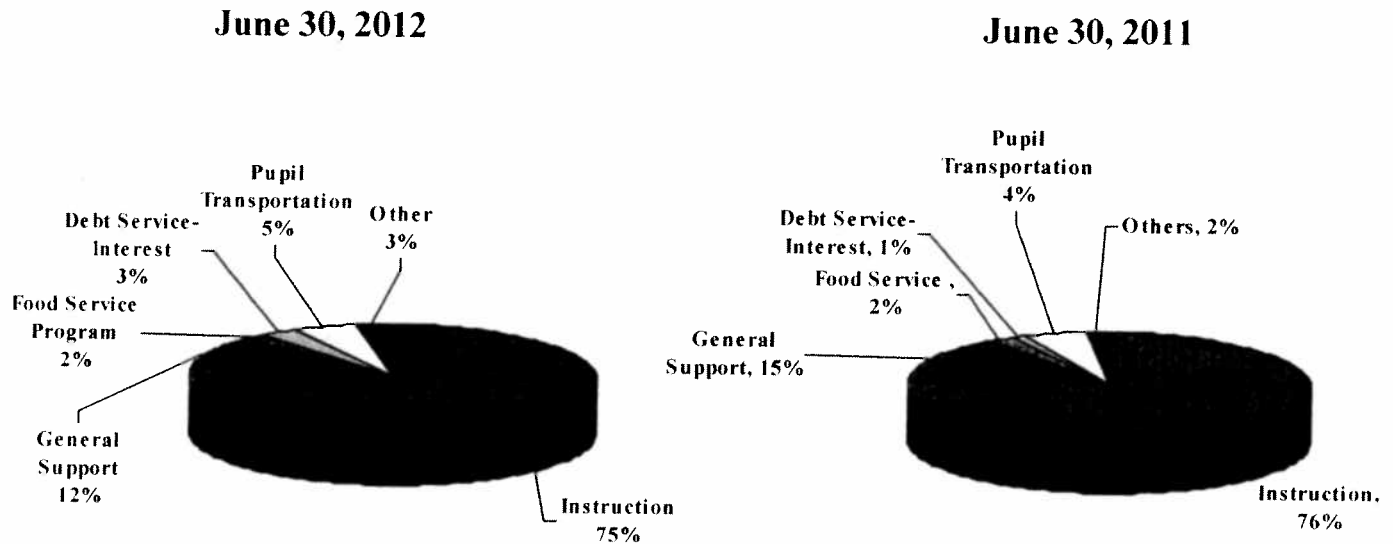


**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**B. Changes in Net Assets - (Continued)**

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



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

At June 30, 2012, the District's governmental funds reported a combined fund balance of \$3,253,611 which is an increase of \$1,756,924 from the prior year. A summary of the change in fund balance by fund presented in accordance with GASB 54 classification is as follows: The 2011 fund balance amounts have been reclassified for comparative purposes to conform to the 2012 presentation. There was no change in the 2011 totals.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

**3. Financial Analysis of the District's Funds - (Continued)**

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
<b>General Fund:</b>			
Restricted			
Workers' compensation	\$ 250,000	\$ 250,000	\$ -
Encumbrances	-	2,268	(2,268)
Assigned:			
Appropriated fund balance	1,250,000	-	1,250,000
Unappropriated fund balance			
Unassigned:			
Fund balance	<u>2,056,901</u>	<u>1,555,618</u>	<u>501,283</u>
	<u>3,556,901</u>	<u>1,807,886</u>	<u>1,749,015</u>
 <b>School Lunch Fund:</b>			
Nonspendable Inventory	13,652	15,604	(1,952)
Assigned:			
Unappropriated fund balance	<u>(8,605)</u>	<u>(193,836)</u>	<u>185,231</u>
	<u>5,047</u>	<u>(178,232)</u>	<u>183,279</u>
 <b>Capital Projects Fund:</b>			
Assigned:			
Unappropriated fund balance	-	-	-
Unassigned:			
Fund balance (deficit)	<u>(308,337)</u>	<u>(132,967)</u>	<u>(175,370)</u>
	<u>(308,337)</u>	<u>(132,967)</u>	<u>(175,370)</u>
 Total Fund Balance	<u><u>\$ 3,253,611</u></u>	<u><u>\$ 1,496,687</u></u>	<u><u>\$ 1,756,924</u></u>

**A. General Fund**

The general fund - fund balance increased by \$1,749,015 as compared to the prior year. This increase is due to revenues in excess of expenditures.

**B. School Lunch**

The net change in the school lunch fund - fund balance is an increase of \$183,279 primarily due to a budgeted interfund transfer from the general fund.



**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**3. Financial Analysis of the District's Funds - (Continued)**

**C. Capital Projects Fund**

The capital projects fund - fund balance decreased by \$175,370 primarily due to expenses over revenues.

**4. General Fund Budgetary Highlights**

**A. 2011-12 Budget**

The District's general fund adopted budget for the year ended June 30, 2012 was \$53,180,000. This amount was increased by encumbrances carried forward from the prior year in the amount of \$2,268 for a total final budget of \$53,182,268.

The budget was funded through a combination of revenues sources, primarily State sources (\$31,366,134 was the adopted budget total) and Property Tax Levy (\$20,907,101).

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

The general fund's unassigned 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 appropriations 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	\$ 1,807,886
Prior Period Adjustments	839,851
Reserves Appropriated for June 2012 Budget	(1,250,000)
Revenues Over Budget	713,876
Expenditures and Encumbrances Under Budget	195,288
Transfers from Reserves	
Net Reserve Revenues and expenditures	<u>(250,000)</u>
Closing, Unassigned Fund Balance	\$ <u><u>2,056,901</u></u>

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**4. General Fund Budgetary Highlights – (Continued)**

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

Opening, Unassigned Fund Balance

The \$1,807,886 shown in the table is the portion of the District's June 30, 2011 fund balance that was retained as unassigned fund balance.

Prior Period Adjustments

The positive amount of \$839,851 reflects changes that were realized this fiscal year that arose from prior fiscal year.

Revenues over Budget

The 2011-12 final budgets for revenues were \$53,180,000. Actual revenues received for the year were \$53,893,876. The revenue over budget totaling \$713,876 is shown in Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.

Expenditures and Encumbrances under Budget

The 2011-12 final budgets for expenditures, including prior year open encumbrances as of June 30, 2012, and the budget revision was \$53,182,268. Actual expenditures as of June 30, 2012 were \$52,984,713 and no outstanding encumbrances. The final budget was under expended by \$197,555. This under expenditure contributes to the change to the undesignated portion of the general fund balance from June 30, 2011 to June 30, 2012.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2012-13 fiscal years with an undesignated fund balance of \$1,555,619. This is an increase of \$909,964 as compared to the unassigned balance from the prior year as of June 30, 2011. This Unassigned portion represents 2.8% of the approved budget and is not in excess of the permissible 4% statutory maximum per section 1318 of the New York State Real Property Tax Law.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**5. Capital Assets and Debt Administration**

**A. Capital Assets**

At June 30, 2012, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2012. A summary of the District's capital assets, net of depreciation at June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Land	\$ 12,681,917	\$ 12,681,917	\$ -
Construction in Progress	165,306	89,735	75,571
Buildings and Improvements	8,531,937	7,241,365	1,290,572
Land Improvements	198,167	232,612	(34,445)
Furniture and Equipment	1,366,841	465,307	901,534
Vehicles	<u>-</u>	<u>968,352</u>	<u>(968,352)</u>
Capital assets, net	<u>\$ 22,944,168</u>	<u>\$ 21,679,288</u>	<u>\$ 1,264,880</u>

The increase in the current year reflects current year additions of \$1,264,880 net of depreciation of \$729,622.

**B. Debt Administration**

At June 30, 2012, the District had total bonds payable of \$6,025,000. The bonds were issued for school building improvements. The increase in outstanding debt represents new bond to repair the Public Library principal payments. A summary of the outstanding debt at June 30, 2012 and 2011 is as follows:

<u>Interest Rate</u>	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
2.25%-4.125%	\$ 4,045,000	\$ 4,760,000	\$ (715,000)
2.00%-3.125%	<u>1,980,000</u>	<u>-</u>	<u>(20,000)</u>
	<u>\$ 6,025,000</u>	<u>\$ 4,760,000</u>	<u>\$ (735,000)</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Fiscal Year Ended June 30, 2012**

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**6. Economic Factors and Next Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 15, 2012, for the year ending June 30, 2013, and totals \$56,498,705. This was an increase of \$3,318,705 from the previous year's budget.

The District revenue budget increased by \$3,318,705 in which we benefited in an increase from State Sources in the amount of \$1,676,505, along with applying \$1,250,000 of Appropriate Surplus.

**7. Contacting the District**

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

**Bishop Michael Talbert, Sr., President  
Wyandanch Union Free School District  
1445 Straight Path Road  
Wyandanch, New York 11798-8800  
(631) 870-0405**

## FINANCIAL STATEMENTS

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

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**ASSETS**

<b>Cash</b>	
Unrestricted	\$ 1,909,412
Receivables:	
State and federal aid	5,261,764
Accounts receivable	782,872
Inventories	13,652
Prepaid expenditures	452,687
Capital assets being depreciated, net of accumulated depreciation	<u>22,944,168</u>
<b>Total Assets</b>	<b><u>\$ 31,364,555</u></b>

**LIABILITIES AND NET ASSETS**

<b>Payables</b>	
Accounts payable	\$ 1,722,642
Accrued liabilities	136,135
Due to fiduciary funds	113,512
Due to other governments	49,071
Due to teachers' retirement system	2,257,144
Due to employees' retirement system	<u>888,272</u>
	5,166,776
<b>Long-term liabilities:</b>	
Due and payable within one year	
Bonds payable	895,000
Installment purchase debt	232,491
Due and payable after one year:	
Claims payable	711,451
Bonds payable	5,130,000
Installment purchase debt	3,623,843
Due to employees' retirement system	296,091
Compensated absences payable	910,852
Net other post employment benefits obligation	<u>5,282,768</u>
	17,082,496
<b>Total Liabilities</b>	22,249,272
<b>NET ASSETS:</b>	
Investment in Capital Assets, Net of Related Debt	15,042,834
Restricted	250,000
Unrestricted (deficit)	<u>(6,177,551)</u>
<b>TOTAL NET ASSETS</b>	<b><u>9,115,283</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 31,364,555</u></b>

*The accompanying notes to financial statements are an integral part of this statement.*

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES AND**  
**CHANGES IN NET ASSETS**  
**For The Year Ended June 30, 2012**

		<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Assets</u>
<b>Programs/Functions</b>				
General Support	\$ 9,561,217	\$ -	\$ -	\$ (9,561,217)
Instruction	41,104,258	359,273	3,045,915	(37,699,070)
Pupil Transportation	2,932,285	-	-	(2,932,285)
Community service	8,909	-	-	(8,909)
Debt service - Interest	692,066	-	-	(692,066)
Capital Outlay	1,721,180	-	-	(1,721,180)
Food service program	1,290,781	82,950	975,791	(232,040)
<b>Total Programs and Functions</b>	<u>\$ 57,310,696</u>	<u>\$ 442,223</u>	<u>\$ 4,021,706</u>	<u>\$ (52,846,767)</u>
<b>General Revenues</b>				
Real property taxes				17,996,737
Other tax items - including STAR reimbursement				2,910,364
Use of money and property				39,042
Sale of property and compensation for loss				603,916
Miscellaneous				431,270
State Sources				31,366,134
<b>Total General Revenues</b>				<u>\$ 53,347,463</u>
<b>Change in Net Assets</b>				500,696
<b>Total Net Assets - Beginning of Year</b>				8,228,926
<b>Prior Period Adjustment - (Note 17)</b>				<u>385,661</u>
<b>Total Net Assets - End of Year</b>				<u>\$ 9,115,283</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2012**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash:					
Unrestricted	\$ 1,886,907	\$ -	\$ 21,339	\$ 1,166	\$ 1,909,412
Receivables:					
State and Federal aid	2,997,144	2,082,800	181,820	-	5,261,764
Due from other funds	2,350,501	-	-	-	2,350,501
Accounts receivable	782,872	-	-	-	782,872
Inventories	-	-	13,651	-	13,651
Prepaid expenditures	452,687	-	-	-	452,687
<b>Total Assets</b>	<b>\$ 8,470,111</b>	<b>\$ 2,082,800</b>	<b>\$ 216,810</b>	<b>\$ 1,166</b>	<b>\$ 10,770,887</b>
<b><u>LIABILITIES</u></b>					
Payables:					
Accounts payable	\$ 1,521,861	\$ 107,994	\$ 82	\$ 92,705	\$ 1,722,642
Accrued liabilities	132,421	3,714	-	-	136,135
Due to other funds	113,512	1,926,092	207,611	216,798	2,464,013
Due to other governments	-	45,000	398	-	45,398
Due to teachers retirement system	2,257,144	-	-	-	2,257,144
Due to employees retirement system	888,272	-	-	-	888,272
Deferred Revenue	-	-	3,672	-	3,672
<b>Total Liabilities</b>	<b>\$ 4,913,210</b>	<b>\$ 2,082,800</b>	<b>\$ 211,763</b>	<b>\$ 309,503</b>	<b>\$ 7,517,276</b>
<b><u>FUND BALANCES</u></b>					
Nonspendable:					
Inventory	-	-	13,652	-	13,652
Restricted:					
Workers' compensation	250,000	-	-	-	250,000
Assigned:					
Appropriated fund balance	1,250,000	-	-	-	1,250,000
Unappropriated fund balance	-	-	-	-	-
Unassigned: Fund balance (deficit)	2,056,901	-	(8,605)	(308,337)	1,739,959
<b>Total Fund Balances</b>	<b>3,556,901</b>	<b>-</b>	<b>5,047</b>	<b>(308,337)</b>	<b>3,253,611</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,470,111</b>	<b>\$ 2,082,800</b>	<b>\$ 216,810</b>	<b>\$ 1,166</b>	<b>\$ 10,770,887</b>

*The accompanying notes to financial statements are an integral part of this statement.*

Deans • Archer & Co.



**WYANDANCH UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET ASSETS  
June 30, 2012**

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Total Governmental Fund Balances	\$ 3,253,611
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Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Deferred revenues reported in the governmental funds but not in the Statement of Net Assets

-

The cost of building and acquiring capital assets (land, buildings, 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 among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 42,619,480	
Accumulated depreciation	<u>(19,675,312)</u>	
		22,944,168

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

Claims payable	711,451	
Bonds payable	6,025,000	
Installment purchase debt	3,856,334	
Due to employees' retirement system	296,091	
Compensated absences payable	910,852	
Net other post employment benefits obligation	<u>\$ 5,282,768</u>	
		<u>17,082,496</u>

Total Net Assets	<u>\$ 9,115,283</u>
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**WYANDANCH UNION FREE SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
June 30, 2012**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<b><u>REVENUES</u></b>					
Real property taxes	\$ 17,996,737	\$ -	\$ -	\$ -	\$ 17,996,737
Other tax items - including STAR reimbursement	2,910,364	-	-	-	2,910,364
Charges for services	359,273	-	-	-	359,273
Use of money and property	38,440	-	70	-	38,510
Forfeitures	600	-	-	-	600
Sale of property and compensation for loss	603,916	-	-	-	603,916
Miscellaneous	430,950	-	250	-	431,200
Proceeds from sale of bonds	-	-	-	2,000,000	2,000,000
State sources	31,366,134	565,011	32,289	-	31,963,434
Federal sources	55,895	2,425,009	943,502	-	3,424,406
Sales - school lunch	-	-	82,950	-	82,950
<b>Total Revenues</b>	<b>\$ 53,762,309</b>	<b>\$ 2,990,020</b>	<b>\$ 1,059,061</b>	<b>\$ 2,000,000</b>	<b>\$ 59,811,390</b>
<b><u>EXPENDITURES</u></b>					
General support	\$ 6,792,450	\$ -	\$ 600,170	\$ -	\$ 7,392,620
Instruction	27,294,433	2,858,453	-	-	30,152,886
Pupil transportation	2,932,285	-	-	-	2,932,285
Community service	8,909	-	-	-	8,909
Indirect Costs	-	-	-	-	-
Employee benefits	13,894,639	-	108,383	-	14,003,022
Debt service					
Principal	954,932	-	-	-	954,932
Interest	692,066	-	-	-	692,066
Cost of sales	-	-	582,228	-	582,228
Capital outlay	-	-	-	1,721,180	1,721,180
<b>Total Expenditures</b>	<b>\$ 52,569,714</b>	<b>\$ 2,858,453</b>	<b>\$ 1,290,781</b>	<b>\$ 1,721,180</b>	<b>\$ 58,440,128</b>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<b>1,192,595</b>	<b>131,567</b>	<b>(231,720)</b>	<b>278,820</b>	<b>1,371,262</b>
<b><u>OTHER FINANCING SOURCES AND USES</u></b>					
Operating transfers In	131,567	-	415,000	-	546,567
Operating transfers (Out)	(415,000)	(131,567)	-	-	(546,567)
<b>Total Other Sources (Uses)</b>	<b>\$ (283,433)</b>	<b>\$ (131,567)</b>	<b>\$ 415,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balance</b>	<b>909,162</b>	<b>-</b>	<b>183,280</b>	<b>278,820</b>	<b>1,371,262</b>
<b>Fund Balance - Beginning of Year</b>	<b>1,807,888</b>	<b>-</b>	<b>(178,233)</b>	<b>(132,967)</b>	<b>1,496,688</b>
<b>Prior Period Adjustment - (Note 17)</b>	<b>839,851</b>	<b>-</b>	<b>-</b>	<b>(454,190)</b>	<b>385,661</b>
<b>Fund Balance - End of Year</b>	<b>\$ 3,556,901</b>	<b>\$ -</b>	<b>\$ 5,047</b>	<b>\$ (308,337)</b>	<b>\$ 3,253,611</b>

*The accompanying notes to financial statements are an integral part of this statement.*

**WYANDANCH UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS, STATEMENTS OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

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Net Change in Fund Balances	\$ 500,696
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).	2,000,000
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in net assets.	<u>(174,502)</u>	1,825,498
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Long-Term Debt Transactions Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.	<u>(954,932)</u>	
		<u>(954,932)</u>

Change in Net Assets of Governmental Activities	\$ <u><u>1,371,262</u></u>
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**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**June 30, 2012**

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	<u>Agency Funds</u>
<b><u>ASSETS</u></b>	
Cash	\$ (89,609)
Due from other funds	<u>113,512</u>
<b>Total Assets</b>	<b>\$ <u>23,903</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
Other liabilities	\$ <u>23,903</u>
<b>Total Liabilities</b>	<b>\$ <u>23,903</u></b>

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*The accompanying notes to financial statements are an integral part of this statement.*

## **NOTES TO THE FINANCIAL STATEMENTS**

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

The financial reporting entity is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organization are Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities which would be included in the District's reporting entity as a component unit. However, the following is included in the District's financial statements.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Extra-classroom Activity Funds

The extra classroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extra classroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by its agent for extra classroom organizations in the statement of Fiduciary Net Assets - Fiduciary Fund. Separate audited financial statements of the extra classroom activity funds can be found at the District's Business Office.

**B. Joint Venture**

The District is a component district in the Western Suffolk Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law.

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

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**C. Basis of Presentation**

District-Wide Statements

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

The Statement of Net Assets presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include: (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants, contributions and other revenues that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the 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 as defined by GASB, each displayed in a separate column. The District's financial statements reflect the following fund categories:

**Governmental Funds:**

- ◆ **General Fund** - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.



**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

- ◆ **Special Aid Fund** - is used to account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- ◆ **School Lunch Fund** - is used to account for the activities of the school lunch operations.
- ◆ **Capital Projects Fund** - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.
- ◆ **Fiduciary Funds** - are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. Fiduciary Funds consist of:
  - **Agency Funds** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extra classroom activity funds and for payroll or employee withholding.

**D. Basis of Accounting and Measurement Focus**

The district-wide and fiduciary fund financial statements are reported on the accrual basis of accounting using the economic resources measurement focus. 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 District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants and donations. On an accrual basis, revenue from real property 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 and the related expenditures are incurred.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

**D. Basis of Accounting and Measurement Focus**

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Real Property Taxes**

Calendar

Real property taxes are levied annually by the Board of Education no later than October 31<sup>st</sup> and become a lien. Taxes are collected by the Town of Babylon and remitted to the District.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than June 30<sup>th</sup>.

**F. Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to the Financial Statements.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

**G. Interfund Transactions**

The operations of the District include transaction between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, the amounts reported on the Statement of Net Assets for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

**H. Use of 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. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including, compensated absences, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of long-lived assets.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Cash and Cash Equivalents/Investments**

Cash and cash equivalents consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

**J. Receivables**

Receivables are shown gross with uncollectible amounts recognized under the allowance method.

**K. Inventories and Prepaid Items**

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources. Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Assets or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded as the time of purchase and expense/expenditure is reported in the year the goods or services are consumed.

**L. Capital Assets**

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, for acquisitions subsequent to June 30, 2000. For assets acquired prior to June 30, 2000, estimated historical costs based on professional third-party information are utilized. Donated assets are reported at estimated fair market value at the date of donation.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	<b><u>Capitalization Threshold</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings and Building Improvement \$	1,000	50 years
Furniture and Equipment	1,000	5-8 years
Land Improvements	1,000	20 years
Vehicles	1,000	8 years

**M. Deferred Revenues**

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

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

**N. Vested Employee Benefits - Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave and vacation and sabbatical time.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end. In the fund financial statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay as you go basis.

**O. Other Benefits**

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health-care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee based upon the terms of their bargained agreement. The District accounts for these postemployment benefits in accordance with GASB Statement No. 45 (GASB 45) *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure in the general fund, in the year paid. In the District-wide statements, postemployment costs are measured and disclosed using the accrual basis of accounting.

**P. Short-Term Debt**

The District may issue Revenue Anticipation Notes (RAN) and 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 RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes, be converted to long-term financing within five years after the original issue date.

**Q. Accrued Liabilities and Long - Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due and payable within one year or due and payable after one year in the Statement of Net Assets.

**R. Equity Classifications**

District-Wide Statements

In the district-wide statements there are three classes of net assets:

- **Invested in capital assets, net of related debt** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- **Restricted net assets** - reports net assets when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

- **Unrestricted net assets** - 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.

Fund Statements

During the year ended June 30, 2012, the District implemented GASB 54, (see Note 2 "Changes in Accounting Principles", for additional information). Under GASB 54, the fund balance now consists of five classifications; however, the District only utilizes the following four:

**Nonspendable** - Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans, receivables, financial assets held for resale and principal of an endowment.

**Restricted** - Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by credits, grants, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. Restricted fund balances, generally referred to as reserves in accordance with New York State law, are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Fund balance reserves currently in use by the District include the following:

Reserve for Encumbrances

Reserve for Encumbrances represents the amounts of outstanding encumbrances at the year end of the fiscal year. This reserve is accounted for in the general and capital projects funds.



**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

*Workers' Compensation Reserve*

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

*Unemployment Insurance Reserve*

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

*Retirement Contribution Reserve*

Retirement Contribution Reserve (GML §6-r) is used for the purpose of 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. The reserve is accounted for in the general fund.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES -  
(Continued)**

*Employee Benefit Accrued Liability Reserve*

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

*Capital Reserve*

Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in section §3651 of the Education Law. The reserve is accounted for in the general fund.

*Repairs Reserve*

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Restricted for Debt Service*

The unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

**Assigned** - Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes encumbrances not classified as restricted or committed at the end of the fiscal year.

**Unassigned** - Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts has been restricted or assigned. NYS Real property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

The Board of Education shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

**NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE 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 measurement focus of the Statement of Activities, compared with the current financial resource measurement focus of the governmental funds.

**A. Total Fund Balances of Governmental Funds vs. Net Assets of Governmental Activities**

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

**B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities**

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of the three broad categories:

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

---

**NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE DISTRICT-WIDE STATEMENTS (Continued)**

Long-Term Revenue and Expense 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.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statements of Net Assets. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets.

**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

The 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 voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These 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.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**B. 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 part of other assigned, unappropriated fund balances, unless classified as restricted or committed 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.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**a. Cash:**

The District's investment policies are governed by state statutes and District policy. 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 U.S. Treasury and U.S. 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 New York State and its municipalities and Districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- a. Uncollateralized;
- b. Collateralized by securities held by the pledging financial institution in the District's name; or
- c. Collateralized by securities held by the pledging financial institution's trust department or agent, but not in the District's name.

None of the District's aggregate bank balances, not covered by depository insurance, were exposed to custodial credit risk as described above at year end.

**b. Investments:**

The District did not have any direct investments at year end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

**NOTE 5. PARTICIPATION IN BOCES**

During the year ended June 30, 2012, the District was billed \$5,286,697 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,016,157. Financial statements for the BOCES are available from the BOCES administrative offices.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 6. STATE AND FEDERAL AID RECEIVABLE**

State and Federal Aid Receivable at June 30, 2012 consisted of:

General Fund:	
BOCES Aid	\$ 1,079,448
New York State - ARRA	56,475
New York State - Other	<u>1,861,221</u>
	2,997,144
Special Aid Fund:	
Federal and State Grants	2,082,800
School Lunch Fund:	
Federal and State Food Service Program Reimbursement	<u>181,820</u>
<b>Total</b>	<b>\$ <u>5,261,764</u></b>



**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 7. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2012 were as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,681,917	\$ -	\$ -	\$ 12,681,917
Construction in progress	<u>89,735</u>	<u>165,306</u>	<u>89,735</u>	<u>165,306</u>
Total capital assets not being depreciated	<u>12,771,652</u>	<u>165,306</u>	<u>89,735</u>	<u>12,847,223</u>
Capital assets being depreciated:				
Buildings and improvements	17,751,882	1,645,610	-	19,397,492
Land improvements	688,894	-	-	688,894
Furniture and equipment	8,009,857	258,197	-	8,268,054
Vehicles	<u>1,402,693</u>	<u>15,125</u>	<u>-</u>	<u>1,417,818</u>
Total capital assets being depreciated	<u>27,853,326</u>	<u>1,918,932</u>	<u>-</u>	<u>29,772,258</u>
Less accumulated depreciation for:				
Building and improvements	10,510,517	355,038	-	10,865,555
Land improvements	456,282	34,445	-	490,727
Furniture and equipment	7,544,550	172,709	-	7,717,259
Vehicles	<u>434,341</u>	<u>167,431</u>	<u>-</u>	<u>601,772</u>
Total accumulated depreciation	<u>18,945,690</u>	<u>729,623</u>	<u>-</u>	<u>19,675,313</u>
Total capital assets being depreciated, net	<u>8,907,636</u>	<u>1,189,309</u>	<u>-</u>	<u>10,096,945</u>
Capital Assets - net	<u>\$ 21,679,288</u>	<u>\$ 1,354,615</u>	<u>\$ 89,735</u>	<u>\$ 22,944,168</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 8. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2012 are as follows:

	<b>Interfund</b>			
	<b><u>Receivable</u></b>	<b><u>Payable</u></b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$ 2,350,501	\$ 113,512	\$ 131,567	\$ 415,000
Special Aid Fund	-	1,926,092	-	131,567
School Lunch Fund	-	207,611	415,000	-
Capital Projects Fund	-	216,798	-	-
Fiduciary Funds	<u>113,512</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,464,013</u>	<u>\$ 2,464,013</u>	<u>\$ 546,567</u>	<u>\$ 546,567</u>

The District typically transfers from the general fund to the special aid fund, the school lunch fund and the capital projects fund in accordance with the general fund budget.

**NOTE 9. SHORT-TERM LIABILITIES**

Transactions in short-term debt for the year are summarized below:

	<b><u>Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance 6/30/2011</u></b>	<b><u>Issued</u></b>	<b><u>Redeemed</u></b>	<b><u>Balance 6/30/2012</u></b>
RAN	6/29/2012	2.29%	\$ -	\$ 3,600,000	\$ 3,600,000	\$ -
TAN	6/22/2012	2.25%	5,000,000	-	5,000,000	-
TAN	6/22/2012	2.00%	4,900,000	-	4,900,000	-
BAN	8/26/2011	1.50%	<u>761,000</u>	<u>-</u>	<u>761,000</u>	<u>-</u>
Total			<u>\$ 10,661,000</u>	<u>\$ 3,600,000</u>	<u>\$ 14,261,000</u>	<u>\$ -</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 10. LONG-TERM LIABILITIES**

Long-term Liabilities' balances and activities for the year are summarized below:

	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2012</u>	<u>Due Within</u> <u>One Year</u>
Long-term Debt:					
Bonds Payable	\$ 4,760,000	\$ 2,000,000	\$ 735,000	\$ 6,025,000	\$ -
Installment Purchase Debt	4,076,266	-	219,932	3,856,334	-
	<u>\$ 8,836,266</u>	<u>\$ 2,000,000</u>	<u>\$ 954,932</u>	<u>\$ 9,881,334</u>	<u>\$ -</u>
Other Long-term Liabilities:					
Postemployment Benefits	\$ 4,283,950	\$ 998,818	\$ -	\$ 5,282,768	\$ -
Retirement Systems	256,453	296,091	256,453	296,091	-
Judgments and Claims Payable	535,228	181,194	4,971	711,451	-
Compensated Absences	1,035,153	34,797	159,098	910,852	-
Total other Liabilities	<u>6,110,784</u>	<u>1,510,900</u>	<u>420,522</u>	<u>7,201,162</u>	<u>-</u>
Total Long-term Liabilities	<u>\$ 14,947,050</u>	<u>\$ 3,510,900</u>	<u>\$ 1,375,454</u>	<u>\$ 17,082,496</u>	<u>\$ -</u>

The general fund has typically been used to liquidate other Long-term Liabilities.

Bonds payable comprised of the following:

<u>Description</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interst</u> <u>Rate</u>	<u>Outstanding</u> <u>6/30/2012</u>
Serial Bond	12/16/1997	4/1/2017	2.25%-4.125%	\$ 4,045,000
Serial Bond	8/25/2011	8/25/2015	2.-3.125%	1,980,000
				<u>\$ 6,025,000</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 10. LONG-TERM LIABILITIES – (Continued)**

The following is a summary of debt service requirements for bonds payable:

<b><u>Fiscal Year</u></b> <b><u>Ended June 30</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2013	895,000	232,941	1,127,941
2014	955,000	245,766	1,200,766
2015	995,000	256,799	1,251,799
2016	1,030,000	274,634	1,304,634
2017	1,070,000	290,315	1,360,315
2018	210,000	13,269	223,269
	<u>\$ 5,155,000</u>	<u>\$ 1,313,724</u>	<u>\$ 6,468,724</u>

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

	<b><u>Total</u></b>
Interest paid	<u>\$ 191,494</u>

**NOTE 11. PENSION PLANS**

**A. General Information**

The District participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State and Local Employees' Retirement System (NYSERS). 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.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 11. PENSION PLANS - (Continued)**

**B. Provisions and Administration**

Teachers' Retirement System

The NYSTRS is administered by the New York State Teachers' Retirement Board. 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. The 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 New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Employees' Retirement System

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

**C. Funding Policies**

The Systems are noncontributory for the employee, except for those who either joined the Systems after July 27, 1976 with less than ten years of credited service, who contribute 3% of their salary, or joined the Systems on or after January 1, 2010, who contribute 3% of their salary to NYSERS or 3.5% of their salary to NYSTRS throughout active membership. For the NYSERS, the Comptroller shall certify annually the rates expressed as proportions of members' payroll annually, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, rates are established annually for NYSTRS by the New York State Teachers' Retirement Board.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 11. PENSION PLANS - (Continued)**

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

<u>YEAR</u>		<u>NYSTRS</u>		<u>NYSERS</u>
2012	\$	2,257,144	\$	888,272
2011	\$	1,881,797	\$	742,678
2010		1,876,852		628,997

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The District did not exercise that option.

**NOTE 12. POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

The District provides medical and Medicare part B reimbursement, coverage (the healthcare plan) to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit healthcare plan primarily administered through the New York State Health Insurance Program - Empire Plan. The District implemented GASB 45 prospectively in this transition year of implementation.

**B. Funding Policy**

The District assumes its share of the cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are made. For the year ended June 30, 2012, the District recognized a general fund expenditure of \$432,581 for insurance premiums for currently enrolled retirees. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 12. POST-EMPLOYMENT BENEFITS - (Continued)**

**C. Annual OPEB Cost and Net OPEB Obligation**

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual required contribution (ARC)	\$ 1,431,399
Interest on Net OPEB obligation	-
Adjustment to ARC	<u>-</u>
Annual OPEB Cost (Expense)	1,431,399
Contribution made	<u>(432,581)</u>
Increase in Net OPEB obligation	998,818
Net OPEB obligation - Beginning of Year	<u>4,283,950</u>
Net OPEB obligation - End of Year	<u><u>\$ 5,282,768</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 5,715,349	27.0%	\$ 5,282,768
June 30, 2010	4,446,262	27.0%	3,252,621
June 30, 2009	4,126,500	28.00%	2,945,015

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 12. POST-EMPLOYMENT BENEFITS - (Continued)**

**D. Funded Status and Funding Progress**

As of July 1, 2012, the most recent actuarial valuation date, the District contributed \$600,000 to the plan. The actuarial accrued liability for benefits was \$48,408,404 and the actuarial value of assets was \$600,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$48,408,404. The covered payroll (annual payroll of active employees covered by the plan) was \$26,468,740, and the ratio of the UAAL to the covered payroll was 130.0%.

Actuarial valuations of an ongoing plan involved estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate and an annual medical inflation rate of 8% initially, reduced by decrements of 1% to an ultimate rate of 5% after 15 years. The remaining amortization period at June 30, 2009 was 30 years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2012, was 29 years.



**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

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**NOTE 13. RISK MANAGEMENT**

**A. General Information**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; 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.

The District has chosen to establish a self funded health benefit and workmen's compensation program for its employees. The plan is administered by two benefit program administrators, who are responsible for approval, processing and the payments of claims, after which they bill the district for reimbursement. The district is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30 2012. The program is accounted for in the general fund.

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

**B. Litigation**

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

**C. Operating Leases**

The District leases various equipment under non-cancelable operating leases. The minimum remaining operating lease payments are as follows:

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 14. COMMITMENTS AND CONTINGENCIES – (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2013	232,491	220,197	452,687
2014	245,766	206,921	452,688
2015	259,799	192,888	452,687
2016	274,634	178,054	452,687
2017	259,399	192,888	452,687
Thereafter	<u>2,584,246</u>	<u>584,965</u>	<u>3,621,499</u>
	<u>\$ 3,856,335</u>	<u>\$ 1,575,913</u>	<u>\$ 5,884,935</u>

**NOTE 15. SUBSEQUENT EVENTS**

Subsequent to June 30, 2012, the District floated a \$10,000,000.00 Tax Anticipation Note and a \$3,800,000.00 QZAP Bond.

The date to which events occurring after June 30, 2012, the date of the most recent statement of financial position, have been evaluated for possible adjustment to financial statements or disclosures is October 15, 2012, which is the date the financial statements were made available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

**NOTE 16. PRIOR YEAR ADJUSTMENTS**

The net effect of the prior period adjustments for the year ended June 30, 2012 was a net increase in fund balance of \$385,661.

The increase revisions to the fund balance amounted to \$872,777 as a result of a net change in accounts receivable and accounts payable reconciliation of due to from accounts and prior year unrecorded revenue. The decrease revision to fund balance amounted to \$32,926 were a result of decreases in the district liability to NYSTRS and prior period checks reclassifications.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For The Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
<b><u>REVENUES</u></b>				
<b>Local Sources:</b>				
Real property taxes	\$ 18,103,894	\$ 17,996,737	\$ 17,996,737	\$ -
Other real property tax items	2,802,465	2,909,622	2,910,364	742
Charges for Services	176,063	176,063	359,273	183,210
Use of money and property	56,746	56,746	38,441	(18,305)
Sale of property and compensation for loss	150,000	150,000	603,916	453,916
Interfund revenues	115,000	115,000	131,567	16,567
Miscellaneous	413,220	413,220	431,550	18,330
Total Local Sources	21,817,388	21,817,388	22,471,848	654,460
<b>State Sources:</b>				
Basic formula	21,907,761	21,907,761	20,427,450	(1,480,311)
Excess cost aid	4,801,701	4,801,701	6,002,476	1,200,775
Lottery grant	3,301,169	3,301,169	3,613,892	312,723
BOCES aid	955,325	955,325	1,079,448	124,123
Textbook aid	128,816	128,816	131,820	3,004
Tuition for students with Disability	-	-	33,694	33,694
Computer software aid	30,227	30,227	60,159	29,932
Library A/V loan program aid	12,613	12,613	13,018	405
Other state aid	-	-	4,177	4,177
Total State Sources	31,137,612	31,137,612	31,366,134	228,522
<b>Federal Sources</b>	225,000	225,000	55,895	(169,105)
Total Revenues	53,180,000	53,180,000	53,893,877	713,877
<b>Other Sources:</b>				
Operating transfers In	-	-	-	-
<b>Total Revenue and Other Sources</b>	<u>\$ 53,180,000</u>	<u>\$ 53,180,000</u>	<u>\$ 53,893,877</u>	<u>\$ 713,877</u>

*The accompanying notes to financial statements are an integral part of this statement.*

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For The Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year End Encum- brances</u>	<u>Final Budget Variance with Actual And Encumbrances</u>
<b><u>EXPENDITURES</u></b>					
<b>General support:</b>					
Board of Education	\$ 62,881	\$ 101,087	\$ 100,288	\$ -	\$ 799
Central Administration	339,821	369,421	369,327	-	94
Finance	689,942	734,518	728,705	-	5,813
Staff	759,383	782,350	783,999	-	(1,649)
Central Services	4,288,297	4,068,306	3,938,059	-	130,247
Special Items	712,484	945,124	872,071	-	73,053
Total General Support	6,852,808	7,000,806	6,792,449	-	208,357
<b>Instruction:</b>					
Instruction, administration, and improvement	2,283,500	2,755,077	2,790,066	-	(34,989)
Teaching - regular school	9,531,247	10,377,590	10,391,553	-	(13,963)
Program for children with handicapping conditions	9,910,075	9,793,703	10,005,172	-	(211,469)
Occupational education	747,625	747,625	744,212	-	3,413
Teaching - special schools	175,784	174,064	146,097	-	27,967
Instructional media	1,105,345	1,360,812	1,366,289	-	(5,477)
Pupil services	1,781,853	1,851,540	1,851,044	-	496
Total Instruction	25,535,429	27,060,411	27,294,433	-	(234,022)
Pupil transportation	3,031,688	2,943,026	2,932,284	-	10,742
Community service	-	8,910	8,909	-	1
Employee benefits	15,567,968	14,119,003	13,894,640	-	224,363
Debt service principle	997,685	979,685	979,635	-	50
Debt service interest	781,717	658,217	667,363	-	(9,146)
Total Expenditures	52,767,295	52,770,058	52,569,713	-	200,345
<b>OTHER USES</b>					
Operating transfers out	375,000	375,000	415,000	-	(40,000)
Total Expenditures and Other Uses	\$ 53,142,295	\$ 53,145,058	52,984,713	-	160,345
Net Change In Fund Balances			909,164		
Fund Balances - Beginning of Year			1,807,886		
Prior Period Adjustment			839,851		
Fund Balances - End of Year			\$ 3,556,901		

*The accompanying notes to financial statements are an integral part of this statement.*

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT**  
**BENEFITS (OPEB)**  
**For The Year Ended June 30, 2012**

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<b><u>Valuation</u> <u>Date</u></b>	<b><u>Value of</u> <u>Assets</u></b>	<b><u>Accrued</u> <u>Liability</u></b>	<b><u>Unfunded</u> <u>Liability</u></b>	<b><u>Funded</u> <u>Ratio</u></b>	<b><u>Covered</u> <u>Payroll</u></b>	<b>Unfunded Liability as a Percentage of Covered Payroll</b>
January 1, 2012	-	\$ 48,408,404	\$ 48,408,404	0%	\$ 26,468,740	130.0%
January 1, 2011	-	\$ 39,191,397	\$ 39,191,397	0%	\$ 28,888,100	130.0%
January 1, 2010	-	\$ 38,591,397	\$ 38,581,397	0%	\$ 28,888,100	130.0%

## **OTHER SUPPLEMENTARY INFORMATION**

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND USE OF UNRESERVED FUND BALANCE - GENERAL FUND**  
**For The Year Ended June 30, 2012**

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**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 53,180,000
Add: Prior year's encumbrances	<u>2,268</u>
Original Budget	53,182,268
Budget Revision:	<u>-</u>
Final Budget	\$ <u><u>53,182,268</u></u>
Next Year Voter Approved Budget	\$ <u><u>56,498,705</u></u>

**USE OF UNRESERVED FUND BALANCE**

Unreserved Fund Balance - Beginning of the Year	\$ 1,807,886
Less:	
Designated fund balance used for the levy of taxes Adopted Budget	<u>-</u>
Undesignated Fund Balance - Beginning of the Year	\$ <u><u>1,807,886</u></u>



WYANDANCH  
UNION FREE SCHOOL DISTRICT  
SCHEDULE PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
For The Year Ended June 30, 2012

Project Title	Expenditures to Date				Methods of Financing				
	Original Appropriation	Revised Appropriation	Prior Year's	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources
<u>LFH/MILK/Central Admin.</u>									
Roof reconstruction	\$ 250,000	\$ 250,000	\$ 18,688	\$ 151,482	\$ 170,170	\$ 79,830	\$ -	\$ -	\$ 151,482
MLO oil tank removal	24,900	18,841	-	18,841	18,841	-	-	-	18,841
QZAB - MILK project A	1,656,160	1,657,160	-	70,001	70,001	1,587,159	-	-	-
QZAB - MILK project B	120,000	120,000	-	37,470	37,470	82,530	-	-	-
QZAB - High School project A	1,127,925	1,127,925	-	45,702	45,702	1,082,223	-	-	-
QZAB - High School project B	250,000	250,000	-	78,062	78,602	171,938	-	-	-
QZAB - MLO project A	799,475	799,475	-	31,675	31,675	767,800	-	-	-
QZAB - MLO project B	130,000	130,000	-	40,592	40,592	89,408	-	-	-
QZAB - Bus Garage	133,435	133,435	-	5,035	5,035	128,400	-	-	-
Public Library Renovations	1,242,967	2,000,000	761,348	1,238,652	2,000,000	-	2,000,000	-	2,000,000
<b>TOTAL</b>	<b>\$ 5,734,862</b>	<b>\$ 6,486,836</b>	<b>\$ 780,036</b>	<b>\$ 1,717,512</b>	<b>\$ 2,498,088</b>	<b>\$ 3,989,288</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ 170,323</b>
									<b>\$ 2,170,323</b>

The accompanying notes to financial statements are an integral part of this statement.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
SCHEDULE OF CERTAIN REVENUES AND EXPENDITURES  
COMPARED TO ST-3 DATA  
For The Year Ended June 30, 2012**

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	<u>Code</u>	<u>ST-3 Amount</u>	<u>Audited Amount</u>
<b>REVENUES</b>			
Real Property Taxes	A-1001	\$ 17,996,737	\$ 17,996,737
Non-Property Taxes	AT-1199	-	-
State Aid	AT-3999	\$ 31,366,134	\$ 31,366,134
Federal Aid- Medicaid Reimbursements	AT-4999	\$ 55,898	\$ 55,895
Total Revenues	AT-5999	\$ 53,893,876	\$ 53,893,876
<b>EXPENDITURES</b>			
General Support	AT-1999	\$ 6,792,450	\$ 6,792,450
Pupil Transportation	AT-5599	\$ 2,932,285	\$ 2,932,285
Debt Service - Principal	AT-9798.6	\$ 954,932	\$ 954,932
Debt Service - Interest	AT-9798.7	\$ 692,066	\$ 692,066
Total Expenditures	AT-9999	\$ 52,984,714	\$ 52,984,714

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**INVESTMENT IN CAPITAL ASSETS - NET OF RELATED DEBT**  
**June 30, 2012**

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<b>Capital Assets, Net</b>		\$ 22,944,168
<b>Deduct:</b>		
Installment purchase Debt	3,856,334	
Long-term portion of bonds payable	* <u>4,045,000</u>	
		<u>7,901,334</u>
Investment in capital assets, net of related debt		\$ <u><u>15,042,834</u></u>

\*Serial bond issued 8/25/2011 for \$2,000,000 was on behalf of Wyandanch Public Library

## **FEDERAL GRANT COMPLIANCE AUDIT**

**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**

To the Board of Education of the  
Wyandanch Union Free School District  
Wyandanch, New York

We have audited the financial statements of the Wyandanch Union Free School District; (the "District") as of and for the year ended June 30, 2012, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We also noted certain other matters that we reported to management of the District in a separate letter dated October 15, 2012.

This report is intended solely for the information and use of management, Board of Education, Audit Committee, administration and others within the District, New York State Department of Education, and federal awarding agencies and pass-through entities is not intended to be and should not be used by anyone other than these specified parties.



Valley Stream, New York  
October 15, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT OF EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education of the  
Wyandanch Union Free School District  
Wyandanch, New York

**Compliance**

We have audited Wyandanch Union Free School District's (the "District") compliance of with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. The District's major Federal programs are identified in the summary of auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the 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, 2012.

### **Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of Management of the District, Board of Education, Audit Committee, Administration and others within the District, New York State Department of Education, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Valley Stream, New York  
October 15, 2012



**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2012**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
<u>Passed directly</u>			
<u>Passed-through NYS Education Department</u>			
Special Education Cluster			
Special Education Grants to States - IDEA 611	84.027A	0032-12-0877	\$ 795,157
Special Education Grants to States - IDEA 611	84.027A	0032-11-0877	(69,674)
Special Education Grants to States - IDEA 619	84.173A	0033-11-0877	1,393
Special Education Grants to States - IDEA 619	84.173A	0033-12-0877	53,008
Special Education Grants to States - IDEA 619	84.173A	0033-10-0877	(6,537)
Total Special Education Cluster			773,347
Title I Grants to LEAs	84.010A	0021-12-2955	549,570
Title I Grant school Improvement	84.010	0011-12-2582	55,125
Title I Grant school Improvement - LEP	84.010A	0011-10-2190	(24,017)
Title I Stem ELA	84.377A	0123-10-4073	(2,943)
Title 2 Early Class	84.367A	0147-12-2955	174,858
			752,593
Title II D	84.318X	0292-10-2955	(1,165)
Title IIIA - LEP	84.365A	0293-10-2955	(2,004)
Title IIIA - LEP	84.365A	0293-11-2955	(3,862)
Title IIIA - LEP	84.365A	0293-12-2955	75,179
Title IIIA - Immigration Education	84.365	0149-10-2955	(8,610)
			59,538
Compass Grant	93.276		107,462
Compass Grant	93.276		30,523
Education Counseling	84.215E		375,781
Education Counseling	84.215E		99,287
Bilingual / ESL Supplements		0635-10-4003	(2,646)
			610,407
ARRA-CN Equipment Assistance		N/A	19,500
ARRA- Race To The Top	84.395	N/A	5,000
ARRA-Education Jobs Fund	84.410	5400-12-2955	68,329
ARRA- Education For Homeless	84.387	5212-11-3931	3,664
ARRA-IDEA Section 619	84.392A	5033-11-0877	1,072
ARRA-IDEA Section 611	84.391A	5032-11-0877	131,559
ARRA Mentor Teacher / Internship	84.397	5663-10-0154	756
			229,880
Total US Department of Education			2,425,765
<u>U.S. Department of Agriculture</u>			
<u>Passed through NYS Education Department</u>			
Child Nutrition Cluster			
USDA School Lunch and Snacks Program	10.555	N/A	886,685
USDA Food Donation Program	10.550	N/A	56,817
Total Passed-through NYS Ed Department			943,502
Total U.S. Department of Agriculture			943,502
Total Federal Awards Expended			\$ 3,369,267

**WYANDANCH UNION FREE SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2012**

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**NOTE 1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Wyandanch Union Free School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information 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 financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. Certain of the District's federal award programs may have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures generally were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

**NOTE 2. SUBRECIPIENTS**

No amounts were provided to subrecipients.

**NOTE 3. OTHER DISCLOSURES**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

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**A. SUMMARY OF AUDITOR'S RESULT**

**Financial Statements**

Type of auditor's report issued Unqualified

Internal control over financial reporting:

Material weakness (es) identified?        Yes   x   No

Significant deficiency identified not considered  
to be material weakness(es)        Yes   x   None reported

Noncompliance material to financial statements  
noted?        Yes   x   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?        Yes   x   No

Significant deficiency identified not considered  
to be material weakness(es)        Yes   x   None reported

Type of auditors' report issued on compliance  
for major programs Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with Circular A-133  
Section 510(a).        Yes   x   No

**Identification of Major Programs**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A	IDEA - 611
84.173A	IDEA - 619
84.394	AARA - State Fiscal Stabilization Fund
84.010A	Title I Grants

**WYANDANCH UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

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**A. SUMMARY OF AUDITOR'S RESULT (Continued)**

Identification of Major Programs

CFDA Number(s)

Name of Federal Program or Cluster

10.555

National School Lunch Program

10.550

USDA Food Donation Program

84.410

AARA - Education Jobs Fund

84.215

Education Counseling

84.391A

AARA - IDEA - 611

84.392A

AARA - IDEA - 619

Dollar threshold used to distinguish between  
Types A and Type B programs:

\$300,000

Auditee qualified as a low-risk auditee

\_\_\_\_\_ Yes   x   No

**WYANDANCH UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

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**CURRENT YEAR FINDINGS**

**A. FINANCIAL STATEMENT FINDINGS**

None reported

**WYANDANCH UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

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**A. FEDERAL AWARDS FINDINGS**

None reported.

**WYANDANCH UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2012**

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**PRIOR YEAR FINDING**

**Significant Deficiency**

**2010-1 - Consultant Contract Subject to Request for Proposals - (RFP's)**

**Condition:** We observed that consultant contract for service was awarded without documented request for proposals (RFP's).

**Follow up:** This condition no longer exists.