

**WYANDANCH UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

WYANDANCH UNION FREE SCHOOL DISTRICT

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Accountants & Consultants for Over 75 years

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Wyandanch Union Free School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on 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 from material misstatement.

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 55 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyandanch Union Free School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016, on our consideration of the Wyandanch Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wyandanch Union Free School District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
November 1, 2016

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The following is a discussion and analysis of the Wyandanch Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2016. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2016 are as follows:

- The District continued to offer all core instructional programs while increasing fund balances and financial reserve accounts in accordance with NYS laws.
- The District maintained its Moody's rating of Baa 3.
- On May 17, 2016 74.17% of the residents of the District that voted passed the proposed 2016 – 2017 general fund budget in the amount of \$66,240,142 which was a 3.86% increase. The tax levy increase was .92%. The District did not exceed the property tax cap enacted by the NYS Legislature.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information.

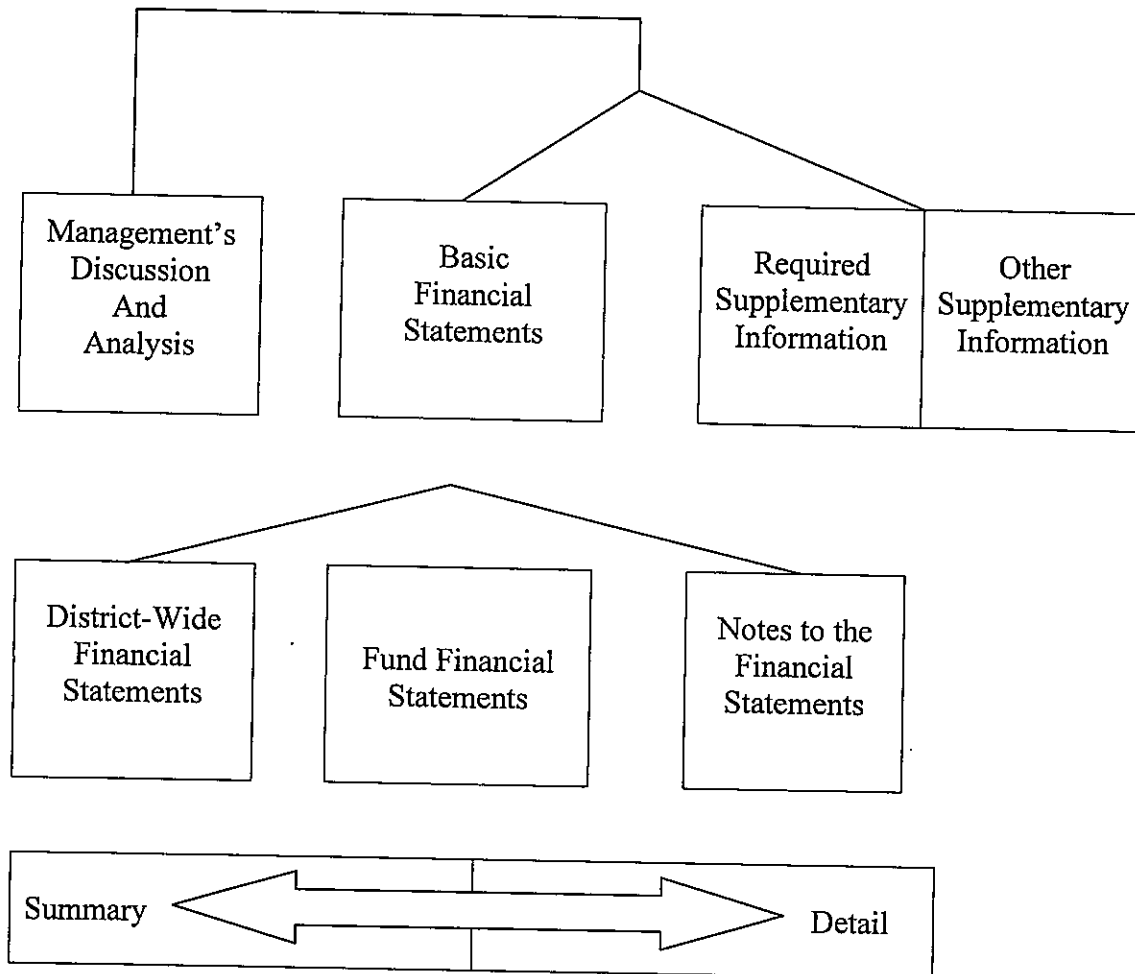
The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information and a section of other supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

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



**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

Table A-2: Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

A) District-Wide Statements

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

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources –is one way to measure the District's financial health or *position*.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

In the District-Wide Financial Statements, the District's activities are shown as *Governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

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

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

- *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
- *Unrestricted net position* is net position that does not meet any of the above restrictions.

B) Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

i) Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

ii) Fiduciary funds

The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position, and is developed using the economic resources measurement focus and the accrual basis of accounting.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District's total net position decreased by \$4,833,850 in the fiscal year ended June 30, 2016 as detailed in Table A-3.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-3 – Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2016	Fiscal Year 2015*	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$ 10,278,850	\$ 13,234,782	\$ (2,955,932)	-22.33%
Capital assets, net	38,065,783	36,630,802	1,434,981	3.92%
Net pension asset - proportionate share	14,142,825	16,035,034	(1,892,209)	-11.80%
Total assets	62,487,458	65,900,618	(3,413,160)	-5.18%
Deferred outflows of resources	6,518,436	4,263,068	2,255,368	52.90%
Total assets and deferred outflows of resources	<u>\$ 69,005,894</u>	<u>\$ 70,163,686</u>	<u>\$ (1,157,792)</u>	-1.65%
Other liabilities	\$ 6,324,267	\$ 7,669,612	\$ (1,345,345)	-17.54%
Long-term liabilities	51,106,960	40,376,317	10,730,643	26.58%
Total liabilities	57,431,227	48,045,929	9,385,298	19.53%
Deferred inflows of resources	5,341,372	11,050,612	(5,709,240)	-51.66%
Total liabilities and deferred inflows of resources	<u>62,772,599</u>	<u>59,096,541</u>	<u>3,676,058</u>	6.22%
Net position				
Net investment in capital assets	16,672,934	15,306,818	1,366,116	8.92%
Restricted	1,250,625	1,250,000	625	0.05%
Unrestricted (deficit)	(11,690,264)	(5,489,673)	(6,200,591)	-112.95%
Total net position	<u>6,233,295</u>	<u>11,067,145</u>	<u>(4,833,850)</u>	-43.68%
Total liabilities, deferred inflows of resources, and net position	<u>\$ 69,005,894</u>	<u>\$ 70,163,686</u>	<u>\$ (1,157,792)</u>	-1.65%

*As restated, see Note 19

Current assets and other assets decreased by \$2,955,932 from 2015 to 2016 primarily due to the decrease in cash caused by ongoing renovations of the school building.

Capital assets (net of depreciation) increased by \$1,434,981. This is primarily due to investments in capital assets such as buildings and improvements offset by current year depreciation expense.

Net pension asset – proportionate share for the Teachers' Retirement System ("TRS") decreased by \$1,892,209 due to fluctuations in the actuarially determined value. This represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at June 30, 2015, the measurement date.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Deferred outflows of resources increased by \$2,255,368. This represents contributions to the State Retirement Systems subsequent to the measurement date and actuarial adjustments at the plan level that will be amortized in future years.

Other liabilities decreased by \$1,345,345 primarily due to a decrease in accounts payable, accrued liabilities, and due to teachers' and employees' retirement systems offset by an increase in compensated absence.

Long-term liabilities increased by \$10,730,643 primarily because of increases in net other post-employment benefits obligation, net pension liability-proportionate share for the Employees' Retirement System ("ERS"), and compensated absences payable, offset by a decrease in bonds payable, and energy performance contract payable.

Deferred inflows of resources decreased by \$5,709,240 primarily due to a decrease in deferred inflows for TRS, offset by an increase in deferred inflows for ERS. Deferred inflows of resources for TRS and ERS are actuarial adjustments at the plan level that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by \$1,366,116 primarily due to the reduction in the principal balance of related debt and building improvements and capital additions, net of current year depreciation expense.

Restricted net position relates to the balance of the District's reserves: workers' compensation, and retirement contribution. Restricted net position increased by \$625. Changes to reserves are discussed further in Management's Discussion and Analysis Section 5, General Fund Budgetary Highlights.

The unrestricted net deficit increased \$6,200,591. Overall, the net position decreased by \$4,833,850. These changes are primarily a result of the increases in the net OPEB obligation and compensated absences liability partially offset by the change in the actuarial determined pension related information.

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2016 and 2015 are as follows:

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-4: Change in Net Position from Operating Results Governmental Activities Only

	Fiscal Year 2016	Fiscal Year 2015	Increase/ (Decrease)	Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 456,397	\$ 433,409	\$ 22,988	5.30%
Operating grants	4,575,154	4,485,759	89,395	1.99%
General revenues				
Real property taxes and other tax items	22,408,862	22,097,919	310,943	1.41%
State and federal sources	39,422,341	37,525,447	1,896,894	5.05%
Use of money and property	53,020	63,668	(10,648)	-16.72%
Other	875,096	1,295,305	(420,209)	-32.44%
Total revenues	<u>67,790,870</u>	<u>65,901,507</u>	<u>1,889,363</u>	2.87%
Expenses				
General support	10,865,823	9,965,611	900,212	9.03%
Instruction	54,146,201	47,216,088	6,930,113	14.68%
Pupil transportation	4,623,393	4,802,947	(179,554)	-3.74%
Depreciation (unallocated in 2015)		1,078,081	(1,078,081)	-100.00%
Debt service - interest	1,143,971	1,177,666	(33,695)	-2.86%
Food service program	1,845,331	575,239	1,270,092	220.79%
Total expenses	<u>72,624,720</u>	<u>64,815,632</u>	<u>7,809,088</u>	12.05%
Increase (decrease) in net position	<u>\$ (4,833,850)</u>	<u>\$ 1,085,875</u>	<u>\$ (5,919,725)</u>	-545.16%

2015 information was not restated because all information was not readily available. The cumulative effect of the change is presented as an adjustment to the June 30, 2015 net position (see Note 19).

The District's fiscal year 2016 revenues totaled \$67,790,870 (See Table A-4). Real property taxes and other tax items, and state sources accounted for most of the District's revenue by contributing 33.06% and 58.15%, respectively of total revenue. (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

The District's revenues increased by \$1,889,363 or 2.87%. Real property taxes and other tax items increased by \$310,943, due to an increase in the levy. State aid increased by \$1,896,894 primarily as a result of an increase in General Aid and BOCES aid.

The total cost of all programs and services totaled \$72,624,720 for fiscal year 2016. These expenses are predominantly related to general instruction and transporting students, which account for 80.92% of district expenses. (See Table A-6). The District's general support activities accounted for 14.96% of total costs.

The District's expenses for the year increased \$7,809,088 or 12.05%, which is primarily attributable to increases in instruction, the food service program and general support expenses.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-5: Revenues for Fiscal Year 2016 (See Table A-4)

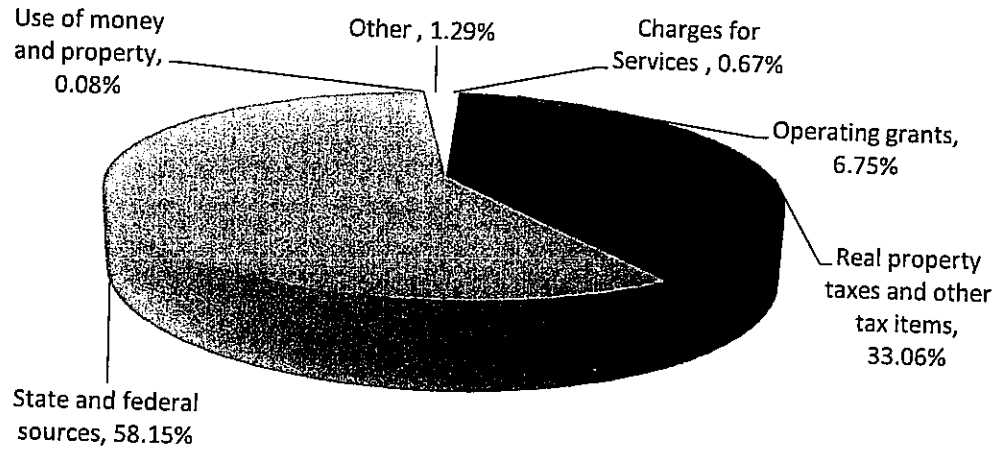
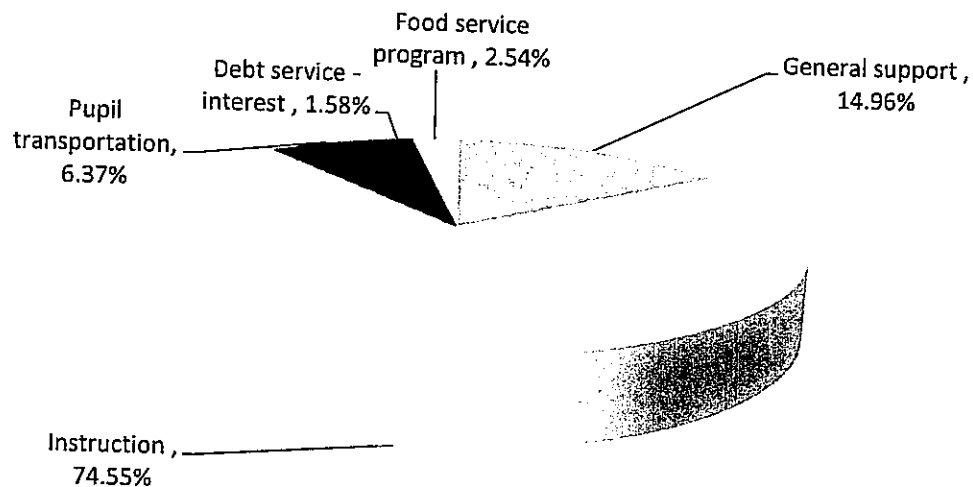


Table A-6: Expenses for Fiscal Year 2016 (See Tables A-4 and A-7)



**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

C) Governmental Activities

The overall good financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board of Education (the "Board") and administration;
- Approval of the District's proposed annual budget;
- Strategic use of services from the Nassau Board of Cooperative Educational Services BOCES; and
- Improved curriculum and community support.

Table A-7 presents the cost of major District activities: general support, instruction, pupil transportation, debt service and food service program. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2015
General Support	\$ 10,865,823	\$ 9,965,611	\$ 10,505,312	\$ 9,965,611
Instruction	54,146,201	47,216,088	51,172,002	43,600,958
Pupil Transportation	4,623,393	4,802,947	4,548,375	4,802,947
Depreciation (unallocated in 2015)		1,078,081		1,078,081
Debt Service - Interest	1,143,971	1,177,666	1,143,971	1,177,666
Food Service Program	1,845,331	575,239	223,508	(728,799)
Total	<u>\$ 72,624,720</u>	<u>\$ 64,815,632</u>	<u>\$ 67,593,169</u>	<u>\$ 59,896,464</u>

- The cost of all governmental activities this year was \$72,624,720. (Statement of Activities, Expenses column-see Exhibit 3)
- The users of the District's programs financed \$456,397 of the cost. (Statement of Activities, Charges For Services column-see Exhibit 3)
- The federal and state governments subsidized certain programs with grants of \$4,575,154. (Statement of Activities, Operating Grants column – see Exhibit 3)
- Most of the District's net costs of \$67,593,169 were financed by District taxpayers and state and federal aid. (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column-see Exhibit 3).

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Governmental Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2016, the District's combined governmental funds reported a total fund balance of \$3,599,459, which is a decrease of \$1,964,006 from the prior year. This decrease is due to an increase in the fund balance in the general fund and school lunch offset by a decrease in the capital projects fund.

A summary of the change in fund balance for all funds is as follows:

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Fiscal Year 2016	Fiscal Year 2015	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for retirement contribution	\$ 500,250	\$ 500,000	\$ 250	0.05%
Restricted for workers' compensation	750,375	750,000	375	0.05%
Assigned-designated for subsequent year's expenditures	692,023		692,023	N/A
Assigned-general support	50,000	2,402	47,598	1981.60%
Assigned-instruction	147,146	1,129	146,017	12933.30%
Assigned-pupil transportation		11,944	(11,944)	-100.00%
Unassigned (Restated for 2015)	700,474	1,059,418	(358,944)	-33.88%
Total fund balance - general fund	<u>\$ 2,840,268</u>	<u>\$ 2,324,893</u>	<u>\$ 515,375</u>	22.17%
School Lunch Fund				
Nonspendable - inventory	\$ 4,623	\$ 11,916	\$ (7,293)	-61.20%
Assigned	18,772		18,772	N/A
Unassigned		(7,639)	7,639	-100.00%
Total fund balance - school lunch fund	<u>\$ 23,395</u>	<u>\$ 4,277</u>	<u>\$ 19,118</u>	447.00%
Capital Projects Fund				
Restricted - unspent bond proceeds	\$ 735,796	\$ 3,234,295	\$ (2,498,499)	-77.25%
Total fund balance - capital projects fund	<u>\$ 735,796</u>	<u>\$ 3,234,295</u>	<u>\$ (2,498,499)</u>	-77.25%
Total Fund Balance - All funds	<u>\$ 3,599,459</u>	<u>\$ 5,563,465</u>	<u>\$ (1,964,006)</u>	-35.30%

The increase in the fund balance for the general fund of \$515,375 is due to the under spending the budget, and revenues exceeding expenditures and other financing uses.

The increase in fund balance for the school lunch fund of \$19,118 is the operating surplus of the program for the current year.

The decrease in fund balance for the capital projects fund of \$2,498,499 can be attributed to current year expenditures relating to the renovation of buildings. No revenues were recorded during the year.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2015-2016 Budget

The District's voter approved general fund adopted budget for the year ended June 30, 2016 was \$63,778,362. This amount was increased by encumbrances carried forward from the prior year in the amount of \$15,475, which resulted in a final budget of \$63,793,837. The majority of the funding was from real property taxes and other tax items in the amount of \$22,449,188, and state aid in the amount of \$39,113,733.

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

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

Opening, Unassigned Fund Balance - As Restated	\$ 1,059,418
Revenues Under Budget	(32,467)
Expenditures and Encumbrances Under Budget	1,430,470
Interest Allocated to Reserves	(625)
Assigned, Appropriated for June 30, 2017 Budget	(692,023)
Unused Appropriated Reserves	(750,000)
Unused Appropriated Fund Balance	<u>(314,299)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 700,474</u></u>

Opening, Unassigned Fund Balance

The opening, unassigned fund balance represents the fund balance retained by the District as of June 30, 2015 that was not restricted or assigned for subsequent year's taxes. The unassigned fund balance was under the 4% limitation of the 2015-16 budget in compliance with New York State Real Property Tax Law.

Revenues Under Budget

The total revenues under budget in the amount of \$32,467 were primarily due to a negative variance in state sources, offset by a positive variance in miscellaneous revenue. (see Supplemental Schedule #1 for full details).

Expenditures and Encumbrances Under Budget

The expenditures and encumbrances under budget in the amount of \$1,430,470 were primarily attributable to expenditure savings in employee benefits of \$2,419,991, and debt service interest of

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

\$219,233, offset by an over expenditure in handicapping conditions of \$1,217,715 and pupil transportation of \$447,613 (see Supplemental Schedule #1 for full details).

Transfers to Restricted Reserves

Monies transferred from budget lines within the general fund operating budget into required reserves do not affect the combined reserved, assigned, and unassigned fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfers. There were no transfers to reserves in the current fiscal year.

Interest Earned in Restricted Reserves

Revenues such as interest earned in a general fund are allocated to the reserves and, therefore, decrease the unassigned portion of the general fund-fund balance.

The reserves earned interest as follows:

Workers' compensation	\$ 375
Retirement contribution	250
	<u>\$ 625</u>

Appropriated Fund Balance

The assigned, appropriated fund balance of \$692,023 as of June 30, 2016 is the amount the District has chosen to use to partially fund its operating budget for 2016-2017.

Unused Appropriated Reserves

The District appropriated \$750,000 of reserves for the 2015-2016 budget to reduce the tax levy. This funding was not needed for the 2015-2016 year and will be retained for future use.

Closing, Unassigned Fund Balance

The closing, unassigned fund balance of \$700,474 represents the fund balance retained by the District that is not restricted or assigned for subsequent years' taxes. This amount is limited to 4% of the 2016-2017 budget. The District's unassigned fund balance is within this limit. Supplemental Schedule #5 includes the calculation for this limitation.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment and various building additions and renovations that are currently in progress during the fiscal year 2016. See Note 8 for more information. A summary of the District's capital assets net of depreciation is as follows:

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Table A-8: Capital Assets (Net of Depreciation)

Category	Fiscal Year 2016	Fiscal Year 2015	Increase / (Decrease)	Percentage Change
Land & Land Improvements	\$ 13,370,811	\$ 13,370,811	\$ -	0.00%
Construction in Progress	2,498,499	1,071,553	1,426,946	133.17%
Buildings & Building Improvements	35,412,737	34,341,184	1,071,553	3.12%
Furniture & Equipment	9,039,668	8,764,811	274,857	3.14%
Vehicles	1,445,816	1,445,816	-	0.00%
Subtotal	61,767,531	58,994,175	2,773,356	4.70%
Less: accumulated depreciation	23,701,748	22,363,373	1,338,375	5.98%
Total net capital assets	<u>\$ 38,065,783</u>	<u>\$ 36,630,802</u>	<u>\$ 1,434,981</u>	3.92%

B) Long-Term Debt

At June 30, 2016, the District had total bonds payable of \$19,285,000. The bonds were issued for district-wide projects. The decrease in outstanding debt represents payments of principal.

A summary of outstanding serial bond debt at June 30, 2016 and 2015 is as follows:

	2016	2015	Increase (Decrease)
Serial Bonds 1997	\$ 875,000	\$ 1,715,000	\$ (840,000)
Serial Bonds 2011	1,275,000	1,465,000	(190,000)
Serial Bonds 2012	3,355,000	3,580,000	(225,000)
Serial Bonds 2012	13,780,000	14,680,000	(900,000)
Total	<u>\$ 19,285,000</u>	<u>\$ 21,440,000</u>	<u>\$ (2,155,000)</u>

At June 30, 2016, the District had total energy performance contracts payable of \$2,843,645. A decrease in outstanding energy performance contracts payable represents payments of principal of \$274,634. A summary of outstanding energy performance contracts at June 30, 2016 and 2015 is as follows:

	2016	2015	Increase (Decrease)
Energy Performance -2008	<u>\$ 2,843,645</u>	<u>\$ 3,118,279</u>	<u>\$ (274,634)</u>
Total	<u>\$ 2,843,645</u>	<u>\$ 3,118,279</u>	<u>\$ (274,634)</u>

See Note 13 for further detail on long-term debt disclosures.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- A) The national economy continues to have a negative impact on virtually every municipal budget. A result could be that state aid to the District could be negatively impacted in amount and/or timing.
- B) The voters approved the general fund budget in the amount of \$66,240,142 for the fiscal year 2016-2017. This represented a 3.86% increase for the year, or \$2,461,780.
- C) The district has been encountering an increase in student enrollment trend. If this continues the district will require a proportional increase in revenue in order to maintain programs.
- D) The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years. The District is significantly below the tax levy cap for the 2016 – 2017 year.
- E) To be compliant in year two of the New York State Tax Freeze Program, the District filed a Government Efficiency Plan with the Office of the New York State Comptroller. The District was able to demonstrate that it reduced expenditures by more than double of what was required by New York State.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Wyandanch Union Free School District
Mr. Robert Howard
Assistant Superintendent for Business
1445 Straight Path Road
Wyandanch, New York 11798-8800
(631) 870-0405

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

ASSETS	
Current Assets	
Cash and cash equivalents	
Unrestricted	\$1,502,688
Restricted	1,986,421
Receivables	
State and federal aid	3,969,603
Due from other governments	2,537,970
Due from fiduciary funds	268,714
Accounts receivable	8,831
Inventories	4,623
Non Current Assets	
Capital assets	
Not being depreciated	15,180,416
Being depreciated, net of accumulated depreciation	22,885,367
Net pension asset - proportionate share	14,142,825
TOTAL ASSETS	62,487,458
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	6,518,436
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$69,005,894
LIABILITIES	
Payables	
Accounts payable	\$2,000,980
Accrued liabilities	381,270
Accrued interest payable	94,876
Due to other governments	343,610
Due to teachers' retirement system	3,152,129
Due to employees' retirement system	246,423
Compensated absences payable	104,514
Unearned credits	
Collections in advance	465
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,235,000
Energy performance contract	290,315
Due and payable after one year	
Bonds payable	17,050,000
Energy performance contract	2,553,330
Compensated absences payable	3,290,572
Claims payable	3,779,785
Net other post employment benefits obligation	18,353,301
Net pension liability - proportionate share	3,554,657
TOTAL LIABILITIES	57,431,227
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,341,372
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	62,772,599
NET POSITION	
Net investment in capital assets	16,672,934
Restricted	
Retirement contribution	500,250
Workers' compensation	750,375
	1,250,625
Unrestricted	(11,690,264)
TOTAL NET POSITION	6,233,295
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$69,005,894

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS / PROGRAMS				
General support	(\$10,865,823)	\$360,511		(\$10,505,312)
Instruction	(54,146,201)		\$2,974,199	(51,172,002)
Pupil transportation	(4,623,393)		75,018	(4,548,375)
Debt service-interest	(1,143,971)			(1,143,971)
Food service program	(1,845,331)	95,886	1,525,937	(223,508)
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$72,624,720)</u>	<u>\$456,397</u>	<u>\$4,575,154</u>	<u>(67,593,169)</u>
GENERAL REVENUES				
Real property taxes				19,513,366
Other real property tax items				2,895,496
Use of money and property				53,020
Sale of property and compensation for loss				2,390
Miscellaneous				872,706
State and federal sources				39,422,341
TOTAL GENERAL REVENUES				<u>62,759,319</u>
CHANGE IN NET POSITION				(4,833,850)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 19)				<u>11,067,145</u>
TOTAL NET POSITION - END OF YEAR				<u>\$6,233,295</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

Exhibit 4

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents					
Unrestricted	\$1,133,078		\$193,952	\$175,658	\$1,502,688
Restricted	1,250,625			735,796	1,986,421
Receivables					
State and federal aid	1,559,864	\$2,277,657	132,082		3,969,603
Due from other governments	2,537,970				2,537,970
Due from other funds	2,687,936	16,239			2,704,175
Accounts receivable	8,831				8,831
Inventories			4,623		4,623
TOTAL ASSETS	<u>\$9,178,304</u>	<u>\$2,293,896</u>	<u>\$330,657</u>	<u>\$911,454</u>	<u>\$12,714,311</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Payables					
Accounts payable	\$1,694,696	\$118,736	\$12,012	\$175,536	\$2,000,980
Accrued liabilities	346,906	7,176	27,188		381,270
Due to other governments	327,129	16,239	242		343,610
Due to other funds	16,239	2,151,745	267,355	122	2,435,461
Due to teachers' retirement system	3,152,129				3,152,129
Due to employees' retirement system	246,423				246,423
Compensated absences	104,514				104,514
Unearned credits					
Collections in advance			465		465
TOTAL LIABILITIES	<u>5,888,036</u>	<u>2,293,896</u>	<u>307,262</u>	<u>175,658</u>	<u>8,664,852</u>
DEFERRED INFLOWS OF RESOURCES					
Tuition due from other districts	<u>450,000</u>				<u>450,000</u>
FUND BALANCES					
Nonspendable: inventory			4,623		4,623
Restricted:					
Retirement contribution	500,250				500,250
Workers' compensation	750,375				750,375
Unspent bond proceeds				735,796	735,796
Assigned					
Appropriated fund balance	692,023				692,023
Unappropriated fund balance	197,146		18,772		215,918
Unassigned	700,474				700,474
TOTAL FUND BALANCES	<u>2,840,268</u>	<u>-</u>	<u>23,395</u>	<u>735,796</u>	<u>3,599,459</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$9,178,304</u>	<u>\$2,293,896</u>	<u>\$330,657</u>	<u>\$911,454</u>	<u>\$12,714,311</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2016**

Total governmental fund balances	\$3,599,459
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore are deferred in the governmental funds.	450,000
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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 Position include 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	\$61,767,531	
Accumulated depreciation	<u>(23,701,748)</u>	38,065,783

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset-proportionate share at year-end for the teachers' retirement system was:	14,142,825
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Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to	6,518,436
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Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to	(5,341,372)
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Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:

Accrued interest on bonds and energy performance contract.	(94,876)
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Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	(\$19,285,000)	
Energy performance contract	(2,843,645)	
Compensated absences payable	(3,290,572)	
Claims payable	(3,779,785)	
Net other post employment benefits obligation	(18,353,301)	
Net pension liability - proportionate share (ERS)	<u>(3,554,657)</u>	(51,106,960)

Total net position	<u><u>\$6,233,295</u></u>
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WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	\$19,513,366				\$19,513,366
Other real property tax items	2,895,496				2,895,496
Charges for services	(89,489)				(89,489)
Use of money and property	52,957		\$63		53,020
Forfeiture of deposits	140				140
Sale of property and compensation for loss	2,390				2,390
Miscellaneous	872,566				872,566
Interfund revenues	11,829				11,829
State sources	38,731,618	\$426,129	40,822		39,198,569
Federal sources	690,723	2,623,088	1,485,115		4,798,926
Sales - school lunch			95,886		95,886
TOTAL REVENUES	62,681,596	3,049,217	1,621,886	-	67,352,699
EXPENDITURES					
General support	7,506,266				7,506,266
Instruction	32,214,335	3,054,193			35,268,528
Pupil transportation	3,598,566	75,018			3,673,584
Employee benefits	15,288,331		287,930		15,576,261
Debt service - principal	2,429,634				2,429,634
Debt service - interest	1,049,095				1,049,095
Cost of sales			1,314,838		1,314,838
Capital outlay				\$2,498,499	2,498,499
TOTAL EXPENDITURES	62,086,227	3,129,211	1,602,768	2,498,499	69,316,705
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	595,369	(79,994)	19,118	(2,498,499)	(1,964,006)
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in		79,994			79,994
Operating transfers (out)	(79,994)				(79,994)
TOTAL OTHER FINANCING SOURCES AND (USES)	(79,994)	79,994	-	-	-
NET CHANGE IN FUND BALANCES	515,375	-	19,118	(2,498,499)	(1,964,006)
FUND BALANCES - BEGINNING OF YEAR - (AS RESTATED SEE NOTE 19)	2,324,893	-	4,277	3,234,295	5,563,465
FUND BALANCES - END OF YEAR	\$2,840,268	\$ -	\$23,395	\$735,796	\$3,599,459

WYANDANCH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balances			(\$1,964,006)
Amounts reported for governmental activities in the Statement of Activities are different because:			
Long-term revenue and expense differences			
Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.			450,000
Claims payable in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable for the year ended June 30, 2016 changed by			(1,650,864)
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2016 changed by			(2,487,719)
Net other post-employment benefits obligation payable in the Statement of Activities differs from the amount reported in the government funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Net other post-employment benefit obligation payable for the year ended June 30, 2016 changed by			(6,246,127)
Increases/decreases in the proportionate share of net pension asset/liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.			
Teachers' retirement system	\$3,843,142		
Employees' retirement system	<u>(548,015)</u>		3,295,127
Capital Related Differences			
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.			
Depreciation expense	(1,338,375)		
Capital outlays	<u>2,773,356</u>		1,434,981
Long-term debt differences			
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2015 to June 30, 2016 changed by			(94,876)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.			2,155,000
Repayment of energy performance contract is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.			<u>274,634</u>
Change in net position			<u><u>(\$4,833,850)</u></u>

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents - restricted	\$357,386
TOTAL ASSETS	<u>\$357,386</u>
LIABILITIES	
Due to governmental funds	268,714
Extraclassroom activity balance	56,295
Other liabilities	32,377
TOTAL LIABILITIES	<u>\$357,386</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

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 seven 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. The Board has authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. 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 and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an entity that is included in the District’s reporting entity.

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The District reports these assets held as an agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position – Fiduciary Funds.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

C) Basis of presentation:

i) District-Wide Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

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 and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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ii) 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 displayed in a separate column.

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those 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. The District has the following fiduciary fund:

Agency fund: 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 and for payroll or employee withholding.

D) Measurement focus and basis of accounting:

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months 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, 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:

i) Calendar:

Real property taxes are levied annually by the Board of Education no later than October 31. Taxes are collected by the Town of Babylon and remitted to the District.

ii) Enforcement:

Uncollected real property taxes are subsequently enforced by Suffolk County ("the County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than June 30th.

F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position 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.

G) Interfund transactions:

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

In the District-Wide Statements, the amounts reported on the Statement of Net Position 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.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be 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.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post employment benefits, workers compensation claims, pension liability/asset, potential contingent liabilities and useful lives of capital assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

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, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2016.

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 time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

	Threshold	Method	Useful Life
Building & building Improvements	\$1,000	Straight-line	50 years
Land improvements	\$1,000	Straight-line	20 years
Furniture & equipment	\$1,000	Straight-line	5 -8 years
Vehicles	\$1,000	Straight-line	8 years

M) Unearned credits:

Unearned credits are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned credits arise when the District receives resources before it has legal claim to them, as when school lunch sales are paid in advance or grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned credits is removed and revenues are recorded. Unearned credits consisted of \$465 received for school lunch prepaid lunches.

N) Deferred inflows of resources:

A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period.

The District reported \$5,341,372 of deferred inflows for pensions. This represents the difference between expected and actual experience (TRS and ERS), projected and actual earnings on pension plan investments (TRS), changes in proportion and differences between employer contributions and proportionate share of contributions (TRS and ERS).

**WYANDANCH UNION FREE SCHOOL DISTRICT
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In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

O) Deferred outflows of resources:

The District reported \$6,518,436 of deferred outflows of resources related to pensions in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (ERS), changes of assumptions (ERS), the net difference between projected and actual investment earnings on pension plan investments (ERS) and changes in proportion and differences between employer contributions and proportionate share of contributions (ERS and TRS), and the District's contributions to the pension systems (ERS and TRS) subsequent to the measurement date.

P) Vested employee benefits:

Compensated absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and personal time:

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

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 No. 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. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Q) Other benefits:

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

District's employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) as specified in negotiated labor contracts and individual employee contracts.

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 retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 45.

R) 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.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

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 dated. Refer to Note 11 for more information on short term debt.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

S) 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 funds 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 within one year or due after one year in the Statement of Net Position.

T) Equity classifications:

i) District-Wide Financial Statements:

In the District-Wide Financial Statements there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpensed proceeds and including any unamortized items (discounts, premiums, gain on refunding).

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

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

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

- 1) Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund in the amount of \$4,623.
- 2) Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

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The District has classified the following as restricted:

Retirement Contribution Reserve

Retirement contribution reserve (GML§6-r), the reserve must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the general fund under restricted fund balance.

Workers' Compensation Reserve

Workers' compensation reserve (GML§6-m), must be 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 appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund under restricted fund balance.

Unspent Bond Proceeds - Unspent bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

- 3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e. Board of Education). The District has no committed fund balances as of June 30, 2016.
- 4) **Assigned fund balance** – Includes amounts that subject to a purpose constraints 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 Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.
- 5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

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NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (i.e. expenditures related to reserves) 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 unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

U) Future changes in accounting standards:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB has issued Statement No. 77, *Tax Abatement Disclosures*, effective for the year ending June 30, 2017. This statement defines tax abatements and provides for increased disclosures including authority, eligibility criteria, dollar amount of taxes abated, and other information.

GASB has issued Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for the year ending June 30, 2017. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

These are the statements that the District feels may have an impact on these financial statements and are not an all inclusive list of GASB statements issued. The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial 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 focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

(A) Total fund balances of governmental funds vs. net position of governmental activities:

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

(B) Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities:

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

(i) 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 accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

(ii) Capital related differences:

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

(iii) Long-term debt transaction differences:

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the function line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by 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. Supplemental appropriations that occurred during the fiscal year are shown on the other supplemental information – schedule of change from adopted budget to final budget, if applicable.

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

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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand

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and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

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 Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as either:

- A) Uncollateralized;
- B) Collateralized with securities held by the pledging financial institution in the District's name; or
- C) Collateralized with 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.

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2016 included \$1,986,421 within the governmental funds for capital projects and general reserve purposes and \$357,386 in the fiduciary- agency fund.

B) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 5 – PARTICIPATION IN BOCES:

During the year ended June 30, 2016, the District was billed \$9,079,113 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,416,714. Financial statements for the BOCES are available from the BOCES administrative office located at 507 Deer Park Avenue, Huntington Station, NY, 11746.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2016 consisted of the following:

General Fund	
General aid	\$542,424
Excess cost aid	996,026
Medicaid	<u>21,414</u>
Total-General fund	1,559,864
Special Aid Fund	
Federal and state grants	2,277,657
School Lunch Fund	
Lunch - federal and state	<u>132,082</u>
Total-All Funds	<u><u>\$3,969,603</u></u>

District's management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2016 consisted of the following:

Tuition & health service billings - other districts	\$ 1,120,096
BOCES aid	<u>1,417,874</u>
Total	<u><u>\$ 2,537,970</u></u>

District's management has deemed the amounts to be fully collectible.

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$12,681,917			\$12,681,917
Construction in progress	<u>1,071,553</u>	<u>\$2,498,499</u>	<u>(\$1,071,553)</u>	<u>2,498,499</u>
Total capital assets not being depreciated	<u>13,753,470</u>	<u>2,498,499</u>	<u>(1,071,553)</u>	<u>15,180,416</u>
Capital assets being depreciated:				
Building & building improvements	34,341,184		1,071,553	35,412,737
Land improvements	688,894			688,894
Furniture and equipment	8,764,811	274,857		9,039,668
Vehicles	<u>1,445,816</u>			<u>1,445,816</u>
Total capital assets being depreciated	<u>45,240,705</u>	<u>274,857</u>	<u>1,071,553</u>	<u>46,587,115</u>
Less accumulated depreciation:				
Building & building improvements	12,394,272	717,257		13,111,529
Land improvements	594,062	68,888		662,950
Furniture and equipment	8,266,575	353,294		8,619,869
Vehicles	<u>1,108,464</u>	<u>198,936</u>		<u>1,307,400</u>
Total accumulated depreciation	<u>22,363,373</u>	<u>1,338,375</u>	<u>-</u>	<u>23,701,748</u>
Total capital assets being depreciated, net	<u>22,877,332</u>	<u>(1,063,518)</u>	<u>1,071,553</u>	<u>22,885,367</u>
Capital assets, net	<u>\$36,630,802</u>	<u>\$1,434,981</u>	<u>\$ -</u>	<u>\$38,065,783</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,065,346
General support	190,451
Food service program	29,578
Transportation	<u>53,000</u>
	<u>\$1,338,375</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$2,687,936	\$16,239		\$79,994
Special aid fund	\$16,239	2,151,745	\$79,994	
School lunch fund		267,355		
Capital projects fund		122		
Total government activities	2,704,175	2,435,461	79,994	79,994
Fiduciary agency fund		268,714		
Totals	<u>\$2,704,175</u>	<u>\$2,704,175</u>	<u>\$79,994</u>	<u>\$79,994</u>

The District typically transfers from the general fund to the special aid fund to fund the District's share of summer school handicap expenses required by law and State Supported schools for the blind and deaf.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 10 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2016 consisted of the following:

General Fund:	
Tuition reimbursements	\$327,129
Special Aid Fund:	
Tuition reimbursements	16,239
School Lunch Fund	
Sales tax payable	<u>242</u>
Total - All Funds	<u>\$343,610</u>

WYANDANCH UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 11 – SHORT-TERM LIABILITIES:

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/30/2016	0.70%	<u>\$ -</u>	<u>\$12,000,000</u>	<u>\$12,000,000</u>	<u>\$ -</u>

The District has obtain the \$12,000,000 tax anticipation notes from the City of Buffalo due to the favorable interest rates as opposed to another financial institution. Interest on short-term debt for the year amounted to \$80,267. This debt was issued for interim financing of general fund operations.

NOTE 13 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the year are summarized below:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Long-term debt:					
Serial bonds	\$21,440,000		\$2,155,000	\$19,285,000	\$2,235,000
Energy performance contract	3,118,279		274,634	2,843,645	290,315
Other long-term liabilities:					
Net other post employment benefits *	12,107,174	\$8,304,755	2,058,628	18,353,301	
Claims payable *	2,128,921	6,617,618	4,966,754	3,779,785	
Compensated absences payable	802,853	2,592,233	104,514	3,290,572	
Net pension liability-proportionate share	779,090	3,766,481	990,914	3,554,657	
Total long-term liabilities	<u>\$40,376,317</u>	<u>\$21,281,087</u>	<u>\$10,550,444</u>	<u>\$51,106,960</u>	<u>\$2,525,315</u>

* As restated, see Note 19

The general fund has typically been used to liquidate long-term liabilities such as compensated absences, bonds payable, energy performance contract, claims payable, net other post-employment benefits and net pension liability.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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A) Bond payable:

Existing serial bond obligations are comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Serial bond	12/16/1997	4/1/2017	2.25-4.125%	\$875,000
Serial bond	8/25/2011	8/25/2015	2.00-3.125%	1,275,000
Serial bond	8/25/2012	8/25/2027	2.25-4.18%	3,355,000
Serial bond	12/15/2012	12/15/2027	3.50-4.00%	13,780,000
				<u>\$19,285,000</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$2,235,000	\$712,763	\$2,947,763
2018	1,410,000	628,285	2,038,285
2019	1,460,000	576,769	2,036,769
2020	1,505,000	522,734	2,027,734
2021	1,560,000	466,254	2,026,254
2022-2026	7,710,000	1,453,060	9,163,060
2027-2028	3,405,000	138,729	3,543,729
	<u>\$19,285,000</u>	<u>\$4,498,594</u>	<u>\$23,783,594</u>

B) Energy performance contract

The following is a summary of debt for energy performance contract:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Energy performance contract	7/16/2008	7/16/2023	5.71%	<u>\$ 2,843,645</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The following is a summary of debt service requirements for the energy performance contract:

Fiscal Year Ended June 30,	Principal	Interest	Total
2017	\$290,315	\$162,372	\$452,687
2018	306,892	145,795	452,687
2019	324,416	128,272	452,688
2020	342,940	109,747	452,687
2021	362,522	90,166	452,688
2022	1,216,560	141,522	1,358,082
	\$2,843,645	\$777,874	\$3,621,519

C) Long-term Interest

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

Interest paid	Total \$968,828
Less interest accrued in the prior year	-
Plus interest accrued in the current year	94,876
Total expense	\$1,063,704

NOTE 14 – PENSION PLANS:

A) Plan description and benefits provided:

i) Teachers' Retirement System

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ii) Employees' Retirement System

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

B) Funding policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

**WYANDANCH UNION FREE SCHOOL DISTRICT
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For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

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

	<u>NYSERS</u>	<u>NYSTRS</u>
2016	\$ 636,294	\$ 2,931,635
2015	1,250,413	3,763,235
2014	1,137,445	3,658,839

C) Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to pensions:

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2016	June 30, 2015
Net pension asset/(liability)	\$ (3,554,657)	\$ 14,142,825
District's portion of the Plan's total net pension asset/(liability)	0.0221470%	0.136161%
Change in proportion since prior measurement date	(0.000915%)	(0.007788%)

For the year ended June 30, 2016, the District recognized pension expense (credit) of (\$910,584) for TRS and pension expense of \$1,268,002 for ERS. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**WYANDANCH UNION FREE SCHOOL DISTRICT
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	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$17,963	\$ -	\$421,345	\$391,958
Changes of assumptions	947,920			
Net difference between projected and actual earnings on pension plan investments	2,108,818			4,470,621
Changes in proportion and differences between the District's contributions and proportionate share of contributions	22,437	243,240	27,398	30,050
District's contributions subsequent to the measurement date	246,423	2,931,635		
	<u>\$ 3,343,561</u>	<u>\$ 3,174,875</u>	<u>\$ 448,743</u>	<u>\$ 4,892,629</u>

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

	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2016		\$ (1,778,435)
2017	\$ 671,071	\$ (1,778,435)
2018	\$ 671,071	\$ (1,778,435)
2019	\$ 671,071	\$ 768,225
2020	\$ 635,182	\$ (24,115)
Thereafter	-	\$ (58,194)

Actuarial Assumptions

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2016	June 30, 2015
Actuarial valuation date	April 1, 2015	June 30, 2014
Interest rate	7.0%	8%
Salary scale	3.80%	4.01% - 10.91%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2005 - June 30, 2010 System's Experience
Inflation rate	2.50%	3.00%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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<u>Measurement date</u>	<u>ERS</u> March 31, 2016	<u>TRS</u> June 30, 2015
<u>Asset type</u>		
Domestic equity	7.30%	6.50%
International equity	8.55%	7.70%
Private equity	11.00%	
Real estate	8.25%	4.60%
Absolute return strategies	6.75%	
Opportunistic portfolio	8.60%	
Real assets	8.65%	
Bonds and mortgages	4.00%	
Cash	2.25%	
Inflation-indexed bonds	4.00%	
Alternative investments		9.90%
Domestic fixed income securities		2.10%
Global fixed income securities		1.90%
Mortgages		3.40%
Short-term		1.20%

Discount Rate

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

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

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
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ERS	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
District's proportionate share of the net pension asset (liability)	(\$8,015,494)	(\$3,554,657)	\$214,559

TRS	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
District's proportionate share of the net pension asset (liability)	(\$964,723)	\$14,142,825	\$27,026,391

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Valuation date	April 1, 2015	June 30, 2014
Employers' total pension liability	\$ (172,303,544)	\$ (99,332,104)
Plan fiduciary net position	156,253,265	109,718,917
Employers' net pension asset/(liability)	<u>\$ (16,050,279)</u>	<u>\$ 10,386,813</u>

Ratio of plan fiduciary net position to the employers' total pension asset/(liability)	90.68%	110.46%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2016 represent the projected employer contribution for the period of April 1, 2016 through June 30, 2016 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2016 amounted to \$246,423.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2016 are paid to the System in September, October and November 2016 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2016 represent employee and employer contributions for the fiscal year ended June 30, 2016 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2016 amounted to \$3,152,129.

**WYANDANCH UNION FREE SCHOOL DISTRICT
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NOTE 15 – OTHER RETIREMENT PLANS:

A) Tax sheltered annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2016 were \$0 and \$ 899,408 respectively.

NOTE 16 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) Plan description:

NYSHIP Empire Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by New York State. The Empire Plan provides medical insurance benefits to eligible retirees and their eligible dependents. Article 37 of the Statutes of the state assigns the authority to establish and amend benefit provisions to the school district.

B) Funding policy:

The District’s shares 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 fiscal year 2016, the District contributed \$2,058,628 to the Plan. Plan members receiving benefits contributed approximately 0%-100% of the health insurance premium. Currently, there is no provision in the law to permit the District to fund other post-employment benefits by any means other than the “pay as you go” method. Therefore, there are no plan assets and no report is issued.

C) Annual OPEB cost and net OPEB obligation:

The District’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the 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 cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District net OPEB obligation to the plan:

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Annual required contribution	\$8,493,837
Interest on net OPEB obligation	484,287
Adjustment to Annual Required Contribution	(673,369)
Annual OPEB cost (expense)	8,304,755
Projected Annual OPEB Cost Contributed	(2,058,628)
Increase in net OPEB obligation	6,246,127
Net OPEB obligation – beginning of year (As restated-see Note 19)	<u>12,107,174</u>
Net OPEB obligation – end of year	<u>\$18,353,301</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2016 and the two preceding years was as follows:

Fiscal Year Ending	Annual Required Contribution	Annual OPEB Cost	OPEB Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$1,537,055	\$577,966	\$494,496	86%	\$5,496,192
6/30/15	\$5,082,669	\$4,996,833	\$1,614,149	32%	\$12,107,174
6/30/16	\$8,493,837	\$8,304,755	\$2,058,628	25%	\$18,353,301

D) Funded status and funding progress:

As of July 1, 2015, the most recent actuarial valuation date, the plan was 0.00 % funded. The actuarial accrued liability for benefits was \$77,934,885 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$77,934,885. The covered payroll (annual payroll of active employees covered by the plan) was \$22,341,882 and the ratio of the UAAL to the covered payroll was 349%.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the health care 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 to past expectations and new estimates are made about the future. The required schedule of the funding progress following the notes to the financial statements provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**WYANDANCH UNION FREE SCHOOL DISTRICT
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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 plan members) and include the types of benefits in force at the valuation date and the historical pattern of sharing benefit costs between the District and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term liability in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the liabilities were computed using the projected unit credit cost method. The actuarial assumptions utilized a 4.00% investment rate of return, based on the projected long-term earnings rate of assets expected to be available to pay benefits. The valuation assumes a 8% healthcare cost trend initially, reduced to an ultimate rate of 5%. The remaining amortization period at June 30, 2016 was thirty years, using level dollar amount amortization method.

NOTE 17 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B) Risk retention:

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2016. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for unpaid claims which were incurred on or before year but not reported (IBNR). As of June 30, 2016, the District has recorded potential workers' compensation claims of \$3,779,785, and has a reserve for workers' compensation in the general fund of \$750,000.

**WYANDANCH UNION FREE SCHOOL DISTRICT
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Claims activity for the current year is summarized below:

	2016
Unpaid and unreported claims at beginning of year (as restated)	\$2,128,921
Incurred claims and claim adjustment expense	6,617,618
Claims payments	<u>(4,966,754)</u>
Unpaid and unreported claims at year end	<u>\$3,779,785</u>

NOTE 18 – 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:

As of June 30, 2016, we are unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

C) Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2016, the District encumbered the following amounts:

General Fund	
General support	\$50,000
Instruction	<u>147,146</u>
Total	<u>\$197,146</u>

D) Operating leases:

Operating Leases

The District is committed under a non-cancelable operating leases, primarily for a bus lease. Lease expenditures for the year ending June 30, 2016 were \$107,940. The following is a summary of obligations of government activities under operating lease payments:

**WYANDANCH UNION FREE SCHOOL DISTRICT
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<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2017	\$107,940
2018	107,940
2019	107,940
2019	17,990
Total Lease Payments	<u>\$341,810</u>

NOTE 19 – PRIOR PERIOD ADJUSTMENTS:

Fund balance and net position have been restated as of July 1, 2015, to give effect as follows:

	<u>General Fund Fund Balance</u>	<u>Net Position</u>
Balance as of July 1, 2015, as reported	\$ 1,562,350	\$ 18,887,951
Deferred outflow of resources for pensions-overstatement-ERS		(733,063)
Due to ERS overstatement	733,063	733,063
Under-reported OPEB liability		(7,024,505)
Claims payable understatement		(664,247)
Deferred outflow of resources for pensions-overstatement - TRS		(177,775)
Increase in estimated 2014/2015 foster tuition receivables	451,146	451,146
Increase in estimated 2014/2015 foster tuition expenses	(421,666)	(421,666)
Due from other funds adjustment		16,241
Balance as of July 1, 2015, as restated	<u>\$2,324,893</u>	<u>\$11,067,145</u>

NOTE 20 – SUBSEQUENT EVENTS:

The District issued \$12,000,000 in tax anticipation notes on July 19, 2016 with a stated interest rate of 0.70% maturing on June 30, 2017. The District has obtain the \$12,000,000 tax anticipation notes from the City of Buffalo due to the favorable interest rates as opposed to another financial institution.

SUPPLEMENTARY INFORMATION

WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$18,929,363	\$18,929,363	\$19,513,366	\$584,003
Other real property tax items	3,519,825	3,519,825	2,895,496	(624,329)
Charges for services	200,000	200,000	(89,489)	(289,489)
Use of money and property	10,000	10,000	52,957	42,957
Forfeiture of deposit			140	140
Sale of property and compensation for loss			2,390	2,390
Miscellaneous	260,000	260,000	872,566	612,566
Interfund revenues			11,829	11,829
State sources				
Basic formula	37,208,231	37,208,231	28,670,959	(8,537,272)
Excess cost aid			3,511,902	3,511,902
Lottery aid			4,577,295	4,577,295
BOCES aid	1,615,827	1,615,827	1,416,714	(199,113)
Textbook aid	41,274	41,274	148,363	107,089
Computer software/hardware aid	198,401	198,401	66,237	(132,164)
Library A/V Loan Program Aid			11,686	11,686
Other state aid	50,000	50,000	328,462	278,462
Federal sources				
Medicaid			56,245	56,245
QZAP reimbursement of interest on bonds	681,142	681,142	634,478	(46,664)
TOTAL REVENUES AND OTHER SOURCES	<u>62,714,063</u>	<u>62,714,063</u>	<u>\$62,681,596</u>	<u>(\$32,467)</u>
Appropriated Fund Balance	314,299	314,299		
Appropriated Reserves	765,475	765,475		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	<u>\$63,793,837</u>	<u>\$63,793,837</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$113,000	\$113,000	\$95,110		\$17,890
Central administration	369,613	369,613	376,756		(7,143)
Finance	800,236	792,236	777,923	\$44,000	(29,687)
Staff	981,783	989,783	911,872		77,911
Central services	4,812,950	4,814,591	4,657,169	6,000	151,422
Special items	739,077	739,077	687,436		51,641
Instructional					
Instruction, adm. & imp.	2,825,226	2,897,984	3,581,914		(683,930)
Teaching - regular school	12,942,020	12,898,746	12,393,701		505,045
Programs for children with handicapping conditions	10,221,875	10,214,560	11,285,220	147,055	(1,217,715)
Occupational education	848,161	846,161	828,524		17,637
Teaching special schools	376,168	381,168	267,784		113,384
Instructional media	1,562,830	1,540,760	1,633,895		(93,135)
Pupil services	2,298,161	2,338,921	2,223,297	91	115,533
Pupil transportation	3,180,953	3,150,953	3,598,566		(447,613)
Employee benefits	17,708,322	17,708,322	15,288,331		2,419,991
Debt service					
Debt service principal	2,429,634	2,429,634	2,429,634		-
Debt service interest	1,283,828	1,268,328	1,049,095		219,233
TOTAL EXPENDITURES	63,493,837	63,493,837	62,086,227	197,146	1,210,464
Other Financing Uses					
Transfers to other funds	300,000	300,000	79,994		220,006
TOTAL EXPENDITURES AND OTHER USES	\$63,793,837	\$63,793,837	62,166,221	\$197,146	\$1,430,470
NET CHANGE IN FUND BALANCES			515,375		
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 19)			2,324,893		
FUND BALANCES- END OF YEAR			\$2,840,268		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS (OPEB)
JUNE 30, 2016**

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
July 1, 2010	\$ -	\$39,191,397	\$39,191,397	0%	N/A	N/A
July 1, 2012	\$ -	\$48,408,404	\$48,408,404	0%	N/A	N/A
July 1, 2014	\$ -	\$52,432,920	\$52,432,920	0%	N/A	N/A
July 1, 2015	\$ -	\$77,934,885	\$77,934,885	0%	\$22,341,882	349%

**WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/ASSET
FOR THE FISCAL YEARS ENDED JUNE 30, ***

NYSERS Pension Plan		
	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0221470%	0.0230620%
District's proportionate share of the net pension liability	\$ 3,554,657	\$ 779,090
District's covered payroll	\$ 6,019,416	\$ 5,676,813
District's proportionate share of the net pension liability as a percentage of its covered -employee payroll	59.05%	13.72%
Plan fiduciary net position as a percentage of the total pension liability	90.68%	97.95%
NYSTRS Pension Plan		
	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset	0.136161%	0.1439490%
District's proportionate share of the net pension asset	\$ 14,142,825	\$ 16,035,034
District's covered payroll	\$ 21,263,526	\$ 20,246,756
District's proportionate share of the net pension asset as a percentage of its covered -employee payroll	66.51%	79.20%
Plan fiduciary net position as a percentage of the total pension asset	110.46%	111.48%

* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30,

	NYSERS Pension Plan									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 636,294	\$ 1,250,413	\$ 1,137,445	\$ 943,217	\$ 888,272	\$ 742,678	\$ 628,997	\$ 569,718	\$ 573,841	\$ 649,895
Contributions in relation to the contractually required contribution	636,294	1,250,413	1,137,445	943,217	888,272	742,678	628,997	569,718	573,841	649,895
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 6,031,333	\$ 5,886,995	\$ 5,725,174	\$ 5,849,958	\$ 5,969,122	\$ 5,846,471	\$ 5,758,830	\$ 5,812,013	\$ 4,192,449	\$ 5,002,231
Contributions as a percentage of covered employee payroll	10.55%	21.24%	19.87%	16.12%	14.88%	12.70%	10.92%	9.80%	13.69%	12.99%

	NYSTRS Pension Plan									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 2,931,635	\$ 3,763,235	\$ 3,658,839	\$ 2,620,430	\$ 2,257,144	\$ 1,881,797	\$ 1,876,852	\$ 1,810,856	\$ 1,620,653	\$ 1,624,376
Contributions in relation to the contractually required contribution	2,931,635	3,763,235	3,658,839	2,620,430	2,257,144	1,881,797	1,876,852	1,810,856	1,620,653	1,624,376
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 22,779,777	\$ 21,263,526	\$ 20,246,756	\$ 18,317,489	\$ 19,117,974	\$ 20,373,423	\$ 19,290,974	\$ 17,252,988	\$ 15,416,979	\$ 15,625,097
Contributions as a percentage of covered employee payroll	12.87%	17.70%	18.07%	14.31%	11.81%	9.24%	9.73%	10.50%	10.51%	10.40%

**WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$63,778,362
Add: Prior year's encumbrances	<u>15,475</u>
Original Budget	\$63,793,837
Add: Budget Revisions	<u>-</u>
Final Budget	<u><u>\$63,793,837</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2016-2017 voter approved expenditure budget	<u>\$66,240,142</u>
Maximum allowed (4% of 2016-2017 budget)	<u><u>\$2,649,606</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	
Assigned fund balance	889,169
Unassigned fund balance	<u>700,474</u>
Total unrestricted fund balance	<u>1,589,643</u>
Less:	
Appropriated fund balance	692,023
Encumbrances	<u>197,146</u>
Total adjustments	<u>889,169</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$700,474</u></u>
Actual percentage	1.06%

**WYANDANCH UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Capital assets, net		\$38,065,783
Deduct:		
Short-term bonds payable	2,235,000	
Long-term bonds payable	17,050,000	
Less: Unspent bond proceeds	<u>(735,796)</u>	18,549,204
Short-term installment purchase debt payable	290,315	
Long-term installment debt payable	<u>2,553,330</u>	2,843,645
Net investment in capital assets		<u><u>\$16,672,934</u></u>



R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Wyandanch Union Free School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Wyandanch Union Free School District, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Wyandanch Union Free School District's basic financial statements, and have issued our report thereon dated November 1, 2016.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
November 1, 2016



November 1, 2016

To the Board of Education
Wyandanch Union Free School District
1445 Straight Path Road
Wyandanch, New York 11798

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of Wyandanch Union Free School District for the fiscal year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 24, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wyandanch Union Free School District are described in Note 1 to the financial statements and the application of existing policies was not changed during 2016. We noted no transactions entered into by Wyandanch Union Free School District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

- Compensated Absences Liability – Management’s estimate of the liability for compensated absences is based on historical information regarding employees who have separated from Wyandanch Union Free School District and their terminal payout amounts, in order to determine the probability and amount of future payouts to employees for vested accumulated sick, vacation and/or leave terminal payouts. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Other Post-Employment Benefits Obligation – Management’s estimate of the liability for other post-employment benefits is based on an actuarial valuation report prepared by a third party. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Workers Compensation Claims Payable – Management’s estimate of the liability for workers compensation payable is provided by a third party. The liability is based on incurred claims and claim adjustments from various actuarial reports and claim payments during the fiscal year ending June 30, 2016. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Net Pension Asset (Liability) – Management’s estimate of the liability for retirement systems is based on an actuarial valuation report prepared by a third party. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Attached is a schedule showing material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 1, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Wyandanch Union Free School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Finding or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Wyandanch Union Free School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

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

We were engaged to report on the schedule of change from adopted budget to final budget – general fund and section 1318 of real property tax law limit calculation, schedule of project expenditures - capital projects fund and net investment in capital assets, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP

WYANDANCH UFSD
Adjusting Journal Entries
For the year ended June 30, 2016

	Description	Account No	Debit	Credit
1.	Due from Special Aid Fund	391.03		
	Tuition paid to New York State Public Schools	2250-470-06-0000	11,775.95	11,775.95
	To transfer 4201 expenditures from the general fund to the special aid fund.			
2.	Interfund Transfer to Special Aid Fund	9901-931-03-0000	8,809.55	
	Due from Special Aid	391.03		8,809.55
	To transfer the 4201 share of the basic contribution rate from the general fund to the special aid fund.			
3.	Due to Teachers' Retirement System	632.00	33,566.94	
	Employee Benefits: Teachers' Retirement System	9020-802-03-0000		33,566.94
	To reduce the liability for Teachers' Retirement System to match the Teachers' Retirement System bill.			
4.	Due to other Governments	603.00		327,129.00
	Tuition paid to New York State Public Schools	2110-470-06-2103	58,346.00	
	Tuition paid to New York State Public Schools	2250-470-06-0000	268,783.00	
	To adjust for estimated foster tuition payables in 2015-2016.			
5.	Due from Other Governments	440.00	450,000.00	
	Deferred Revenues	691.00		450,000.00
	To record deferred revenues for estimated foster tuition receivables for 2015-2016.			
6.	Unassigned Fund Balance	917.00		451,146.55
	Day School Tuition-Other District New York State	2230.000	451,146.55	
	To record estimated foster tuition receivables for 2014-2015 in the year the service was performed.			
7.	Unassigned Fund Balance	917.00	421,666.49	
	Tuition paid to New York State Public Schools	2110-470-06-2103		37,743.98
	Tuition paid to New York State Public Schools	2250-470-06-0000		383,922.51
	To record estimated foster tuition payables for 2014-2015 in the year the service was received.			
8.	Accrued Liabilities			20,000
	Teacher Sick Buy Back		20,000	
	To record the retirement incentives received by two employees who retired at 6/30/16.			

WYANDANCH UFSD
District-Wide Adjusting Journal Entries
For the year ended June 30, 2016

Description	Debit	Credit
9.		
Net position	7,688,752	
Net other post employment benefits obligation ("OPEB")		7,024,505
Workers' compensation payable		664,247
To record the under-reported OPEB liability and workers' compensation payable mounts on the 6/30/15 financial statements.		
10.		
Net position	177,775	
Deferred Outflows-Equity		177,775
To record the overstatement of the deferred outflows on the 6/30/15 financial statements.		

November 1, 2016

To the Board of Education and
Mr. Robert Howard,
Assistant Superintendent for Business of
Wyandanch Union Free School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund and the fiduciary funds of the Wyandanch Union Free School District as of and for the fiscal year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Wyandanch Union Free School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wyandanch Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wyandanch Union Free School District's internal control.

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

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

However, during our audit we became aware of other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The recommendations that accompany this letter summarize our comments and suggestions concerning those matters. We have also included the status of prior year findings and recommendations.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

BUDGETING

Expenditure Budget

During our audit we noted the District's actual expenditures in total were lower than the budgeted amounts at June 30, 2016. However, we noted the actual expenditures in appropriation line items exceeded the budgeted amounts by a significant amount at June 30, 2016. The appropriation line items were instruction, programs for children with handicap conditions and pupil transportation. We recommend the District continue to monitor the budgeting and expenditure process.

CASH MANAGEMENT

Wire Transfers

During our audit we noted the District does not have a procedure to sign the wire transfer confirmation as evidence that the wire transfer was processed as intended. We recommend the District sign the wire transfer confirmation as evidence that the wire transfer was processed accurately.

CAPITAL ASSETS

Capital Asset Valuation

During our audit we noted the District did not have a full capital asset appraisal performed within the past five years. The Office of the State Comptroller recommends that a full appraisal should be performed every three to five years on a District's capital assets. We recommend the District hire an outside appraisal company to perform a full valuation of the District's capital assets to improve the internal controls for capital assets.

CAPITAL PROJECTS

Capital Project Reports

During our audit the District did not file a capital project final expenditure report for one project by the required deadline per State Education Regulations. We recommend the District implement procedures to verify that all capital project reporting is done in a timely manner and supporting documentation be maintained on file.

FEDERAL FUND

Grant Reports

During our audit we noted the District does not have a procedure to file the *Request for Funds for a Federal or State Project* ("FS-25") for the respective grants. Currently, the federal fund has a zero balance in the cash account, but has a large payable due to the general fund. Districts are allowed to submit the FS-25 until payments reach 90% of the approved grant budget amount, which is based on incurred expenses and actual cash need. We recommend the District implement a procedure to file the FS-25s in a timely manner to avoid reliance and a strain on the general fund's cash flow.

PAYROLL

Certification of Payroll

During our audit we noted the District is not certifying the payroll for each payroll period. The District's reorganization minutes states the payroll should be certified by the Superintendent or the Assistant Superintendent for Business. We recommend the District implement a procedure to certify the payroll as stipulated in the reorganization minutes.

Personnel Files

During our audit and based on our selection of personnel files tested we noted the following:

- Nine out of 40 instances where the *Department of Immigration Employment Eligibility Verification Form* ("I-9 form") were not in the personnel files.
- Four out of 40 instances where the IRS W-4 Forms could not be located.

We recommend the District consider implementing a standard checklist of required documentation to ensure personnel files are updated with the required documentation.

PURCHASING AND EXPENDITURES

Confirming Purchase Orders

During our audit based on our sample of cash disbursements tested, we noted five out of 40 cash disbursements where the invoice was dated prior to the purchase order. The use of purchase orders prior to ordering goods or services ensures that purchases are properly authorized. We understand that in some cases these may be emergencies, but, we recommend in general that an approved purchase order be issued prior to purchasing goods or services.

RECEIVABLES

Tuition Billings

During our audit we noted the District does not have a procedure to prepare foster care nonresident tuition billings in the year the service was provided. Foster care nonresident tuition billings for the current year, should be prepared by utilizing the estimated non-resident tuition rate provided by the New York State Education Department. Once the final actual foster care non-resident tuition rates are issued, an adjustment should be made for the difference between the actual and estimated non-resident tuition rate. We recommend the District implement a procedure to estimate foster care nonresident tuition billings in the proper accounting period and adjust amounts when the final tuition rates are issued.

Due From Other Governments

During our audit we noted the District has old receivables recorded from prior years with the City of New York. We also noted the District has contacted the New York City Department of Education and confirmed a possible collection of the 2008-2009 receivable amount. Additionally, the District is involved with a lawsuit with the New York City Board of Education

to enforce collection efforts. We recommend the District continue to pursue the collection efforts with the New York City Department of Education receivables.

EXTRA CLASSROOM ACCOUNTS

Extra classroom Activities

During our audit we noted the District's extra classroom activities are all accounted for through the Student Government Club which is the only club listed on the District's extra classroom financial statements. We also noted that the District do not utilize a club charter to establish a club. We recommend the District review the extra classroom procedures and determine the validity of the extra classroom activities.

STATUS OF PRIOR YEAR RECOMMENDATIONS

RECEIVABLES

Accounts Receivable

FINDING: During the prior year audit, the prior auditor noted the District's accounts receivable balance included a large past due balance from the City of New York, which was over two years old. The prior auditor recommended that management periodically review the aged receivable balances, follow up with telephone calls, and/or emails and certified mail where necessary, to schools or organizations that owed the District.

STATUS: In Process. We noted the District has contacted the New York City Department of Education and confirmed a possible collection of the 2008-2009 receivable amount. Additionally, the District is involved with a lawsuit with the New York City Board of Education to enforce collection efforts.

BUDGETING

Expenditure Budget

FINDING: During the prior year audit, the prior auditor noted the District's actual expenditures exceeded its budgeted amounts by a significant amount including budget expenditure categories for the year ended June 30, 2015. The prior auditor recommended that the Board of Education and the District's management implement adequate controls over the budgeting and expenditure process.

STATUS: Partially Implemented. We noted the District's actual expenditures in total were lower than the budgeted amounts at June 30, 2016. However, we noted the actual expenditures in appropriation line items exceeded the budgeted amounts by a significant amount at June 30, 2016.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, 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.

Very truly yours,

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
November 1, 2016