

REVISED

**WYANDANCH UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES WITH
INDEPENDENT AUDITOR'S REPORTS
IN CONNECTION WITH OMB CIRCULAR A-133
For the year ended June 30, 2015**

WYANDANCH UNION FREE SCHOOL DISTRICT

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL
STATEMENTS ISSUED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and fiduciary funds of Wyandanch Union Free School District, ("the District"), as of and for the year ended June 30, 2015, 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.

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 funds of the Wyandanch Union Free School District, as of June 30, 2015, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting principle

As discussed in note 2, as well as management's discussion and analysis ("MD&A"), in 2015 the District adopted Governmental Accounting Standards Board Statement No. 68, Accounting and Reporting for Pensions. The adoption of this statement resulted in prior period adjustment. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress of retiree health plans on pages 7-18 and 59-60 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 Wyandanch Union Free School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the New York State Education department.

The supplementary 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 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, 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 Wyandanch Union Free School District's internal control over financial reporting and compliance.



Valley Stream, New York
November 13, 2015

WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

WYANDANCH UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The Wyandanch Union Free School District's Discussion and Analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

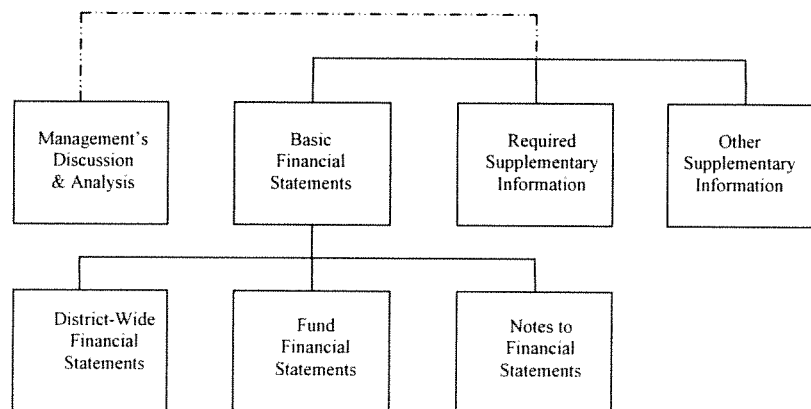
1. Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, increased by \$11,011,537, due to the new position of net pension asset GASB 68.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$64,815,632 of this amount \$4,485,759 was offset by program charges for services and operating grants. General revenues of \$60,982,339 amount to approximately 94% of total revenues, and did not cover the balance of program expenses, this was offset by additional usage from fund balance.
- The general fund's total fund balance of \$1,562,350, as reflected in the fund financial statements, decreased by (\$147,117). This was due to an excess of expenditures over revenues based on the modified accrual basis of accounting.

2. Overview of the Financial Statements

This annual report consists of four parts - Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



WYANDANCH UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period in which the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs, and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

WYANDANCH UNION FREE SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

2. Overview of the Financial Statements - (Continued)

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds: general fund, special aid fund, school lunch fund and capital projects fund; each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The fiduciary activities have been excluded from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

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

3. Financial Analysis of the District as a Whole

A. Net Position

The District's total net position increased by \$2,565,830 between the fiscal year 2015 and 2014. A summary of the District's Statement of Net Position is as follows:

Current and other assets decreased by \$2,184,251, as compared to the prior year. The decrease is attributed to the renovation of school buildings, which cause and increase in capital assets.

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 28,802,429	\$ 14,951,646	\$ 13,850,783	92.64 %
Capital Assets, Net	<u>36,630,802</u>	<u>35,608,301</u>	<u>1,022,501</u>	2.87 %
Total Assets	65,433,231	50,559,947	14,873,284	29.42 %
Deferred Outflow Of Resources				
Pensions	5,173,906	-	5,173,906	
Current and Other Liabilities	7,909,521	7,721,291	188,230	2.44 %
Long-Term Liabilities	27,676,387	29,357,306	(1,680,919)	(5.73)%
Net Other Postemployment				
Benefit Obligation	<u>5,082,669</u>	<u>5,496,192</u>	<u>(413,523)</u>	(7.52)%
Total Liabilities	40,668,577	42,683,534	(1,906,212)	(4.47)%
Deferrefd Inflows of Of Resources				
Deferred Revenue	1,705		1,705	
Pensions	<u>11,048,907</u>		<u>11,048,907</u>	
	11,050,612		11,050,612	
Net Position				
Invested in Capital Assets,				
Net of Related Debt	15,306,818	13,830,397	1,476,421	10.68 %
Restricted	1,250,000	1,549,975	(299,975)	(19.35)%
Unrestricted (deficit)	<u>2,331,133</u>	<u>(7,503,959)</u>	<u>9,835,092</u>	(131.07)%
Total Net Position	<u>\$ 18,887,951</u>	<u>\$ 7,876,413</u>	<u>\$ 11,011,538</u>	139.80 %

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

3. Financial Analysis of the District as a Whole - (Continued)

Capital assets, net increased by \$1,022,501 as compared to the prior year. This increase is primarily due to investment in capital assets at cost, such as construction in progress, buildings and improvements, equipments, net of depreciation expense. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Current and other liabilities increased by \$188,230, as compared to the prior year. This increase is primarily due to increase in ERS & TRS.

Long-term liabilities increased by \$9,369,693 as compared to the prior year. This increase is primarily due to the result of principal payments of serial bonds as well as new ERS & TRS valuation GASB 68 & 71.

Net other postemployment benefits obligation in the amount of \$5,082,669 has been included in accordance with GASB Statement No. 45. The accompanying Notes to Financial Statements, Note 13 – "Postemployment Benefits", provides additional information.

The net assets invested in capital assets, net of related debt, relates to the investment in capital assets at cost such as land; construction in progress; buildings and improvements; site improvements; and, furniture and equipment; and vehicles, net of depreciation and related debt. This number increased compared to the prior year by \$5,053,959 as follows:

	<u>Increase (Decrease)</u>
Capital asset additions - total	\$ 1,890,878
Additions financed by appropriations	1,890,878
Principal debt reduction of construction bonds	2,085,000
Depreciation expense	<u>1,078,081</u>
	<u>\$ 5,053,959</u>

The unrestricted amount of \$2,331,133 relate to the balance of district's net position. This number does not include the district's other reserves which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on "pay as you go" basis, and is not permitted to accumulate funds for net OPEB obligations.

The restricted amount of \$1,250,000 consisted of the District's reserves. This number decreased compared to prior year by \$299,975.

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

3. Financial Analysis of the District as a Whole - (Continued)

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements, in which, STAR (school tax relief) revenue is included in the other tax items line. However, in this MD & A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>	<u>(Decrease)</u>	<u>Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 433,409	\$ 136,046	\$ 297,363	100.00 %
Operating Grants	4,485,759	4,934,570	(448,811)	(9.10)%
General Revenues				
Property Taxes and STAR	22,097,919	21,767,057	330,862	1.52 %
Use of Money	63,668	45,642	18,026	39.49 %
State Sources	37,525,447	34,366,440	3,159,007	9.19 %
Other	<u>1,295,305</u>	<u>334,388</u>	<u>960,917</u>	100.00 %
Total Revenues	<u>65,901,507</u>	<u>61,584,143</u>	<u>4,317,364</u>	7.01 %
Expenses				
General Support	9,965,611	9,802,024	163,587	1.67 %
Instruction	47,216,088	46,342,795	873,293	1.88 %
Pupil Transportation	4,802,947	4,489,557	313,390	6.98 %
Community Services	-	102,135	(102,135)	(100.00)%
Debt Service - Interest	1,177,666	1,580,084	(402,418)	(25.47)%
Food Service Program	575,239	568,242	6,997	1.23 %
Depreciations (Unalloted)	<u>1,078,081</u>	<u>808,198</u>	<u>269,883</u>	33.39 %
Total Expenses	<u>64,815,632</u>	<u>63,693,035</u>	<u>1,122,597</u>	1.76 %
Increase/Decrease in Net Position	<u>\$ 1,085,875</u>	<u>\$ (2,108,892)</u>	<u>\$ 3,194,767</u>	151.49 %

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

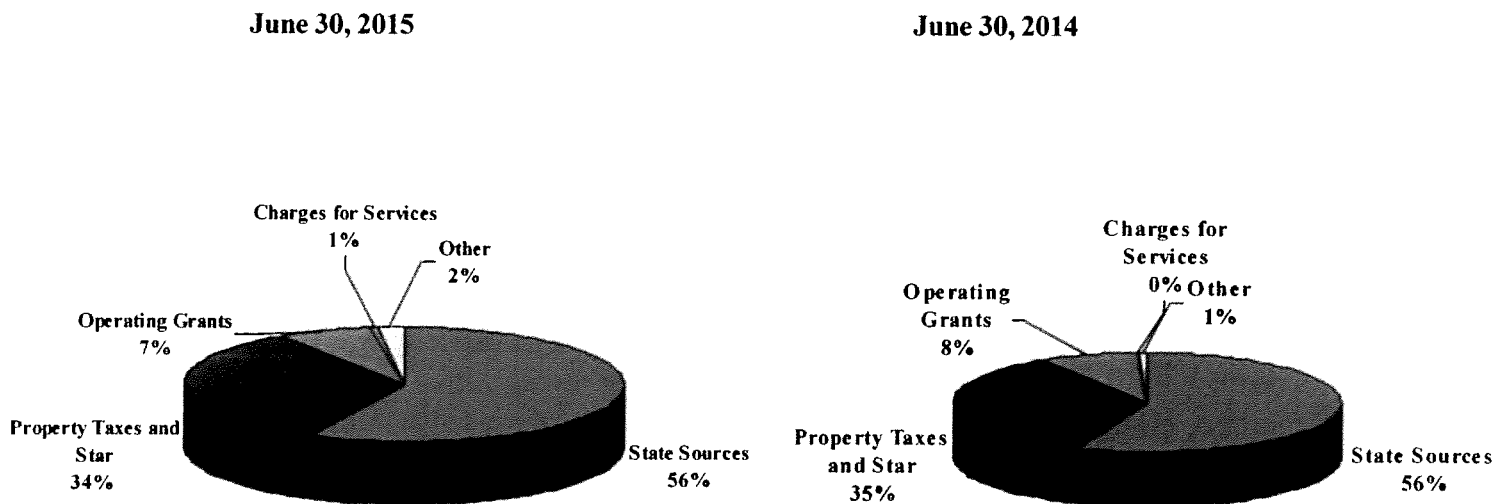
3. Financial Analysis of the District as a Whole - (Continued)

B. Changes in Net Position

The District's 2015 revenues increased by \$4,317,364 or 7.01%. Total State Source revenue increase by \$3,159,007 compared to the prior year. Other revenue increased \$960,917 as a result of Internal Revenue Subsidy for QZAP renovation bonds. Property taxes and Star reimbursement revenue increased \$330,862 or 1.52% as a result of budget increases. The District's expenditures for the year decreased by \$1,122,597 or 0.176 %. The major contributing factors to the increases were increases in salary and benefits in all areas. Pupil transportation increased as a result of additional Boces pupil transportation.

As indicated on the pie charts that follow, state sources and, real property taxes and STAR are the largest components of revenues recognized (i.e., 90% and 91 % of the total for the two years 2015 and 2014, respectively). Instructional expenses are the largest category of expenses incurred, (i.e., 81% and 82% of the total for the two years 2015 and 2014, respectively).

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



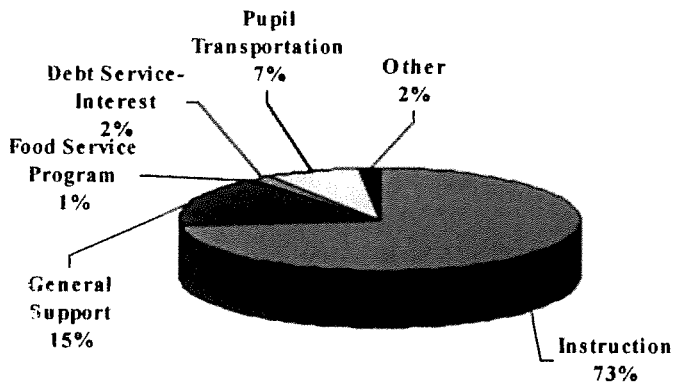
**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

3. Financial Analysis of the District as a Whole - (Continued)

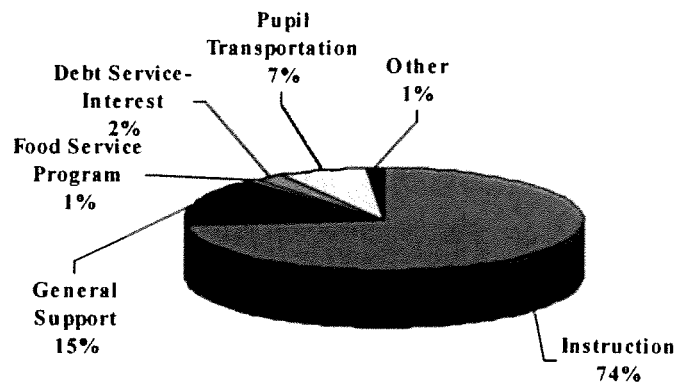
B. Changes in Net Position

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

June 30, 2015



June 30, 2014



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

Revised

4. Financial Analysis of the District's Funds

At June 30, 2015, the District's governmental funds reported a combined fund balance of \$4,800,922 which is a decrease of \$2,354,497 from the prior year. A summary of the change in fund balances by fund classification is as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
General Fund:			
Restricted			
Workers' compensation	\$ 750,000	\$ 750,000	\$ -
Retirement Contribution	500,000	500,000	-
Compensated absence	-	299,975	(299,975)
Encumbrances	15,475	37,887	(22,412)
Assigned:			
Appropriated fund balance	-	-	-
Unappropriated fund balance	-	-	-
Unassigned:			
Fund balance	<u>296,875</u>	<u>421,580</u>	<u>(124,705)</u>
	<u>1,562,350</u>	<u>2,009,442</u>	<u>(447,092)</u>
School Lunch Fund:			
Non-spendable Inventory	11,916	10,832	1,084
Encumbrances	3,200		3,200
Assigned:			
Unappropriated fund balance	<u>(10,839)</u>	<u>9,971</u>	<u>(20,810)</u>
	<u>4,277</u>	<u>20,803</u>	<u>(16,526)</u>
Capital Projects Fund:			
Unassigned:			
Fund balance	<u>3,234,295</u>	<u>5,125,174</u>	<u>(1,890,879)</u>
Total Fund Balance	<u>\$ 4,800,922</u>	<u>\$ 7,155,419</u>	<u>\$ (2,354,497)</u>

A. General Fund

The general fund - fund balance decreased by (\$447,092) as compared to the prior year. This decrease is due to expenditures in excess of revenues.

B. School Lunch

The net change in the school lunch fund - fund balance is a decrease of (\$27,358) primarily due to expenditures over revenue in employee benefits.

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

Revised

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

C. Capital Projects Fund

The capital projects fund - fund balance decreased by \$1,890,879 primarily due to the renovations of school buildings.

5. General Fund Budgetary Highlights

A. 2014-15 Budget

The District's general fund adopted budget for the year ended June 30, 2015 was \$60,925,000. This amount was increased by encumbrances carried forward from the prior year in the amount of \$37,887 for a total final budget of \$60,962,887

The budget was funded through a combination of revenues sources, primarily State sources (\$37,525,447 was the adopted budget total) and Property Tax Levy (\$22,097,919).

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

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

Opening, Unassigned Fund Balance	\$ 459,467
Revenues Over Budget	505,959
Expenditures and Encumbrances Over Budget	(668,550)
Net Reserve Revenues and expenditures	<u>-</u>
Closing, Unassigned Fund Balance	<u><u>\$ 296,875</u></u>

Opening, Unassigned Fund Balance

The \$459,467 shown in the table is the portion of the District's June 30, 2014 fund balance that was retained as unassigned fund balance.

Revenues over Budget

The 2014-15 final budgets for revenues were \$60,925,000. Actual revenues received for the year were \$61,430,959. The revenue over budget totaling \$505,958 is shown in Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.

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

5. General Fund Budgetary Highlights – (Continued)

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

Expenditures and Encumbrances under Budget

The 2014-15 final budgets for expenditures, as of June 30, 2015, were \$60,925,000. Actual expenditures as of June 30, 2015 were \$61,578,075 and outstanding encumbrances were \$15,475. The final budget was over expended by \$668,550. This over expenditure contributes to the change to the undesignated portion of the general fund balance from June 30, 2014 to June 30, 2015.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2015-16 fiscal years with an undesignated fund balance of \$296,875. This is a decrease of \$147,117 as compared to the unassigned balance from the prior year as of June 30, 2014. This Unassigned portion represents approximately 0.7% of the approved budget and is not in excess of the permissible 4% statutory maximum per section 1318 of the New York State Real Property Tax Law.

6. Capital Assets and Debt Administration

A. Capital Assets

At June 30, 2015, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2015. A summary of the District's capital assets, net of depreciation at June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Land	\$ 12,681,917	\$ 12,681,917	\$ -
Construction in Progress	1,071,552	157,622	913,930
Buildings and Improvements	21,946,912	21,637,249	309,663
Land Improvements	94,832	129,277	(34,445)
Furniture and Equipment	498,236	524,196	(25,960)
Vehicles	<u>337,352</u>	<u>478,040</u>	<u>(140,688)</u>
Capital assets, Net	<u>\$ 36,630,801</u>	<u>\$ 35,608,301</u>	<u>\$ 1,022,500</u>

The increase in the current year reflects current year additions of \$1,022,500 net of depreciation of \$1,078,081

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

6. Capital Assets and Debt Administration – (Continued)

B. Debt Administration

At June 30, 2015, the District had total bonds payable of \$21,440,000. The bonds were issued for school building improvements. The increase in outstanding debt represents new bond to repair the School Buildings principal payments. A summary of the outstanding debt at June 30, 2015 and 2014 is as follows:

<u>Interest Rate</u>	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
2.25%-4.125%	\$ 1,715,000	\$ 2,525,000	\$ (810,000)
2.00%-3.125%	1,465,000	1,650,000	(185,000)
2.25-4.128%	3,580,000	3,800,000	(220,000)
3.5-4.0%	<u>14,680,000</u>	<u>15,550,000</u>	<u>(870,000)</u>
	<u>\$ 21,440,000</u>	<u>\$ 23,525,000</u>	<u>\$ (2,085,000)</u>

7. Economic Factors and Next Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 20, 2014, for the year ending June 30, 2016, and totals \$63,778,362. This was an increase of \$2,853,362 from the previous year's budget.

The District revenue budget increased by \$2,853,362 in which we benefited in an increase from State Sources in the amount of \$1,789,063, along with applying \$1,064,299 of Appropriate Surplus.

8. Tax Cap

Chapter 97 of the 2011 Laws of New York limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation effective for the 2014-15 fiscal years. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast.

**Dr. Thomas Tolliver
President, Board of Education
Wyandanch Union Free School District
1445 Straight Path Road
Wyandanch, New York 11798-8800
(631) 870-0405**

FINANCIAL STATEMENTS

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

ASSETS:

Cash:	
Unrestricted	\$ 6,755,905
Restricted	-
Receivables:	
State and federal aid	5,226,359
Accounts receivable	773,215
Inventories	11,916
Capital assets being depreciated, net of accumulated depreciation	36,630,802
Net pension asset - proportionate share	16,035,034
Total Assets	65,433,231

DEFERRED OUTFLOW OF RESOURCES

Pensions	5,173,906
----------	-----------

LIABILITIES:

Payables:	
Accounts payable	2,228,859
Accrued liabilities	415,228
Due to fiduciary funds	235,322
Due to other governments	16,465
Due to teachers' retirement system	3,763,235
Due to employees' retirement system	1,250,413
Compensated absences	71,487
Long-term Liabilities:	
Due and payable within one year:	
Bonds payable	2,125,000
Installment purchase debt payable	245,766
Due and payable after one year:	
Claims payable	1,464,674
Bonds payable	19,315,000
Installment purchase debt payable	2,872,513
Compensated absences payable	802,853
Net other post employment benefits obligation	5,082,669
Net pension liability - proportionate share	779,090
Total Liabilities	40,668,574

DEFERRED INFLOWS OF RESOURCES

Deferred revenues	1,705
Pensions	11,048,907
Total Deferred Inflows of Revenues	11,050,612

NET POSITION:

Investment in capital assets, net of related debt	15,306,818
Restricted net assets	1,250,000
Unrestricted	2,331,133
Total Net Position	\$ 18,887,951

The accompanying notes are an integral part of these financial statements.

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

		<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
Programs/Functions				
General support	\$ 9,965,611	\$ -	\$ -	\$ (9,965,611)
Instruction	47,216,088	348,202	3,266,928	(43,600,958)
Pupil transportation	4,802,947	-	-	(4,802,947)
Community service	-	-	-	-
Debt service - Interest	1,177,666	-	-	(1,177,666)
School lunch program	575,239	85,207	1,218,831	728,799
Depreciation (unallocated)	1,078,081	-	-	(1,078,081)
Total Programs and Functions	<u>\$ 64,815,632</u>	<u>\$ 433,409</u>	<u>\$ 4,485,759</u>	<u>(59,896,464)</u>
General Revenues				
Real property taxes				19,173,807
Other tax items - including STAR reimbursement				2,924,112
Use of money and property				63,668
Sale of property and compensation for loss				170,867
Miscellaneous				374,467
State sources				37,525,447
Medicaid reimbursement and IRS Subsidy				749,971
Total General Revenues				<u>60,982,339</u>
Changes in Net Position				1,085,875
Total net position - beginning of year, as restated				<u>17,802,076</u>
Total net position - end of year				<u>\$ 18,887,951</u>

WYANDANCH UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

					<i>Revised</i>
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash:					
Unrestricted	\$ 3,292,724	\$ -	\$ 98,853	\$ 3,364,328	\$ 6,755,905
Restricted	-	-	-	-	-
Receivables:					
Accounts receivable	756,599	16,616	-	-	773,215
State and Federal aid	2,756,822	2,352,141	117,396	-	5,226,359
Due from other funds	2,498,223	16,239	-	64,851	2,579,313
Inventories	-	-	11,916	-	11,916
Total Assets	\$ 9,304,368	\$ 2,384,996	\$ 228,165	\$ 3,429,179	\$ 15,346,708
<u>Liabilities</u>					
Payables:					
Accounts payable	\$ 1,959,973	\$ 48,680	\$ 25,321	\$ 194,884	\$ 2,228,858
Accrued liabilities	396,737	4,652	13,839	-	415,228
Due to other funds	300,174	2,315,425	182,797	-	2,798,396
Due to other governments	-	16,239	226	-	16,465
Due to teachers retirement system	3,763,235	-	-	-	3,763,235
Due to employees retirement system	1,250,413	-	-	-	1,250,413
Compensated absence	71,487	-	-	-	71,487
Total Liabilities	7,742,018	2,384,996	222,183	194,884	10,544,081
Deferred Inflows of Resources					
Deferred Revenues	-	-	1,705	-	1,705
Total Deferred Inflows of Resources	-	-	1,705	-	1,705
<u>Fund Balances</u>					
Non-spendable - Inventory	-	-	11,916	-	11,916
Non-spendable - Encumbrance	15,475	-	3,200	-	18,675
Retirement contribution	500,000	-	-	-	500,000
Workers' compensation	750,000	-	-	-	750,000
Assigned:					
Appropriated fund balance	-	-	-	-	-
Assigned - Unappropriated	-	-	-	-	-
Unassigned	296,875	-	(10,839)	3,234,295	3,520,331
Total Fund Balances	1,562,350	-	4,277	3,234,295	4,800,922
Total Liabilities and Fund Balances	\$ 9,304,368	\$ 2,384,996	\$ 228,165	\$ 3,429,179	\$ 15,346,708

**WYANDANCH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2015**

	<u><i>Revised</i></u>
Total Governmental Fund Balances	\$ 4,800,922
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
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 includes those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.	
Original cost of capital assets	\$ 58,994,175
Accumulated depreciation	<u>(22,363,373)</u>
	<u>36,630,802</u>
The proportionate share of long-term asset and liability and deferred outflows and inflows associated with participation in state retirement system are not current financial resources or obligations and are not in the funds	
Net pension asset - teachers retirement system	16,035,034
Deferred outflows of resources	5,173,906
Net pension liability - employees retirement system	(779,090)
Deferred inflows of resources	<u>(11,050,612)</u>
	9,379,238
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:	
Bonds payable	(21,440,000)
Installment debt purchase payable	(3,118,278)
Due to other fund	(14,537)
Claims payable	(1,464,674)
Compensated absences payable	(802,853)
Net other post-employment benefit obligation	<u>(5,082,669)</u>
	<u>(31,923,011)</u>
Total Net Position	\$ <u>18,887,951</u>

The accompanying notes are an integral part of these financial statements.

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
June 30, 2015

					<i><u>Revised</u></i>
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>					
Real property taxes	\$ 19,173,807	\$ -	\$ -	\$ -	\$ 19,173,807
Other tax items - including STAR reimbursement	2,924,112	-	-	-	2,924,112
Charges for services	348,202	-	-	-	348,202
Use of money and property	63,668	-	19	-	63,687
Forfeitures and compensation loss	170,867	-	-	-	170,867
Miscellaneous	374,467	-	-	-	374,467
State sources	37,525,447	949,384	36,901	-	38,511,732
Federal sources	749,972	2,317,545	1,181,930	-	4,249,447
Sales	-	-	85,207	-	85,207
Total revenues	61,330,542	3,266,928	1,304,057	-	65,901,528
<u>EXPENDITURES</u>					
General support	\$ 7,166,315	\$ -	\$ 745,273	\$ -	\$ 7,911,588
Instruction	29,490,058	3,266,929	-	-	32,756,987
Pupil transportation	3,329,878	-	-	-	3,329,878
Community service	-	-	-	-	-
Employee benefits	17,726,122	-	260,071	-	17,986,193
Debt service:					
Principal	2,344,799	-	-	-	2,344,799
Interest	1,177,666	-	-	-	1,177,666
Cost of sales	-	-	575,239	-	575,239
Capital outlay	-	-	-	1,890,879	1,890,879
Total expenditures	\$ 61,234,838	\$ 3,266,929	\$ 1,580,583	\$ 1,890,879	\$ 67,973,229
Excess (Deficiency) of Revenue over expenditures	95,704	-	(276,526)	(1,890,879)	(2,071,701)
<u>OTHER FINANCING SOURCES AND USES</u>					
Refunded bonds issued	-	-	-	-	-
Operating transfers In	100,416	-	260,000	-	360,416
Operating transfers (Out)	(343,237)	-	-	-	(343,237)
Total Other Sources (Used)	\$ (242,821)	\$ -	\$ 260,000	\$ -	\$ 17,179
Net change in Fund Balance	(147,117)	-	(16,526)	(1,890,879)	(2,054,522)
Prior Period Adjustment (Note 19)	(299,975)	-	-	-	(299,975)
Fund balance at Beginning of Year	2,009,442	-	20,803	5,125,174	7,155,419
Fund balance at End of Year	\$ 1,562,350	\$ -	\$ 4,277	\$ 3,234,295	\$ 4,800,922

The accompanying notes are an integral part of these financial statements.

WYANDANCH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS, STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
June 30, 2015

	<u>Revised</u>
Net Change in Fund Balances	\$ (2,054,522)
Amounts reported for governmental activities in the Statement of Activities are different because:	
<u>Long-Term Revenue and Expense Differences</u>	
In the Statement of Activities, certain operating expenses-compensated absences (vacation and sick days), are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used:	(557,934)
Worker's compensation claims payable in the Statement of Activities from the amounts 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, however the payable is recognized as it accrues regardless of when it is due. Accrued claims payable from June 30, 2014 to June 30, 2015 changed by:	127,213
Net other post-employment benefits obligation 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, however the payable is recognized as it accrues regardless of when it is due. Net other post-employment benefits obligation payable changed from the prior year by:	413,522
<u>Long-Term Debt Transactions</u>	
Repayment of bond principal and installment debt principals an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:	2,344,799
Issuance of bonds payable included as revenue in the governmental funds, but as an increase in long-term liabilities in the Statement of Net Position:	-
Interest on long-term debt in the Statement of Activities 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 Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2014 to June 30, 2015 changed by:	-
<u>Capital Related Items</u>	
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 assets and allocated over their useful lives as annual depreciation expense in the Statement of Activities:	
	Capital outlays \$ 1,890,878
	Depreciation expense <u>(1,078,081)</u>
	<u>812,797</u>
Change in Net Position of Governmental Activities	<u>\$ 1,085,875</u>

The accompanying notes are an integral part of these financial statements.

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2015

	<u>Agency Funds</u>
<u>ASSETS</u>	
Assets	\$ 235,322
	<hr/>
Total Assets	\$ 235,322
	<hr/>
<u>LIABILITIES AND NET POSITION</u>	
Extra class-room activity balance	\$ 76,005
Other liabilities	<hr/> 159,317
	<hr/>
Total Liabilities	\$ 235,322
	<hr/>
Net Position	\$ -
	<hr/>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

The financial reporting entity is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extra-classroom Activity Funds

The extra classroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extra classroom activity funds are independent of the District with respect to its financial transactions and the designation of student management.

The District reports these assets held by its agent for extra classroom organizations in the statement of Fiduciary Net Position - Fiduciary Fund. Separate audited financial statements of the extra classroom activity funds can be found at the District's Business Office.

B. Joint Venture

The District is a component district in the Western Suffolk Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section §1950 of the Education

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

C. Basis of Presentation

District-Wide Statements

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

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

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds, each as defined by GASB, each displayed in a separate column. The District's financial statements reflect the following fund categories:

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Governmental Funds:

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

D. Basis of Accounting and Measurement Focus

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

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

principal and interest on general long-term debt, claims and judgments, and compensated absences, and other postemployment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Real Property Taxes

Calendar

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

Enforcement

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

F. Restricted Resources

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

G. Interfund Transactions

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

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

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

H. Use of Estimates

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

I. Cash and Cash Equivalents/Investments

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

K. Inventories and Prepaid Items

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government assigned value, which approximates market.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources. Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded as the time of purchase and expense/expenditure is reported in the year the goods or services are consumed.

L. Capital Assets

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

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

M. Deferred Revenues

Deferred Revenues are reported in the governmental funds 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 revenues are reclassified as revenues.

N. Vested Employee Benefits - Compensated Absences

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

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

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

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

O. Other Benefits

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

P. Short-Term Debt

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

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

Q. Accrued Liabilities and Long - Term Obligations

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

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

R. Equity Classifications

Reserve for Encumbrances

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

Repairs Reserve

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

Restricted for Debt Service

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

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

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

Fund Balance Classification

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

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

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. CHANGES IN ACCOUNTING PRINCIPLES

GASB Statements No. 68 and 71

For the fiscal year ended June 30, 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The implementation of the Statements requires the District to report as an asset and/or liability its portion of the collective net pension asset and/or liability in the New York State Teachers' and Employees' Retirement Systems. The implementation of the Statements also requires the District to report a deferred outflow and/or inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Also included as deferred outflows, are the District's contributions to the pension systems, subsequent to the measurement date.

NOTE 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE DISTRICT-WIDE STATEMENTS

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

A. Total Fund Balances of Governmental Funds vs. Net 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. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

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

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

Long-Term Revenue and Expense Differences

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE DISTRICT-WIDE STATEMENTS (Continued)

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

NOTE 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures, (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations.

Outstanding encumbrances as of year-end are presented as part of other assigned, unappropriated fund balances, unless classified as restricted or committed and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

a. Cash:

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC), insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities and Districts.

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

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

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

b. Investments:

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

NOTE 6. PARTICIPATION IN BOCES

During the year ended June 30, 2015, the District was billed \$6,585,541 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,588,105 financial statements for the BOCES are available from the BOCES administrative offices.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 7. STATE AND FEDERAL AID RECEIVABLE

State and Federal Aid Receivable at June 30, 2015 consisted of:

General Fund:

BOCES Aid	\$ 1,736,062
New York State - Excess Cost Aid	<u>1,020,760</u>
	2,756,822

Special Aid Fund:

Federal and State Grants	2,352,141
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School Lunch Fund:

Federal and State Food Service	117,396
Program Reimbursement	<u>-</u>

Total	<u><u>\$ 5,226,359</u></u>
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WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,681,917	\$ -	\$ -	\$ 12,681,917
Construction in progress	157,622	913,931	-	1,071,553
Total capital assets not being depreciated	<u>12,839,539</u>	<u>913,931</u>	<u>-</u>	<u>13,753,470</u>
Capital assets being depreciated:				
Buildings and improvements	33,364,236	976,948	-	34,341,184
Land improvements	688,894	-	-	688,894
Furniture and equipment	8,583,116	181,695	-	8,764,811
Vehicles	1,417,818	27,998	-	1,445,816
Total capital assets being depreciated	<u>44,054,064</u>	<u>1,186,641</u>	<u>-</u>	<u>45,240,705</u>
Less accumulated depreciation for:				
Building and improvements	11,726,987	667,285	-	12,394,272
Land improvements	559,617	34,445	-	594,062
Furniture and equipment	8,058,920	207,665	-	8,266,575
Vehicles	939,778	168,686	-	1,108,464
Total accumulated depreciation	<u>21,285,302</u>	<u>1,078,081</u>	<u>-</u>	<u>22,363,373</u>
Total capital assets being depreciated, net	<u>22,768,762</u>	<u>108,560</u>	<u>-</u>	<u>22,877,332</u>
Capital Assets - net	<u>\$ 35,608,301</u>	<u>\$ 1,022,491</u>	<u>\$ -</u>	<u>\$ 36,630,802</u>

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2015 are as follows:

	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,430,515	\$ 316,412	\$ 100,416	\$ 343,237
Special Aid Fund	16,239	2,247,718	83,237	100,416
School Lunch Fund	-	182,797	260,000	
Capital Projects Fund	64,851	-	-	-
Fiduciary Funds	235,322	-	-	-
Total	<u>\$ 2,746,927</u>	<u>\$ 2,746,927</u>	<u>\$ 443,653</u>	<u>\$ 443,653</u>

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

NOTE 10. SHORT-TERM LIABILITIES

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 6/30/2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/2015</u>
TAN	6/26/2015	1.25%	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -
TAN						-
TAN			-	-	-	-
Total			<u>\$ -</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11. LONG-TERM LIABILITIES

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

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Due Within</u> <u>One Year</u>
Long-term Debt:					
Bonds Payable	\$ 23,525,000	\$ -	\$ 2,085,000	\$ 21,440,000	\$ 2,125,000
Installment Purchase Debt	3,378,077	-	259,799	-	245,766
Total Long-Term Debt	26,903,077	-	2,344,799	21,440,000	2,370,766
Other Long-term Liabilities:					
Postemployment Benefits	5,496,191	-	413,522	5,082,669	-
Retirement Systems	1,137,445	1,352,005	1,239,036	1,250,413	1,250,413
Judgments and Claims Payable	1,140,735	323,939	-	1,464,674	-
Compensated Absences	1,013,518	-	210,665	802,853	-
Total Other Liabilities	8,787,889	1,675,944	1,863,223	8,600,610	1,250,413
Total Long-term Liabilities	\$ 35,690,966	\$ 1,675,944	\$ 4,208,022	\$ 30,040,610	\$ 3,621,179

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

Bonds payable comprised of the following:

<u>Description</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interst</u> <u>Rate</u>	<u>Outstanding</u> <u>6/30/2015</u>
Serial Bond	12/16/1997	4/1/2017	2.25%-4.125%	\$ 1,715,000
Serial Bond	8/25/2011	8/25/2015	2-3.125%	1,465,000
Serial Bond	8/25/2012	8/25/2027	2.25-4.128%	3,580,000
Serial Bond	12/15/2012	12/15/2027	3.5-4.0%	14,680,000
				<u>\$ 21,440,000</u>

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11. LONG-TERM LIABILITIES – (Continued)

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

Fiscal Year				
Ended June 30	Principal	Interest	Total	
2017	\$ 2,240,000	\$ 712,853	\$ 2,952,853	
2018	1,420,000	628,285	2,048,285	
2019	1,465,000	576,769	2,041,769	
2020	1,515,000	522,735	2,037,735	
2021	1,580,000	457,625	2,037,625	
	<u>\$ 8,220,000</u>	<u>\$ 2,898,266</u>	<u>\$ 11,118,266</u>	

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

	<u>Total</u>
Interest paid	\$ <u>1,177,666</u>

NOTE 12. PENSION PLANS

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS – (Continued)

Employees' Retirement System

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

C. Funding Policies

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

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

2016	\$	3,869,500	\$	1,335,218
2015	\$	3,763,235	\$	1,250,413
2014	\$	3,658,839	\$	1,137,445

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS – (Continued)

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, 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 June 30, 2013, for TRS and April 1, 2014 for ERS. 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 TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Actuarial valuation date	June 30, 2013	April 1, 2014
Net pension asset/(liability)	\$ 16,035,034	\$ 779,090
District's portion of the Plan's total net pension asset/(liability)	0.143949%	0.23062%

For the year ended June 30, 2015, the District recognized pension expense (credit) of \$632,352 for TRS and \$702,499 for ERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ -	\$ 24,940	\$ 234,483	\$ -
Net difference between projected and actual earnings on pension plan investments	-	135,318	10,769,268	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	-	34,004	10,342
District's contributions subsequent to the measurement date	<u>3,763,235</u>	<u>1,250,413</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,763,235</u>	<u>\$ 1,410,671</u>	<u>\$ 11,037,755</u>	<u>\$ 10,342</u>

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS – (Continued)

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	TRS	ERS
2016	\$ 2,723,536	\$ 37,479
2017	2,723,536	37,479
2018	2,723,536	37,479
2019	2,723,536	37,479
2020	31,219	-
Thereafter	112,392	-
	<u>\$ 11,037,755</u>	<u>\$ 149,916</u>

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:

	TRS	ERS
Measurement Date	June 30, 2014	March 31, 2015
Actuarial Valuation Date	June 30, 2013	April 1, 2014
Interest Rate	8.0%	7.5%
Salary Scale	4.01 - 10.91%	4.9%
Decrement Tables	July 1, 2006 - June 30, 2010 System's Experience	April 1, 2005 - March 31, 2010 System's Experience
Inflation Rate	3.0%	2.7%

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS – (Continued)

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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, annuitant mortality rates are based on April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010. For ERS, the actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
Measurement date	June 30, 2014		March 31, 2015	
Asset Type				
Domestic equity	37%	7.3%	38%	7.3%
International equity	18%	8.5%	13%	8.55%
Real estate	10%	5%	8%	8.25%
Alternative investments	7%	11%	19%	6.75 - 11.00%
Domestic fixed income securities	18%	1.5%		
Global fixed income securities	2%	1.4%		
Bonds and mortgages	8%	3.4%	18%	4%
Short-term		0.80%		
Cash			2%	2.25%
Inflation indexed bonds			2%	4%
	100%		100%	

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS – (Continued)

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Discount Rate

The discount rate used to calculate the total pension liability was 8.0% for TRS and 7.5% for ERS. 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 determined. 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 liability calculated using the discount rate of 8.0% for TRS and 7.5% for ERS, 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 percentage point lower (7.0% for TRS and 6.5% for ERS) or 1 percentage point higher (9.0% for TRS and 8.5% for ERS) than the current rate:

TRS	1% Decrease (7.00)%	Current Assumption (8.00)%	1% Increase (9.00)%
District's proportionate share of the net pension asset (liability)	\$ 345,898	\$ 16,035,034	\$ 29,404,357

ERS	1% Decrease (6.50)%	Current Assumption (7.50)%	1% Increase (8.50)%
District's proportionate share of the net pension asset (liability)	\$ (15,192,972)	\$ (779,090)	\$ 2,947,321

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. PENSION PLANS – (Continued)

D. Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

	<u>TRS</u>	<u>ERS</u>	<u>Total</u>
	<i>(Dollars in Thousands)</i>		
Measurement Date	June 30, 2014	March 31, 2015	
Employers' total pension liability	\$ (97,015,707)	\$ (164,591,504)	\$ (261,607,211)
Plan fiduciary net position	<u>108,155,083</u>	<u>161,213,259</u>	<u>269,368,342</u>
Employers' net pension asset/(liability)	<u>\$ 11,139,376</u>	<u>\$ (3,378,245)</u>	<u>\$ 7,761,131</u>
Ratio of plan fiduciary net position to the employers' total pension liability	111.48%	97.95%	102.97%

For TRS, employer and employee contributions for the fiscal year ended June 30, 2015, are paid to the System in September, October and November 2015 through a state aid intercept. Accrued retirement contributions as of June 30, 2015, represent employer and employee contributions for the fiscal year ended June 30, 2015, based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2015 amounted to \$3,650,338 of employer contributions and \$112,897 of employee contributions.

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, 2015, represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2015 amounted to \$1,250,413 of employer contributions. Employee contributions are remitted monthly.

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. POST-EMPLOYMENT BENEFITS

A. Plan Description

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

B. Funding Policy

The District assumes its share of the cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are made. For the year ended June 30, 2015, the District recognized a general fund expenditure of \$494,496 for insurance premiums for currently enrolled retirees. Currently, there is no provision in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution (ARC)	\$ 1,971,604
Interest on Net OPEB obligation	195,486
Adjustment to ARC	<u> </u>
Annual OPEB Cost (Expense)	2,167,090
Contribution made	<u> -</u>
Decrease in Net OPEB obligation	(413,523)
Net OPEB obligation at beginning of year	<u>5,496,192</u>
Net OPEB obligation at end of year	<u><u>\$ 5,082,669</u></u>

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. POST-EMPLOYMENT BENEFITS - (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 5,082,669	27.0%	\$ -
June 30, 2014	\$ 5,715,349	27.0%	\$ 5,282,768
June 30, 2013	\$ 4,446,262	27.0%	\$ 3,252,621

D. Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the District contributed \$600,000 to the plan. The actuarial accrued liability for benefits was \$52,432,920 and the actuarial value of assets was \$600,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$52,432,920. The covered payroll (annual payroll of active employees covered by the plan) was \$26,515,547, and the ratio of the UAAL to the covered payroll was 130.0%.

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

E. Actuarial Methods and Assumptions

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. POST-EMPLOYMENT BENEFITS - (Continued)

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% discount rate and an annual medical inflation rate of 7% initially, reduced by decrements of .05% to an ultimate rate of 5% after 15 years. The remaining amortization period at June 30, 2009 was 30 years. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2015, was 29 years.

NOTE 15. RISK MANAGEMENT

A. General Information

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

The District has chosen to establish a self funded health benefit and workmen's compensation program for its employees. The plan is administered by two benefit program administrators, who are responsible for approval, processing and the payments of claims, after which they bill the district for reimbursement. The district is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30, 2015. The program is accounted for in the general fund.

NOTE 16. COMMITMENTS AND CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Operating Leases

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

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Revised

NOTE 16. COMMITMENTS AND CONTINGENCIES – (Continued)

Fiscal Year				
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Payment</u>
2016	\$ 274,634	\$ 178,054	\$	452,688
2017	290,315	162,372		452,687
2018	306,892	145,795		452,687
2019	324,416	128,272		452,688
2020	-	-		-
Thereafter	<u>1,922,022</u>	<u>199,913</u>		<u>2,121,935</u>
	<u>\$ 3,118,279</u>	<u>\$ 814,406</u>	<u>\$</u>	<u>3,932,685</u>

NOTE 17. SUBSEQUENT EVENTS

Subsequent to June 30, 2015, the District floated a \$12,000,000 Tax Anticipation Note.

The date to which events occurring after June 30, 2015, the date of the most recent statement of financial position, have been evaluated for possible adjustment to financial statements or disclosures is November 14, 2015, which is the date the financial statements were made available to be issued. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

NOTE 18. RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2015, the District implemented GASB Statements No. 68 and 71. The implementation of Statement 68 and 71 resulted in reporting of an asset, deferred outflow of resources, and a liability to the Districts participation in the New York State Teachers' and Employees' Retirement Systems. The District net position has been restated as follows:

Net Position - Beginning of Year	\$ 7,876,413
GASB Statement No. 68 and 71 Implementation	909,592
Beginning System Asset - Teachers' Retirement System	1,042,139
Beginning System Asset - Employee Retirement System	
Beginning Deferred Out Flow of Resource and contributions subsequent to measurement date	<u>7,973,932</u>
Net Position - Beginning of the Year, as Restated	<u>\$ 17,802,076</u>

NOTE 19. PRIOR PERIOD ADJUSTMENT

To correct prior year error in the composition and calculation of Fund Balance.

REQUIRED SUPPLEMENTARY INFORMATION

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the year ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance With Budgetary Actual</u>
<u>REVENUES</u>				
Local Sources:				
Real property taxes	\$ 18,560,019	\$ 18,560,019	\$ 19,173,807	\$ 613,788
Other real property tax items	3,364,518	3,364,518	2,924,112	(440,406)
Charges for Services	235,000	235,000	348,202	113,202
Use of money and property	33,735	33,735	63,668	29,933
Sale of property and compensation for loss	600,000	600,000	170,867	(429,133)
Interfund revenues	300,000	300,000	374,467	74,467
Total Local Sources	23,093,272	23,093,272	23,055,123	(38,149)
State Sources:				
Basic formula	24,822,562	24,822,562	24,636,731	(185,831)
Excess cost aid	6,312,617	6,312,617	6,784,256	471,639
Lottery grant	3,912,096	3,912,096	4,037,897	125,801
BOCES aid	1,569,880	1,569,880	1,731,968	162,088
Textbook aid	140,000	140,000	139,218	(782)
Computer software aid	32,000	32,000	70,645	38,645
Library A/V loan program aid	30,000	30,000	4,019	(25,981)
Other state aid	200,000	200,000	120,713	(79,287)
Total State Sources	37,019,155	37,019,155	37,525,447	506,292
Federal Sources	717,573	717,573	749,972	32,399
Total Revenues	60,830,000	60,830,000	61,330,542	500,542
Other Sources:				
Operating transfers in	95,000	95,000	100,416	5,416
Total Revenue and Other Sources	<u>\$ 60,925,000</u>	<u>\$ 60,925,000</u>	<u>\$ 61,430,958</u>	<u>\$ 505,958</u>

See paragraph on required supplementary information included in auditor's report.

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the year ended June 30, 2015

	<i><u>Revised</u></i>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year End Encum- brances</u>	<u>Final Budget Variance with Actual And Encumbrances</u>
<u>EXPENDITURES</u>					
General support:					
Board of Education	\$ 104,500	\$ 121,500	\$ 109,216	\$ -	\$ 12,284
Central Administration	361,059	390,585	402,603	-	(12,018)
Finance	799,207	940,870	894,267	373	46,230
Staff	872,210	918,154	935,223	1,529	(18,598)
Central services	4,369,130	4,487,783	4,174,306	-	313,477
Special items	<u>756,577</u>	<u>733,301</u>	<u>650,700</u>	<u>500</u>	<u>82,101</u>
Total general support	<u>7,262,683</u>	<u>7,592,193</u>	<u>7,166,315</u>	<u>2,402</u>	<u>423,476</u>
Instruction:					
Instruction, administration, and improvement	3,204,596	3,212,613	3,068,564	655	143,394
Teaching - regular school	11,601,259	11,283,746	11,532,675	474	(249,403)
Program for children with handicapping conditions	9,661,460	9,780,609	9,676,445	-	104,164
Occupational education	1,215,216	1,217,071	1,215,216	-	1,855
Teaching - special schools	356,194	306,194	272,763	-	33,431
Instructional media	1,681,815	1,619,518	1,676,998	-	(57,480)
Pupil services	<u>2,000,211</u>	<u>2,043,377</u>	<u>2,047,397</u>	<u>-</u>	<u>(4,020)</u>
Total Instruction	<u>29,720,751</u>	<u>29,463,128</u>	<u>29,490,058</u>	<u>1,129</u>	<u>(28,059)</u>
Pupil transportation	2,760,791	2,726,791	3,329,878	11,944	(615,031)
Community service	-	-	-	-	-
Employee benefits	17,361,295	17,259,984	17,726,122	-	(466,138)
Debt service principle	2,344,799	2,344,799	2,344,799	-	-
Debt service interest	<u>1,249,681</u>	<u>1,249,681</u>	<u>1,177,666</u>	<u>-</u>	<u>72,015</u>
Total expenditures	<u>60,700,000</u>	<u>60,636,576</u>	<u>61,234,838</u>	<u>15,475</u>	<u>(613,737)</u>
Other uses:					
Operating transfers out	<u>225,000</u>	<u>326,311</u>	<u>343,237</u>	<u>-</u>	<u>(16,926)</u>
Total expenditures and other uses	<u>\$ 60,925,000</u>	<u>\$ 60,962,887</u>	<u>\$ 61,578,075</u>	<u>\$ 15,475</u>	<u>\$ (630,663)</u>
Net change in fund balances			(147,117)		
Fund balances at Beginning of Year			<u>2,009,442</u>		
Prior period adjustment			<u>(299,975)</u>		
Fund balances at End of Year			<u>\$ 1,562,350</u>		

See paragraph on required supplementary information included in auditor's report.

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS - OTHER POST-EMPLOYMENT
BENEFITS (OPEB)
For the year ended June 30, 2015

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Covered Payroll</u>
July 1, 2014	- \$	52,432,920 \$	52,432,920 \$	0%	\$ 27,638,575	130.0%
July 1, 2013	- \$	48,408,404 \$	48,408,404 \$	0%	\$ 26,468,740	130.0%
July 1, 2012	- \$	48,408,404 \$	48,408,404 \$	0%	\$ 26,468,740	130.0%

See paragraph on required supplementary information included in auditor's report.

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
JUNE 30, 2015

Teachers' Retirement System

	<u>2015</u>
District's proportion of the net pension asset	0.143949%
District's proportionate share of the net pension asset	\$ 16,035,034
District's covered employee payroll	\$ 21,468,076
District's proportionate share of the net pension asset as a percentage of its covered employee payroll	74.69%
Plan fiduciary net position as a percentage of the total pension liability	111.48%

Employee's Retirement System

	<u>2015</u>
District's proportion of the net pension liability	0.023062%
District's proportionate share of the net pension liability	\$ 779,090
District's covered employee payroll	\$ 5,676,813
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	13.23%
Plan fiduciary net position as a percentage of the total pension liability	97.95%

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 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	\$ 1,490,698
Contributions in relation to the contractually required contribution	<u>3,763,235</u>	<u>3,658,839</u>	<u>2,620,430</u>	<u>2,257,144</u>	<u>1,881,797</u>	<u>1,876,852</u>	<u>1,810,856</u>	<u>1,620,653</u>	<u>1,624,376</u>	<u>1,490,698</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 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	\$ 17,032,477
Contributions as a percentage of covered employee payroll	18%	18%	14%	12%	9%	10%	10%	11%	10%	9%
Contractually required contribution	\$ 1,250,413	\$ 1,137,445	\$ 943,217	\$ 888,272	\$ 742,678	\$ 628,997	\$ 569,718	\$ 573,841	\$ 649,895	\$ 627,319
Contributions in relation to the contractually required contribution	<u>1,250,413</u>	<u>1,137,445</u>	<u>943,217</u>	<u>888,272</u>	<u>742,678</u>	<u>628,997</u>	<u>569,718</u>	<u>573,841</u>	<u>649,895</u>	<u>627,319</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 5,676,813	\$ 5,725,174	\$ 5,849,958	\$ 5,969,122	\$ 5,846,471	\$ 5,758,830	\$ 5,812,013	\$ 4,192,449	\$ 5,002,231	\$ 4,597,340
Contributions as a percentage of covered employee payroll	22%	20%	16%	15%	13%	11%	10%	14%	13%	14%

See paragraph on required supplementary information included in auditor's report.

OTHER SUPPLEMENTARY INFORMATION

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
For the year ended June 30, 2015

	<i><u>Revised</u></i>
CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET	
Adopted Budget	\$ 60,925,000
Additions:	
Prior year's encumbrances	<u>37,887</u>
Original Budget	60,962,887
Budget revisions	<u>-</u>
Final Budget	<u><u>\$ 60,962,887</u></u>
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	
2015 - 2016 voter-approved expenditure budget	<u><u>\$ 63,778,362</u></u>
Maximum allowed (4% of 2014 - 2015 budget)	<u><u>\$ 2,438,515</u></u>
General Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,250,000
Unassigned Fund Balance	<u>312,350</u>
	\$ 1,562,350
Less:	
Appropriated Fund Balance	-
Encumbrances	<u>\$ 15,475</u>
	<u>15,475</u>
General Fund Balance Subject to § 1318 of Real Property Tax law:	<u><u>\$ 1,546,875</u></u>
Annual Percentage	2.43%

See paragraph on required supplementary information included in auditor's report.

WYANDANCH
UNION FREE SCHOOL DISTRICT
SCHEDULE PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the year ended June 30, 2015

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Methods of Financing				Fund Balance June 30, 2015	
			Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources		Total
LFH/MLK/Central Admin.											
QZAB - MLK - Project A	\$ 1,657,160	\$ 1,087,982	\$ 1,061,572	\$ -	\$ 1,061,572	\$ 26,410	\$ 1,061,572	\$ -	\$ -	\$ 1,061,572	\$ -
QZAB - MLK - Project B	120,000	1,101,733	1,115,576	72,304	1,187,880	(86,147)	1,187,880	-	-	1,187,880	-
QZAB - MLK - Project C	339,600	1,737,244	1,481,048	148,379	1,629,427	107,817	1,629,427	-	-	1,629,427	-
QZAB - MLK - Project D	45,210	47,210	3,859	4,664	8,523	38,687	8,523	-	-	8,523	-
QZAB - High School - Project A	1,127,925	640,980	645,895	-	645,895	(4,915)	645,895	-	-	645,895	-
QZAB - High School - Project B	250,000	4,914,071	4,328,045	434,339	4,762,384	151,687	4,762,384	-	-	4,762,384	-
QZAB - High School - Project C	92,500	2,005,950	1,746,854	124,703	1,871,557	134,393	1,871,557	-	-	1,871,557	-
QZAB - High School - Project D	1,637,440	1,637,440	84,901	669,385	754,286	883,154	754,286	-	-	754,286	-
QZAB - MLO - Project A	799,475	411,355	398,938	-	398,938	12,417	398,938	-	-	398,938	-
QZAB - MLO - Project B	130,000	2,168,476	1,662,839	127,507	1,790,346	378,130	1,790,346	-	-	1,790,346	-
QZAB - MLO - Project C	92,500	1,412,800	1,141,193	62,194	1,203,387	209,413	1,203,387	-	-	1,203,387	-
QZAB - MLO - Project D	307,350	307,350	15,944	21,780	37,724	269,626	37,724	-	-	37,724	-
QZAB - MLO Roof - Project D	388,400	307,350	-	106,900	106,900	200,450	106,900	-	-	-	-
QZAB - Bus Garage A	133,435	155,965	161,520	-	161,520	(5,555)	161,520	-	-	161,520	-
QZAB - Bus Garage B 007008	-	296,447	275,054	3,762	278,816	17,631	278,816	-	-	278,816	-
QZAB - Bus Garage C 007009	17,150	104,000	48,673	3,761	52,434	51,566	52,434	-	-	52,434	-
QZAB - Project D	1,390,000	1,390,000	52,918	111,201	164,119	1,225,881	164,119	-	-	164,119	-
	\$ 8,528,145	\$ 19,726,353	\$ 14,224,829	\$ 1,890,879	\$ 16,115,708	\$ 3,610,645	\$ 16,115,708	\$ -	\$ -	\$ 16,008,808	\$ -

See paragraph on required supplementary information included in auditor's report.

WYANDANCH UNION FREE SCHOOL DISTRICT
INVESTMENT IN CAPITAL ASSETS - NET OF RELATED DEBT
June 30, 2015

Capital Assets, Net		\$ 36,630,802
Add:		
Unspent bond proceeds		3,234,294
Deduct:		
Long-term installment purchase debt	\$ 2,843,645	
Short-term installment purchase debt	274,634	
Short-term portion of bond payable	2,125,000	
Long-term portion of bonds payable	<u>19,315,000</u>	
		<u>24,558,279</u>
Investment in capital assets, net of related debt		<u><u>\$ 15,306,818</u></u>

See paragraph on required supplementary information included in auditor's report.

FEDERAL GRANT COMPLIANCE AUDIT

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

The Board of Directors
Wyandanch Union Free School District
Wyandanch, New York

We have audited, in accordance with the 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 Wyandanch Union Free School District, ("the District") which comprise the statement of financial position as of June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinion 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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we have reported to management of Wyandanch Union Free School District in a separate letter dated November 13, 2015.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Valley Stream, New York
November 13, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Directors
Wyandanch Union Free School District
Wyandanch, New York

Report on Compliance for Each Major Federal Program

We have audited Wyandanch Union Free School District's ("the District"), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wyandanch Union Free School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Wyandanch Union Free School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wyandanch Union Free School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wyandanch Union Free School District's compliance.

Opinion on Each Major Federal program

In our opinion, Wyandanch Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

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



Valley Stream, New York
November 13, 2015

WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS
For the year ended June 30, 2015

Federal Grantor/Pass-through Grantor Program Title	CFDA Number	Agency Pass-through Number	Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed directly</u>			
<u>Passed- through NYS Education Department</u>			
Title 1 Grants to Local Educational Agencies	84.010A	0021-13-2955	\$ 499,915
Title 1 Grant School Improvement	84.010A	001-14-2138	1,140
Title 1 Grant School Improvement	84.010A	001-14-2338	18,554
Title 1 Grant School Improvement	84.010A	0011-15-2138	280,773
Title 2A Early Class	84.367A	0147-13-2955	171,204
			<u>971,586</u>
Special Education Cluster			
Special Education Grants to States - IDEA 611	84.027A	0032-15-0877	784,685
Special Education Grants to States - IDEA 619	84.173A	0033-15-0877	34,962
			<u>819,647</u>
Title IIIA - LEP	84365A	0293-14-2955	1,052
Title IIIA - LEP	84.365A	0293-15-2955	79,069
			<u>80,121</u>
21st Century Grant	84.287C	0187-15-6122	375,000
Homeless Grant	84.196A	0293-15-2955	21,347
ARRA - Race To The Top, Model Induction	84.395A	5530-14-0002	11,791
ARRA - Race To The Top, Systemic Supports	84.395A	5440-14-2003	263
ARRA - Race To The Top, Strengthening	84.395A	5540-15-2003	37,789
			<u>49,843</u>
Total US Department of Education			\$ <u>2,317,544</u>
<u>USDA Department of Agriculture</u>			
National School Lunch Program	10.555	N/A	1,104,407
USDA Food Donation Program	10.555	N/A	77,523
Total US Department of Agriculture			<u>1,181,930</u>
Total Federal Awards Expended			\$ <u><u>3,499,474</u></u>

See paragraph on required supplementary information included in auditor's report.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the Wyandanch Union Free School District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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

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

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

NOTE 2. SUB-RECIPIENTS

No amounts were provided to sub-recipients.

NOTE 3. OTHER DISCLOSURES

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

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

A. SUMMARY OF AUDITOR'S RESULT

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weakness (es) identified?

____ Yes x No

Significant deficiency identified not considered
to be material weakness(es)

____ Yes x None reported

Noncompliance material to financial statements
noted?

____ Yes x No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

____ Yes x No

Significant deficiency identified not considered
to be material weakness(es)

____ Yes x None reported

Type of auditors' report issued on compliance
for major programs

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Circular A-133
Section 510(a).

____ Yes x No

Identification of Major Programs

CFDA Number(s)

Name of Federal Program or Cluster

84.027A

IDEA - 611

84.173A

IDEA - 619

84.010A

Title I Grants

**WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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

Identification of Major Programs

CFDA Number(s)

Name of Federal Program or Cluster

10.555
84.287C

National School Lunch Program
21st Century Grant

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

\$300,000

Auditee qualified as a low-risk auditee

____ Yes x No

**WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CURRENT YEAR FINDINGS

A. FINANCIAL STATEMENT FINDINGS

None reported

B. FEDERAL AWARDS FINDINGS

None reported

**WYANDANCH UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

PRIOR YEAR FINDING

None reported