

## REPORT TO THE BOARD

October 13, 2020

The Board of Education  
William Floyd Union Free School District

Dear Board Members:

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary funds of William Floyd Union Free School District (the District) for the year ended June 30, 2020 and have issued our report thereon dated October 13, 2020. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### Summary of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### Accounting Estimates

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

For the year ended June 30, 2020, we evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

### Significant Disclosures

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

### Difficulties Encountered in Performing the Audit

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

### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We assisted management in finalizing certain journal entries to correct several account reconciliations that were not completed prior to our initiation of field work.

### Disagreements with Management

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

### Management Representations

We have requested certain representations from management that are included in the management representation letter.

### Management Consultations with Other Independent Accountants

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

### Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the schedule of revenue, expenditures and changes in fund balance - budget and actual - general fund, the schedule of District's proportionate share of the net pension asset/liability, the schedule of District's pension contributions and the schedule of changes in District's total OPEB liability and related ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, as listed in the table of contents, which accompanies the financial statements but is not RSI. The accompanying schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Guidance, Audits of States, Local Governments, and Non-Profit Organizations, and is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

\* \* \* \* \*

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

Very truly yours,

*EFPR Group, CPAs, PLLC*

EFPR GROUP, CPAs, PLLC

October 13, 2020

CONFIDENTIAL

The Board of Education  
William Floyd Union Free School District  
Mastic Beach, New York:

We have completed our audit of the financial statements of the William Floyd Union Free School District (the District) for the year ended June 30, 2020. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose. We now present for your consideration our comments and recommendations based upon observations made during our audit.

This report is intended solely for the information and use of the Board of Education, management and others within the District.

Accounting for Fiduciary Activities

Governmental Accounting Standards Board (GASB) Statement No. 84 - "Fiduciary Activities," becomes effective for the District's fiscal year beginning July 1, 2019, and establishes criteria for identifying fiduciary activities for all state and local governments. This statement will have an impact on how certain transactions will be treated by the District. We recommend that the District take the appropriate steps to comply with this new standard. We will be in contact with the District to provide further guidance in order to minimize any difficulties associated with the implementation of this new standard.

Accounting for Leases

Under current guidance, leases are classified as either capital or operating depending on whether the lease meets any of four tests. In many cases, this results in reporting lease transactions differently than similar nonlease financing transactions. GASB Statement No. 87 - "Leases," which becomes effective for the District's fiscal year beginning July 1, 2021, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

We recommend that the District gain an understanding of this Statement, develop a plan to fully review all current lease agreements, and to document the accounting treatment of each lease under this Statement to minimize any difficulties at the time of implementation. Proper documentation will also assist in the accounting and reporting for future periods.

\* \* \* \* \*

We take this opportunity to thank the staff of the William Floyd Union Free School District for the courtesy and cooperation extended to us during the audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

*EFPR Group, CPAs, PLLC*

EFPR GROUP, CPAs, PLLC

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report  
June 30, 2020

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

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WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
William Floyd Union Free School District:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of William Floyd Union Free School District (the District), as of and for the year ended June 30, 2020, 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.

### Auditors' 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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 aggregate remaining fund information of William Floyd Union Free School District as of June 30, 2020, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

As discussed in note 15 to the financial statements, the District restated fund balance and net position as of June 30, 2019 to correct financial reporting errors. Our opinion is not modified with respect to this matter.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14 and the additional information on pages 54 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 13, 2020

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis  
June 30, 2020

The William Floyd Union Free School District's (the District) management's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the year ended June 30, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

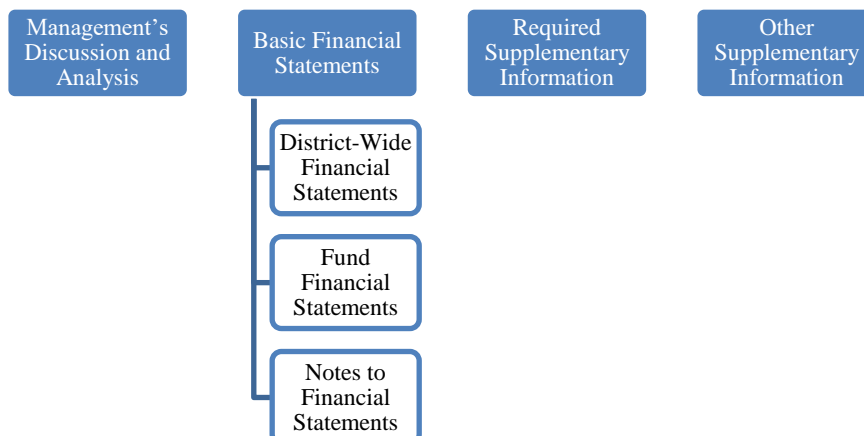
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for year ended June 30, 2020 are as follows:

- The District's total net position, as reflected in the District-wide financial statements decreased by \$8,277,063.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$255,336,366. Of this amount, \$1,055,056 was offset by program charges for services, \$13,684,915 was offset by operating grants and contributions, and \$1,769,441 was offset by capital grants. The remaining expenses of \$238,826,954 were partially offset by general revenue of \$230,549,891 resulting in a decrease in net position of \$8,277,063.
- Expenses increased by \$16,360,775 to \$255,336,366 in 2020 from \$238,975,591 in 2019. Of this, approximately \$12.6 million is related to pension liabilities and related deferred outflows and inflows of resources, and \$2.7 million to changes in the total OPEB liability and related deferred outflows and inflows of resources.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$6,184,222. This was due to revenues exceeding expenditures.
- As discussed in note 15, the District restated fund balance and net position as of June 30, 2019 as certain expenditures were incorrectly recorded as reimbursable from New York State.

**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 financial statements. A graphic display of the relationship of these statements follows:



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**A. District-Wide Financial Statements**

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

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

The Statement of Net Position

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net of the four reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

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

**B. Funds Financial Statements**

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

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental funds 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 funds statements provide a detailed short-term view of the District's operations and the services it provides.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

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 funds balance sheet and the governmental funds statement of revenue, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. The fiduciary activities have been excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position decreased by \$8,277,063 between fiscal year 2020 and 2019. A summary of the District's Statements of Net Position is as follows:

	<u>2020</u>	<u>2019*</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Current and other assets	\$ 132,284,876	90,593,106	41,691,770	46%
Capital assets, net	222,971,693	207,199,181	15,772,512	8%
Net pension asset - TRS	<u>13,549,166</u>	<u>9,282,622</u>	<u>4,266,544</u>	46%
Total assets	<u>368,805,735</u>	<u>307,074,909</u>	<u>61,730,826</u>	20%
Deferred outflows of resources	<u>142,923,268</u>	<u>63,003,354</u>	<u>79,919,914</u>	127%
Current liabilities	51,816,774	27,135,625	24,681,149	91%
Non-current liabilities	<u>302,035,782</u>	<u>241,671,058</u>	<u>60,364,724</u>	25%
Total liabilities	<u>353,852,556</u>	<u>268,806,683</u>	<u>85,045,873</u>	32%
Deferred inflows of resources	<u>85,815,055</u>	<u>20,933,125</u>	<u>64,881,930</u>	310%
Net position:				
Net investment in capital assets	199,077,944	192,636,006	6,441,938	3%
Restricted	33,238,712	31,935,798	1,302,914	4%
Unrestricted (deficit)	<u>(160,255,264)</u>	<u>(144,233,349)</u>	<u>(16,021,915)</u>	-11%
Total net position	<u>\$ 72,061,392</u>	<u>80,338,455</u>	<u>(8,277,063)</u>	-10%

\* Restated as discussed in note 15 to the financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Current and other assets increased by \$41,691,770, as compared to the prior year. This increase is primarily due to increased cash due to timing of payment of liabilities and receipt of installment purchase debt (energy performance contract) funds at year end.

Capital assets increased by \$15,772,512, as compared to the prior year. Note 5 to the financial statements provides additional information.

Net pension asset increased \$4,266,544, as compared to the prior year. This is primarily a result of changes as required by GASB Statements No. 68 and No. 71 in the amounts reported to the District by the Teachers' Retirement System.

Deferred outflows of resources increased by \$79,919,914, as compared to the prior year. This is primarily a result of actuarially determined changes in other postemployment benefits as required by GASB Statement No. 75.

Current and other liabilities increased by \$24,681,149, primarily due to the issuance of a \$17,600,000 bond anticipation note.

Long-term liabilities increased by \$60,364,724, as compared to the prior year. This increase is primarily due to changes as required by GASB Statements No. 68 and No. 71 in the amounts reported to the District by the Employees' Retirement System, and actuarially determined changes in other postemployment benefits as required by GASB Statement No. 75.

Deferred inflows of resources increased by \$64,881,930, as compared to the prior year. This is primarily due to actuarially determined changes in other postemployment benefits as required by GASB Statement No. 75.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The unrestricted net position (deficit) at June 30, 2020 is \$(160,255,264) which represents the amount by which the District's assets, other than capital assets, and deferred outflows of resources exceeded liabilities and deferred inflows of resources, excluding debt related to capital construction, less amounts restricted by enabling legislation. This deficit is a direct result of reporting the total other postemployment benefit liability of \$246,228,604 as required by GASB Statement No. 75.

**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 STAR (school tax relief) revenue is included in the other tax items lines. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

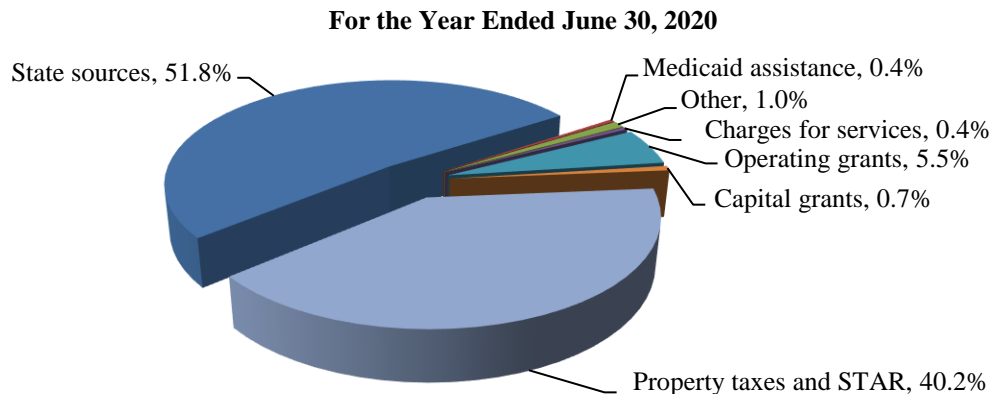
WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 1,055,056	1,524,477	(469,421)	-31%
Operating grants	13,684,915	11,908,797	1,776,118	15%
Capital grants	1,769,441	-	1,769,441	100%
General revenue:				
Property taxes and STAR	99,374,126	99,657,801	(283,675)	-1%
State sources	128,081,401	122,123,082	5,958,319	5%
Medicaid assistance	1,024,962	986,942	38,020	4%
Other sources	<u>2,069,402</u>	<u>3,021,943</u>	<u>(952,541)</u>	-32%
Total revenue	<u>247,059,303</u>	<u>239,223,042</u>	<u>7,836,261</u>	3%
Expenses:				
General support	35,064,580	30,099,144	4,965,436	16%
Instruction	196,143,802	185,067,057	11,076,745	6%
Pupil transportation	17,202,860	17,809,543	(606,683)	-3%
Community service	54,000	170	53,830	31,665%
Debt service - interest	858,907	1,133,015	(274,108)	-24%
Food service program	<u>6,012,217</u>	<u>4,866,662</u>	<u>1,145,555</u>	24%
Total expenses	<u>255,336,366</u>	<u>238,975,591</u>	<u>16,360,775</u>	7%
Change in net position	<u>\$ (8,277,063)</u>	<u>247,451</u>	<u>(8,524,514)</u>	-3,445%

The District's revenues increased by 3% in 2020 or \$7,836,261. The major factor that contributed to the increase was increased revenue from state sources.

The District's expenses for the year increased by \$16,360,775 primarily as a result of increases in pension liabilities and the total OPEB liability, as well as changes in their related deferred outflows and inflows of resources.

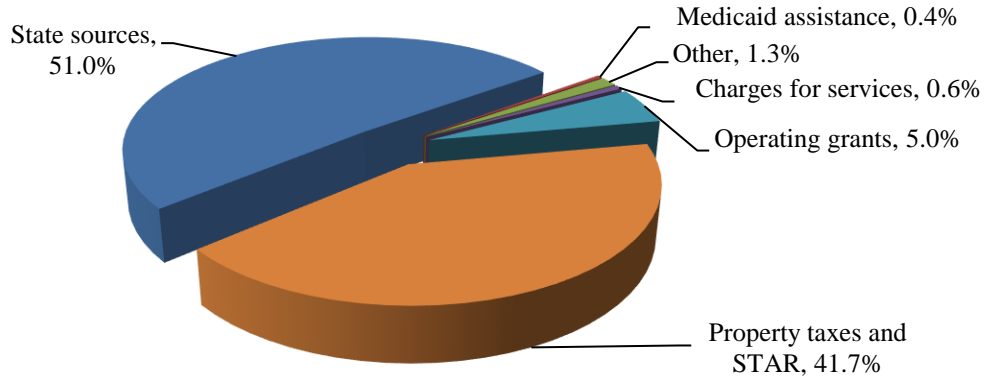
A graphic display of the distribution of revenues for the two years follows:





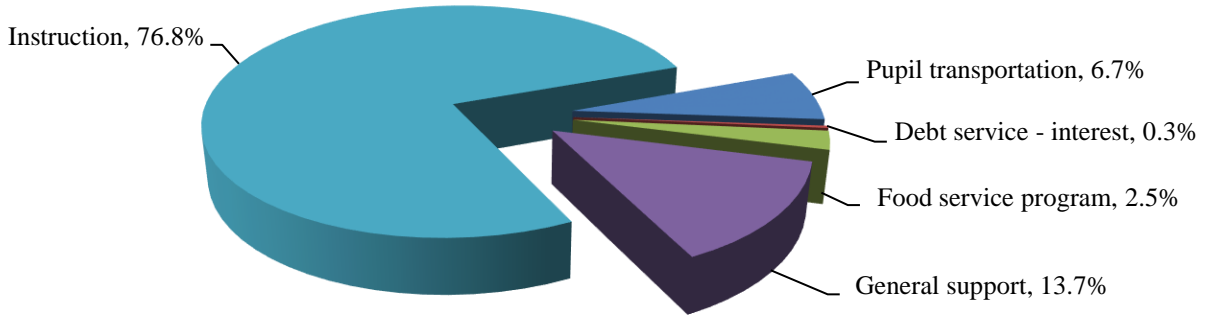
**WILLIAM FLOYD UNION FREE SCHOOL DISTRICT**  
**Management's Discussion and Analysis, Continued**

**For the Year Ended June 30, 2019**

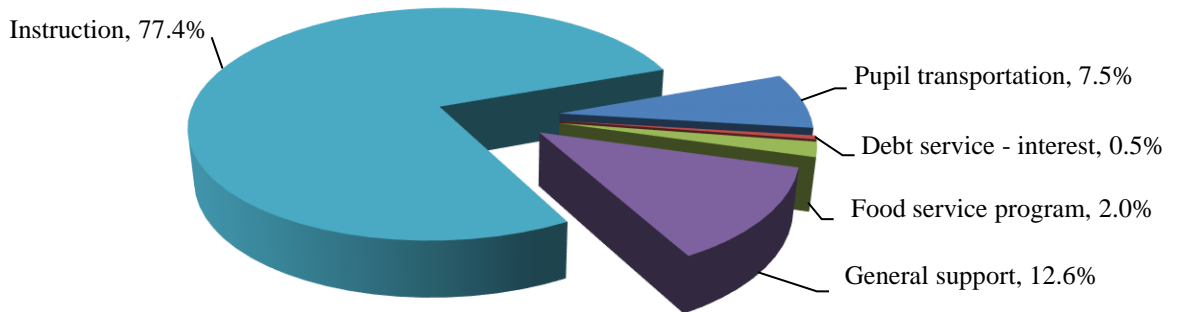


A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended June 30, 2020**



**For the Year Ended June 30, 2019**



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$79,109,826, which is an increase of \$15,622,989 from the prior year. This increase is due to an excess of revenue over expenditures based upon the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	<u>2020</u>	<u>2019*</u>	Increase (decrease)
General Fund:			
Nonspendable - prepaids	\$ -	128,325	(128,325)
Restricted:			
Workers' compensation	6,291,120	5,249,475	1,041,645
Unemployment insurance	635,427	629,260	6,167
Retirement contribution	16,886,614	12,089,617	4,796,997
Insurance	2,794,796	2,767,673	27,123
Employee benefit accrued liability	6,630,755	6,301,563	329,192
Capital improvements	-	2,522,250	(2,522,250)
Repairs	-	2,375,960	(2,375,960)
Total restricted	<u>33,238,712</u>	<u>31,935,798</u>	<u>1,302,914</u>
Assigned:			
General support	606,928	291,891	315,037
Instruction	1,604,324	1,191,415	412,909
Pupil transportation	2,808,141	467,604	2,340,537
Employee benefits	41,507	-	41,507
Appropriated for subsequent year's expenditures	<u>10,260,000</u>	<u>9,650,000</u>	<u>610,000</u>
Total assigned	<u>15,320,900</u>	<u>11,600,910</u>	<u>3,719,990</u>
Unassigned	<u>9,722,175</u>	<u>8,432,532</u>	<u>1,289,643</u>
Total general fund	<u>58,281,787</u>	<u>52,097,565</u>	<u>6,184,222</u>
School Lunch Fund:			
Nonspendable - inventory	70,088	40,564	29,524
Assigned - unappropriated	<u>1,207,012</u>	<u>805,796</u>	<u>401,216</u>
Total school lunch fund	<u>1,277,100</u>	<u>846,360</u>	<u>430,740</u>
Capital Projects Fund:			
Restricted - energy performance contract	24,802,174	-	24,802,174
Assigned - unappropriated	-	10,542,912	(10,542,912)
Unassigned	<u>(5,251,235)</u>	<u>-</u>	<u>(5,251,235)</u>
Total capital projects fund	<u>19,550,939</u>	<u>10,542,912</u>	<u>9,008,027</u>
Total fund balance	<u>\$ 79,109,826</u>	<u>63,486,837</u>	<u>15,622,989</u>

\* Restated as discussed in note 15 to the financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2019-20 Budget**

The District's general fund adopted budget for the year ended June 30, 2020 was \$246,356,125. This is an increase of \$6,317,314 over the prior years adopted budget.

The budget was funded through a combination of revenue and appropriated fund balance. The majority of this funding source was \$126,710,241 in state aid and \$86,592,242 in real property taxes.

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

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

Opening, unassigned fund balance*	\$ 8,432,532
Revenues under budget	(1,017,832)
Expenditures and other uses and encumbrances under budget	24,797,937
Budgeted use of restricted funds	(11,055,873)
Change in restricted funds	(1,302,914)
Change in nonspendable funds	128,325
Appropriated for the June 30, 2020 budget	(10,260,000)
Closing, unassigned fund balance	\$ <u>9,722,175</u>

\* Restated as discussed in note 15 to the financial statements.

Opening, Unassigned Fund Balance

The \$8,432,532 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Revenue Under Budget

The 2019-2020 final budget for revenue was \$230,557,309. The actual revenue received for the year was \$229,539,477. The actual revenue under budgeted revenue was \$1,017,832. This variance contributes directly to the change of the unassigned portion of the general fund balance from June 30, 2019 to June 30, 2020.

Expenditures and Other Uses and Encumbrances Under Budget

The 2019-2020 final budget for expenditures and other uses was \$253,214,092. The actual expenditures and other uses and encumbrances were \$228,416,155. The final budget was under expended by \$24,797,937. This under expenditure also contributes to the change of the unassigned portion of the general fund balance from June 30, 2019 to June 30, 2020.

Appropriated Fund Balance

The District has chosen to use \$10,260,000 of its available June 30, 2020 fund balance to partially fund its 2020-2021 approved operating budget.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2020-2021 fiscal year with an unassigned fund balance of \$9,722,175, which is 3.96% of the District's 2020-2021 approved operating budget.

**6. CAPITAL ASSETS AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions exceeding depreciation recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of depreciation at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	Increase (decrease)
Land	\$ 35,132,218	35,132,218	-
Construction in progress	33,108,459	10,615,660	22,492,799
Buildings and improvements	150,659,497	158,108,634	(7,449,137)
Vehicles, furniture and equipment	<u>4,071,519</u>	<u>3,342,669</u>	<u>728,850</u>
Capital assets, net	<u>\$ 222,971,693</u>	<u>207,199,181</u>	<u>15,772,512</u>

**B. Debt Administration**

At June 30, 2020, the District had total bonds payable of \$6,690,000. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2020</u>	<u>2019</u>	Increase (Decrease)
3/22/2007	4.00% - 5.00%	\$ -	3,410,000	(3,410,000)
2/1/2010	2.00% - 4.00%	1,685,000	3,310,000	(1,625,000)
10/5/2011	2.50% - 5.00%	-	3,020,000	(3,020,000)
7/27/2016	5.00%	<u>5,005,000</u>	<u>5,425,000</u>	<u>(420,000)</u>
		<u>\$ 6,690,000</u>	<u>15,165,000</u>	<u>(8,475,000)</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- State aid was increased for the 2019-20 school year but the overall payment was reduced due to the global financial crisis also hitting NYS. While the increase was greatly appreciated the majority of it was caused by the increased transportation expenses for the 18-19 school year, due to a change in vendors.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- Once again, retirement contributions for both TRS and ERS employees slightly decreased and indicators had pointed to this continuing for the next few years. This of course has changed dramatically due to the economic impact of COVID-19 on the global markets and investment income. As we move forward in to the coming years, it is anticipated that the contribution rates will continue to increase and become a larger burden to the budget going forward.
- The tax assessment for the District once again took a small increase, compared to the previous year, which reduced the tax rate slightly, for the residents. This is still well below the assessed values from earlier years and it is anticipated to decline moving forward. Foreclosures and late payments are starting to inch up again but real estate sales prices have slightly increased due to the increased demand to leave city areas.
- Current free and reduced lunch prices/rates have again reached a historical high in all buildings with a trend that continues to go higher. This measure illustrates the limit in the economic capacity of District residents to support its schools and municipal services. It also leads to an increased burden on the financial operations of the District through the need for academic intervention services, and both remedial and behavioral programs. The district is still operating under the Community Eligibility Program (CEP) which provides free breakfast and lunch for every student, regardless of income.
- Once again Federal Grant fund opportunities continue to decelerate along with continued cost shifting to the local economy from both the Feds and the State. Targeted grant opportunities continue to grow though are almost impossible to obtain. New grant opportunities continue to be based upon efficiency or performance measures and are annual allocations, making them extremely difficult to win, implement, and sustain. The increased oversight through the NYS Department of Budget and required transparency reporting is both tiresome and a drain on resources to no real benefit to the residents.
- Due to the unknown long term impact of the COVID-19 pandemic the district decided to borrow the remainder of the money needed to complete the resident approved capital projects. It also, borrowed money for the Energy Performance Project (EPC) currently underway. Prior to the closure of school and the decline in state revenue the district was planning to payoff the remained of long term debt and to finish the capital projects without borrowing. As the District moves forward, it will continue to look for ways to reduce expenditures, deliver programs in the most cost effective way possible, and implement programs which are sustainable for the long term. The lack of clear direction from NYS is crippling our ability to plan, provide opportunities and to focus on academic and social emotional needs of our students.
- Once again, the District's graduation rate for 2019-20 set a new high point, continuing a multi-year trend of increase cohort graduation. Through new and inventive programs the District delivered new instructional models to students in all areas. Along with available resources, collaborative financial planning, and the reallocation of existing funds, the William Floyd School District will continue to review the most cost effective ways to implement new programs that are geared toward all students.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Management's Discussion and Analysis, Continued

**8. CONTACTING THE DISTRICT**

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

Business Office  
William Floyd Union Free School District  
240 Mastic Beach Road  
Mastic Beach, New York 11951

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities  
June 30, 2020

Assets:	
Cash:	\$ 59,629,046
Unrestricted	
Restricted	58,040,886
Receivables:	
Due from fiduciary funds	1,479,093
State and Federal sources	12,385,836
Accounts receivable	679,927
Inventory	70,088
Capital assets, net	222,971,693
Net pension asset - proportionate share - TRS	<u>13,549,166</u>
Total assets	<u>368,805,735</u>
Deferred outflows of resources:	
Deferred charges on refunding of debt	394,077
Pensions	51,194,403
Other postemployment benefits	<u>91,334,788</u>
Total deferred outflows of resources	<u>142,923,268</u>
Liabilities:	
Payables:	
Accounts payable	13,169,999
Accrued liabilities	4,215,408
Bond anticipation note	17,600,000
Due to teachers' retirement system	8,849,999
Due to employees' retirement system	506,655
Unearned revenue	7,474,713

(Continued)

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Net Position  
Governmental Activities, Continued

Liabilities continued:

Long-term liabilities:

Due and payable within one year:

Bonds payable	\$ 2,130,000
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Due and payable after one year:

Bonds payable	4,560,000
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Installment purchase debt	24,800,000
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Net pension liability - proportionate share - ERS	12,218,976
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Total OPEB liability	246,228,604
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Compensated absences	8,444,383
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Workers' compensation	3,653,819
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Total liabilities	<u>353,852,556</u>
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Deferred inflows of resources:

Pensions	19,361,036
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Other postemployment benefits	<u>66,454,019</u>
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Total deferred inflows of resources	<u>85,815,055</u>
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Net position:

Net investment in capital assets	199,077,944
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Restricted	33,238,712
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Unrestricted (deficit)	<u>(160,255,264)</u>
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Total net position	<u>\$ 72,061,392</u>
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See accompanying notes to financial statements.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Activities  
Governmental Activities  
Year ended June 30, 2020

		Program Revenue			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
Functions/programs:					
General support	\$ 35,064,580	-	-	1,769,441	(33,295,139)
Instruction	196,143,802	590,783	8,149,897	-	(187,403,122)
Pupil transportation	17,202,860	-	-	-	(17,202,860)
Community services	54,000	-	-	-	(54,000)
Interest	858,907	-	-	-	(858,907)
Food service program	6,012,217	464,273	5,535,018	-	(12,926)
Total functions and programs	\$ 255,336,366	1,055,056	13,684,915	1,769,441	(238,826,954)
General revenue:					
Real property taxes					86,592,242
STAR and other real property tax items					12,781,884
Use of money and property					623,318
Sale of property and compensation for loss					8,441
State sources					128,081,401
Medicaid assistance					1,024,962
Miscellaneous					1,437,643
Total general revenue					230,549,891
Change in net position					(8,277,063)
Net position at beginning of year, before restatement					81,760,168
Restatement (note 15)					(1,421,713)
Net position at beginning of year, after restatement					80,338,455
Net position at end of year					\$ 72,061,392

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Balance Sheet - Governmental Funds  
June 30, 2020

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash:					
Unrestricted	\$ 38,200,299	443,469	65,833	20,919,445	59,629,046
Restricted	33,238,712	-	-	24,802,174	58,040,886
Receivables:					
Due from other funds	6,711,434	87,065	938,912	-	7,737,411
State and Federal sources	7,026,903	1,593,436	3,765,497	-	12,385,836
Accounts receivable	679,308	619	-	-	679,927
Inventory	-	70,088	-	-	70,088
Total assets	<u>\$ 85,856,656</u>	<u>2,194,677</u>	<u>4,770,242</u>	<u>45,721,619</u>	<u>138,543,194</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Payables:					
Accounts payable	4,090,812	435,273	140,531	8,503,383	13,169,999
Accrued liabilities	4,180,083	8,253	12,238	1,950	4,202,524
Bond anticipation note	-	-	-	17,600,000	17,600,000
Due to other funds	1,136,250	455,347	4,601,374	65,347	6,258,318
Due to teachers' retirement system	8,849,999	-	-	-	8,849,999
Due to employees' retirement system	506,655	-	-	-	506,655
Deferred state aid	1,352,456	18,704	-	-	1,371,160
Unearned revenue	7,458,614	-	16,099	-	7,474,713
Total liabilities	<u>27,574,869</u>	<u>917,577</u>	<u>4,770,242</u>	<u>26,170,680</u>	<u>59,433,368</u>
Fund balance:					
Nonspendable	-	70,088	-	-	70,088
Restricted	33,238,712	-	-	24,802,174	58,040,886
Assigned	15,320,900	1,207,012	-	-	16,527,912
Unassigned	9,722,175	-	-	(5,251,235)	4,470,940
Total fund balance	<u>58,281,787</u>	<u>1,277,100</u>	<u>-</u>	<u>19,550,939</u>	<u>79,109,826</u>
Total liabilities and fund balance	<u>\$ 85,856,656</u>	<u>2,194,677</u>	<u>4,770,242</u>	<u>45,721,619</u>	<u>138,543,194</u>

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position  
June 30, 2020

Total governmental fund balance		\$ 79,109,826
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The assets consist of:		
Historical cost	\$ 382,254,878	
Accumulated depreciation	<u>(159,283,185)</u>	
Total capital assets		222,971,693
State aid revenue that was deferred in the funds is recognized in the government-wide financial statements		1,371,160
Some deferred inflows of resources and deferred outflows of resources are not reported in the funds. These consist of the following:		
Deferred outflows of resources - pensions	51,194,403	
Deferred inflows of resources - pensions	(19,361,036)	
Deferred outflows of resources - other postemployment benefits	91,334,788	
Deferred inflows of resources - other postemployment benefits	(66,454,019)	
Deferred charges on refunding of debt	<u>394,077</u>	57,108,213
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest	(12,884)	
Bonds payable	(6,690,000)	
Installment purchase debt	(24,800,000)	
Total OPEB liability	(246,228,604)	
Compensated absences	(8,444,383)	
Workers' compensation	<u>(3,653,819)</u>	(289,829,690)
The District's proportionate share of its net pension asset and liability are not current period items and therefore are not reported in the governmental funds.		
Net pension asset - proportionate share - TRS	13,549,166	
Net pension liability - proportionate share - ERS	<u>(12,218,976)</u>	<u>1,330,190</u>
Total net position		<u>\$ 72,061,392</u>

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds  
Year ended June 30, 2020

	<u>General</u>	<u>School Lunch</u>	<u>Special Aid</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenue:					
Real property taxes	\$ 86,592,242	-	-	-	86,592,242
STAR and other real property tax items	12,781,884	-	-	-	12,781,884
Charges for services	590,783	-	-	-	590,783
Use of money and property	613,884	9,434	-	-	623,318
Sale of property and compensation for loss	8,441	-	-	-	8,441
Miscellaneous	1,217,040	31,569	112,650	76,384	1,437,643
State sources	126,710,241	251,441	2,934,553	1,769,441	131,665,676
Federal sources	-	5,283,577	5,215,344	-	10,498,921
Medicaid assistance	1,024,962	-	-	-	1,024,962
School lunch sales	-	464,273	-	-	464,273
Total revenue	<u>229,539,477</u>	<u>6,040,294</u>	<u>8,262,547</u>	<u>1,845,825</u>	<u>245,688,143</u>
Expenditures:					
General support	20,779,490	-	-	22,492,798	43,272,288
Instruction	121,304,811	-	7,402,231	-	128,707,042
Pupil transportation	16,556,682	-	476,020	-	17,032,702
Community services	54,000	-	-	-	54,000
Food service program	-	5,665,095	-	-	5,665,095
Employee benefits	49,888,866	31,524	1,071,006	-	50,991,396
Debt service - principal	8,475,000	-	-	-	8,475,000
Debt service - interest	667,631	-	-	-	667,631
Total expenditures	<u>217,726,480</u>	<u>5,696,619</u>	<u>8,949,257</u>	<u>22,492,798</u>	<u>254,865,154</u>
Excess (deficiency) of revenue over expenditures	<u>11,812,997</u>	<u>343,675</u>	<u>(686,710)</u>	<u>(20,646,973)</u>	<u>(9,177,011)</u>
Other financing sources (uses):					
Proceeds from installment purchase debt	-	-	-	24,800,000	24,800,000
Transfers in	-	87,065	686,710	4,855,000	5,628,775
Transfers (out)	<u>(5,628,775)</u>	-	-	-	<u>(5,628,775)</u>
Total other financing sources (uses)	<u>(5,628,775)</u>	<u>87,065</u>	<u>686,710</u>	<u>29,655,000</u>	<u>24,800,000</u>
Excess of revenue and other sources over expenditures and other (uses)	<u>6,184,222</u>	<u>430,740</u>	-	<u>9,008,027</u>	<u>15,622,989</u>
Fund balance at beginning of year, before restatement	53,519,278	846,360	-	10,542,912	64,908,550
Restatement (note 15)	<u>(1,421,713)</u>	-	-	-	<u>(1,421,713)</u>
Fund balance at beginning of year, after restatement	<u>52,097,565</u>	<u>846,360</u>	-	<u>10,542,912</u>	<u>63,486,837</u>
Fund balance at end of year	<u>\$ 58,281,787</u>	<u>1,277,100</u>	-	<u>19,550,939</u>	<u>79,109,826</u>

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Reconciliation of the Statement of Revenue, Expenditures and  
Changes in Fund Balances - Governmental Funds to the Statement of Activities  
Year ended June, 30 2020

Net change in fund balance		\$ 15,622,989
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Additions of assets, net	\$ 23,845,719	
Disposals of assets	(8,184)	
Depreciation	<u>(8,065,023)</u>	15,772,512
State aid revenue that was deferred in the funds is recognized in the government-wide financial statements		
		1,371,160
Repayment of bond and installment purchase debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Bond principal payments	8,475,000	
Issuance of installment purchase debt	(24,800,000)	
Amortization of deferred charges	<u>(207,748)</u>	(16,532,748)
Compensated absences represent the value of the earned and unused portion of the liability for the vacation and compensatory time. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds.		
		(580,635)
Change in workers' compensation unfunded liability		
		(228,103)
Some items reported in the statement of activities related to pensions do not require the use of current period resources and are not reported as revenues or expenditures in the governmental funds.		
Change in net pension asset - proportionate share - TRS	4,266,544	
Change in deferred outflows of resources - pensions	(105,942)	
Change in net pension liability - proportionate share - ERS	(8,927,815)	
Change in deferred inflows of resources - pensions	<u>(6,086,554)</u>	(10,853,767)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		
		16,472
Other postemployment benefits represent the value of the unfunded portion of the cost of benefits for current and former employees upon retirement. They are reported in the statement of activities but do not require the use of the current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in deferred outflows - other postemployment benefits	80,233,604	
Change in total OPEB liability	(34,303,171)	
Change in deferred inflows - other postemployment benefits	<u>(58,795,376)</u>	(12,864,943)
Change in net position of governmental activities		<u>\$ (8,277,063)</u>

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

	<u>Agency Funds</u>	<u>Private Purpose Trust Funds</u>
Assets:		
Cash:		
Unrestricted	\$ 1,267,158	147,199
Restricted	212,900	-
Health insurance deposits	361,669	-
Due from other funds	<u>110,387</u>	<u>-</u>
Total assets	<u>\$ 1,952,114</u>	<u>147,199</u>
Liabilities:		
Agency liabilities	149,734	-
Extraclassroom activity fund	212,900	-
Due to other funds	<u>1,589,480</u>	<u>-</u>
Total liabilities	<u>\$ 1,952,114</u>	<u>-</u>
Net position - reserved for scholarships		<u>\$ 147,199</u>

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year ended June 30, 2020

	Private Purpose Trust <u>Funds</u>
Additions:	
Gifts and contributions	\$ 74,921
Interest	<u>485</u>
Total additions	75,406
Deductions - scholarships and awards	<u>106,285</u>
Change in net position	(30,879)
Fiduciary net position at beginning of the year	<u>178,078</u>
Fiduciary net position at end of year	<u><u>\$ 147,199</u></u>

See accompanying notes to financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

The basic financial statements of William Floyd Union Free School District (the District) have been prepared in accordance 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 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on 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, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the statement of fiduciary net position - fiduciary fund. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (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. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the New York State 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 New York State General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in 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.

During the year, the District was billed \$21,603,252 for BOCES administrative and program costs and recognized \$2,645,932 in revenue as the District's share of BOCES aid. The District also deferred recognition of \$341,514 of BOCES aid and as described in note 6.

Participating school districts issue debt on behalf of BOCES. As of year end, there was no debt issued by the District on behalf of BOCES.

Financial statements for Eastern Suffolk BOCES are available from the business office located at 201 Sunrise Highway, Patchogue, New York 11772-1868.

(c) Basis of Presentation

(i) 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, while the capital grants column reflects capital-specific grants, if applicable.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(i) District-Wide Statements, Continued

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. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue 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. Revenue that is not classified as program revenue, including real property taxes and state aid, is presented as general revenue.

(ii) Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All funds of the District are presented as major funds. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the District's primary operating fund and is used to account for and report all financial transactions except those required to be accounted for in another fund.

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

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

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

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

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. There are two classes of fiduciary funds:

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 extraclassroom activity funds and for payroll or employee withholding.

Private Purpose Trust Funds - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representative of the donors may serve on committees to determine who benefits.

(d) Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 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 governmental funds statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenue is collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs, 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Estimates

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

(f) Cash and Cash Equivalents

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

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

(g) Real Property Taxes

Real property taxes are levied annually by the Board of Education. Taxes are collected from December to June. Uncollected real property taxes are subsequently enforced by Suffolk County in which the District is located.

(h) Receivables

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

(i) Interfund Transactions

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

The amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in note 12 to the financial statements.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The District uses a capitalization threshold of \$2,000 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Estimated useful life</u>	<u>Depreciation Method</u>
Land improvements	20 years	Straight Line
Furniture, equipment and vehicles	5-20 years	Straight Line
Buildings and improvements	40 years	Straight Line

(k) Inventory

The inventory, which consists of surplus food in the school lunch fund, is recorded at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

A reserve for nonspendable assets (inventory) has been recognized to signify that a portion of fund balance is not available for subsequent expenditures.

(l) Deferred Outflow of Resources and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has three items that qualify for reporting in this category, the first of which is deferred charges on refunding of debt reported in the District-wide statement of net position in the amount of \$394,077. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide statement of net position in the amount of \$51,194,403. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third is related to other postemployment benefits reported in the statement of net position in the amount of \$91,334,788. This represents differences between expected and actual experience and changes of assumptions or other inputs.

Deferred inflows of resources are reported when revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred inflows also arises when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. The District has

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(l) Deferred Outflow of Resources and Inflows of Resources, Continued

reported deferred inflows of \$19,361,036 for pensions, and \$66,454,019 for other postemployment benefits. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the deferred inflow of resources is removed and expenses are reduced.

(m) Compensated Absences

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.

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

(n) Retirement Plans

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

(o) Short-Term Debt

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

(p) Other Postemployment Benefits

In addition to providing pension benefits, the District provides health insurance coverage for retired employees. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

(q) Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the general fund for which a legal (appropriated) budget is adopted.

Appropriations are adopted at the program line item level.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(q) Budgetary Procedures and Budgetary Accounting, Continued

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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.

(r) Budget Revisions

The Board of Education voted to amend the general fund budget as follows:

Original budget	\$ 248,307,035
Budget revisions	<u>4,907,057</u>
Final budget	\$ <u>253,214,092</u>

(s) Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

(t) Unearned Revenue

Section 9 of the Suffolk County Tax Act allows the Board of Education to raise an additional tax not more than 30% of the tax levy for the purposes of a contingency fund. At June 30, 2019, the District has set aside \$7,307,581 for this purpose. This amount is recorded as unearned revenue as required by the New York State Comptroller.

Also included in unearned revenue is \$151,033 for revisions to prior years' state aid and \$16,099 from grants.

(u) Equity Classifications

(i) District-wide Statements

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

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Equity Classifications, Continued

(i) District-wide Statements, Continued

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

Unrestricted - reports the balance of net position that does not meet the definition of the above two classifications.

(ii) Fund Statements

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

There are five classifications for fund balance as detailed below, however, in the fund financial statements there are four classifications presented:

Nonspendable - consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory and prepaids.

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

Workers' Compensation Reserve

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



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Equity Classifications, Continued

(ii) Fund Statements, Continued

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 to 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. The 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 payable to the New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). 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. Amounts reserved for ERS and TRS were \$11,621,435 and \$5,265,179 respectively, at June 30, 2020. The reserve is accounted for in the General Fund.

Insurance Reserve

Insurance reserve (GML §6-m) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

Employee Benefit Accrued Liability Reserve

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(u) Equity Classifications, Continued

(ii) Fund Statements, Continued

Repair Reserve

Repair 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. Voter approval is required to fund this reserve. 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. This reserve is accounted for in the General Fund.

Capital Reserve

Capital reserve (GML §6-c) is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities. This reserve is accounted for in the General Fund.

Reserve for Endowments and Scholarships

This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Private Purpose Trust Funds.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority; i.e. the Board of Education. The District has no committed fund balances as of June 30, 2020.

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

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

(iii) Order of Use of Fund Balance

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

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(v) Accounting Standards Issued But Not Yet Implemented

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 84 - Fiduciary Activities. Effective for fiscal years beginning after December 15, 2019.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements. Effective for fiscal years beginning after June 15, 2019.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the 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 District-wide statements, 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 long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheet.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the statement of revenue, expenditures and changes in fund balance and the statements of activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

Long-term revenue differences arise because governmental fund report revenue only when they are considered “available,” whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

Capital Related Differences

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

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

(3) Cash

(a) Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a specific policy for custodial credit risk; New York State statutes govern the District’s investment policies, as discussed previously in these notes.

As of June 30, 2020, total bank balances of \$121,702,275 were fully collateralized.

(b) Restricted Cash

Restricted cash in the general fund represents the following:

<u>General Fund</u>	<u>Amount</u>
Reserve for workers’ compensation	\$ 6,291,120
Reserve for unemployment insurance	635,427
Reserve for retirement contribution - ERS	11,621,435
Subreserve for retirement contributions - TRS	5,265,179
Reserve for insurance	2,794,796
Reserve for employee benefit accrued liability	<u>6,630,755</u>
Capital projects fund	33,238,712
Restricted for installment purchase debt	<u>24,802,174</u>
	<u>\$ 58,040,886</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(4) Receivables

Major receivables recorded by the District at June 30, 2020 consisted of the following:

(a) State and Federal Sources - Represents amounts due from other units of government, such as New York State and other local governments. Amounts due to the District at June 30, 2020 are listed below:

General Fund - State sources receivable:

State aid - Excess cost	\$ 4,033,218	
State aid - BOCES	1,707,570	
State aid - other	<u>1,286,115</u>	\$ 7,026,903
School Lunch Fund - State and Federal sources receivable - State and Federal grants related to food service program		1,593,436
Special Aid Fund - State and Federal sources receivable - State and Federal grants - various		<u>3,765,497</u>
Total		\$ <u>12,385,836</u>

(b) Other Receivables - Represents amounts due for out-of-district billings (in the General Fund) and other minor charges or refunds.

(5) Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Adjustments/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 35,132,218	-	-	35,132,218
Construction in progress	<u>10,615,660</u>	<u>22,492,799</u>	-	<u>33,108,459</u>
Total capital assets not being depreciated	<u>45,747,878</u>	<u>22,492,799</u>	-	<u>68,240,677</u>
Capital assets being depreciated:				
Buildings and improvements	303,906,528	-	(19,236)	303,887,292
Furniture, equipment and vehicles	<u>8,853,005</u>	<u>1,352,920</u>	<u>(79,016)</u>	<u>10,126,909</u>
Total capital assets being depreciated	<u>312,759,533</u>	<u>1,352,920</u>	<u>(98,252)</u>	<u>314,014,201</u>
Less accumulated depreciation for:				
Buildings and improvements	145,797,894	7,444,461	(14,560)	153,227,795
Furniture, equipment and vehicles	<u>5,510,336</u>	<u>620,562</u>	<u>(75,508)</u>	<u>6,055,390</u>
Total accumulated depreciation	<u>151,308,230</u>	<u>8,065,023</u>	<u>(90,068)</u>	<u>159,283,185</u>
Total capital assets, being depreciated, net	<u>161,451,303</u>	<u>(6,712,103)</u>	<u>(8,184)</u>	<u>154,731,016</u>
Capital assets, net	<u>\$ 207,199,181</u>	<u>15,780,696</u>	<u>(8,184)</u>	<u>222,971,693</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(5) Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,793,205
Instruction	<u>6,271,818</u>
Total depreciation expense	\$ <u>8,065,023</u>

(6) Deferred State Aid

On August 13, 2020, the New York State Division of the Budget (DOB) issued the State FY 2021 First Quarterly State Budget Financial Plan Update which notes that DOB began withholding 20 percent of most local aid payments in June 2020, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

In July 2020, DOB began approving General Support for Public Schools (SPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts.

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of the State's FY 2021.

As a result, 20% of state aid receivable at June 30, 2020 for remaining payments to be received for the year then ended have been deferred in the balance sheet - governmental funds and the statement of revenue, expenditures and changed in fund balances - governmental funds, amounting to \$1,371,160. This amount has been included in revenue in the statement of activities - governmental activities for the year ended June 30, 2020. At such time as these reductions may be determined to be permanent, they will be reversed.

(7) Bond Anticipation Note

The schedule below details the changes in the District's bond anticipation notes.

<u>Purpose</u>	<u>Year of Original Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Redeemed From Appropriations</u>	<u>Balance June 30, 2020</u>
District-wide improvements	2020	5/21	1.50%	\$ -	<u>17,600,000</u>	<u>-</u>	<u>17,600,000</u>

Liabilities for bond anticipation notes are generally accounted for in the capital projects fund. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations generally within five years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Long-term Debt

Long-term liability balances and activity for the year ended June 30, 2019, are as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Amounts Due Within One Year
Serial bonds	\$ 15,165,000	-	8,475,000	6,690,000	2,130,000
Installment purchase debt	-	24,800,000	-	24,800,000	-
Net pension liability - proportionate share - ERS	3,291,161	8,927,815	-	12,218,976	-
Total OPEB liability	211,925,433	34,303,171	-	246,228,604	-
Compensated absences	7,863,748	580,635	-	8,444,383	-
Workers' compensation	<u>3,425,716</u>	<u>228,103</u>	<u>-</u>	<u>3,653,819</u>	<u>-</u>
Total long-term liabilities	\$ <u>241,671,058</u>	<u>68,839,724</u>	<u>8,475,000</u>	<u>302,035,782</u>	<u>2,130,000</u>

(a) Serial Bonds

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, are full faith and credit debt of the local government. The provision to be made in the general fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

<u>Serial Bonds</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate (%)</u>	<u>Outstanding at 6/30/20</u>
2010 Serial bond	02/01/10	\$ 30,000,000	12/15/21	2.00%-4.00%	1,685,000
2016 Refunding	07/27/16	6,600,000	12/15/22	5.00%	<u>5,005,000</u>
Total					\$ <u>6,690,000</u>

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

Interest paid	\$ 667,631
Plus: Interest accrued in the current year	12,884
Amortization of deferred charges	207,748
Less interest accrued in the prior year	<u>(29,356)</u>
Total expense	\$ <u>858,907</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Long-term Debt, Continued

(a) Serial Bonds, Continued

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

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,130,000	268,613
2022	2,225,000	172,375
2023	<u>2,335,000</u>	<u>58,375</u>
Total	\$ <u>6,690,000</u>	<u>499,363</u>

The charges to refund bonds are recorded as deferred outflows of resources on the District-wide financial statements. The charges are being amortized using the straight-line method, the remaining time to maturity of the bonds. The current year amortization is \$207,748 and is included as an increase to interest expense on the statement of activities.

Deferred charges	\$ 2,294,517
Less accumulated amortization	(1,900,440)
Net unamortized charges	\$ <u>394,077</u>

In 2016, the District placed funds in an irrevocable trust to advance refund the 2021 through 2029 maturities of Series 2010 Serial Bonds which amount to \$15,665,000. These maturities have a call date of December 15, 2020.

In the event that the District were to default on bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owners, to render judgment against the District. A court has the power to order payment of such bonds or notes from funds available or to order the District to take all lawful action to obtain the funds, including the raising of the funds in the next annual tax levy. The bond owners may also file with the New York State Comptroller a verified statement alleging default in the payment of principal or interest. The New York State Comptroller will have a duty to investigate the circumstances of the alleged default and prepare determinations from their office. The New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District and apply the amount thereof so withheld to the payment of the defaulted principal and interest.

The bonds are direct obligations of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

(b) Installment Purchase Debt

The District entered into a lease-purchase agreement (energy performance contract) (the contract) June 15, 2020 in the amount of \$24,800,000 to provide financing for the acquisition and installation of various energy performance equipment. Principal and interest are due semi-annually in the amount of \$1,046,665 beginning June 1, 2021 with final payment due June 1, 2035. The contract carries an interest rate of 2.38%. Proceeds of the contract were deposited with an escrow agent in the District's name. Unspent amounts, including interest were \$24,802,174 at June 30, 2020 and have been classified as restricted in the balance sheet - governmental funds and the statement of net position.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(8) Long-term Debt, Continued

(b) Installment Purchase Debt

Future minimum payments are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	567,286	567,286
2022	1,512,034	581,296	2,093,330
2023	1,548,234	545,096	2,093,330
2024	1,585,301	508,029	2,093,330
2025	1,623,256	470,074	2,093,330
2026-2030	8,718,177	1,748,473	10,466,650
2031-2035	<u>9,812,998</u>	<u>653,652</u>	<u>10,466,650</u>
	<u>\$ 24,800,000</u>	<u>5,073,906</u>	<u>29,873,906</u>

In the event of default, the lessor may (a) declare all payments immediately due and payable from properly appropriated and/or legally available funds; (b) repossess any or all of the equipment; (c) direct the escrow agent to pay all amounts remaining in the escrow account to pay certain costs/expenses with residual amounts paid to the District; or (d) take any other remedy available at law or in equity. Each of the forgoing remedies is cumulative and may be enforced separately or concurrently.

(c) Compensated Absences

Compensated absences represent the value of earned and unused portion of the liability for compensated absences.

(9) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Teachers' Retirement System (TRS), Continued

be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Employees' Retirement System (ERS)

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

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems; fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(7) Pension Obligations, Continued

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

At June 30, 2020, the District reported the following asset(liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/01/2019	6/30/2018
Measurement date	3/31/2020	6/30/2019
Net pension asset (liability)	\$(12,218,976)	13,549,166
District's proportion of the Plan's net pension asset (liability)	0.0461432%	0.521522%
Change in proportion since the prior measurement date	(0.0003073)	0.008178

For the year ended June 30, 2020, the District recognized pension expense of \$4,272,717 for ERS and \$16,605,641 for TRS in the statement of activities.

At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 719,136	9,181,924	-	1,007,542
Changes of assumptions	246,032	25,596,187	212,445	6,241,074
Net difference between projected and actual earnings on pension plan investments	6,264,041	-	-	10,865,732
Changes in proportion and differences between the District's contributions and proportionate share of contributions	<u>390,080</u>	<u>270,225</u>	<u>59,654</u>	<u>974,589</u>
	7,619,289	35,048,336	272,099	19,088,937
District's contributions subsequent to the measurement date	<u>506,655</u>	<u>8,020,123</u>	-	-
Total	\$ <u>8,125,944</u>	<u>43,068,459</u>	<u>272,099</u>	<u>19,088,937</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(b) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or an increase in the net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 1,308,344	5,990,009
2022	1,844,601	249,128
2023	2,338,694	5,967,791
2024	1,855,551	3,950,889
2025	-	344,002
Thereafter	<u>-</u>	<u>(542,420)</u>
	<u>\$ 7,347,190</u>	<u>15,959,399</u>

(c) Actuarial Assumptions

The total pension asset (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:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return (net of investment expense, including inflation)	6.8%	7.10%
Salary increases	4.2%	1.90% - 4.72%
Inflation	2.5%	2.20%
Cost of living adjustments	1.3%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. The previous actuarial valuation as of April 1, 2018 used the Society of Actuaries' Schedule MP-2014. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. The previous actuarial valuation as of June 30, 2017 used the Society of Actuaries' Schedule MP-2014.

For ERS, the actuarial assumptions used are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

The long-term rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The previous actuarial valuation as of April 1, 2018 used a long-term expected rate of return of 7.0%.

The long-term expected rate of return on TRS 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 previous actuarial valuation as of June 30, 2017 used a long-term expected rate of return of 7.25%.

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

Measurement date	<u>ERS</u>		<u>TRS</u>	
	March 31, 2020		June 30, 2019	
	Long-term expected real rate of <u>of return*</u>	Target <u>allocation</u>	Long-term expected real rate <u>of return*</u>	Target <u>allocation</u>
Asset class:				
Domestic equity	4.05%	36.00%	6.30%	33.00%
International equity	6.15%	14.00%	7.80%	16.00%
Real estate equity	4.95%	10.00%	4.60%	11.00%
Global equity	-	-	7.20%	4.00%
Domestic fixed income	-	-	1.30%	16.00%
Global bonds	-	-	0.90%	2.00%
High-yield bonds	-	-	3.60%	1.00%
Real estate debt	-	-	2.90%	7.00%
Private equity	6.75%	10.00%	9.90%	8.00%
Private debt	-	-	6.50%	1.00%
Real assets	5.95%	3.00%	-	-
Absolute return strategies (1)	3.25%	2.00%	-	-
Opportunistic portfolio	4.65%	3.00%	-	-
Bonds and mortgages	0.75%	17.00%	-	-
Cash	0.00%	1.00%	0.30%	1.00%
Inflation - indexed bonds	0.50%	4.00%	-	-

\* Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.5% for ERS.

(1) excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(d) Discount Rate

The discount rate used to measure the total pension asset (liability) was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net positions were 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 asset (liability).

(e) Sensitivity of the Proportionate Share of the Net Pension Asset/Liability to the Discount Rate

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1% lower (5.8% for ERS and 6.1% for TRS) or 1% higher (7.8% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset (liability)	\$ (22,425,271)	(12,218,976)	(2,818,935)
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$ (61,159,520)	13,549,166	76,221,323

(f) Pension Plan Fiduciary Net Position

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

	(Dollars in Millions)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2020	6/30/2019
Employers' total pension liability	\$ (194,596)	(119,879)
Plan fiduciary net position	168,115	122,477
Employers' net pension asset (liability)	\$ (26,481)	2,598
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	86.39%	102.20%

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(9) Pension Obligations, Continued

(g) Payables to the Pension Plan

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$506,655. This amount has been recorded as an expenditure in the governmental fund statements and a deferred outflow of resources in the statement of net position.

TRS employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions and employee retirement contributions as of June 30, 2020 amounted to \$8,020,1236 and \$829,876, respectively. The accrued employer contributions have been recorded as an expenditure in the governmental fund statements and a deferred outflow of resources in the statement of net position.

(10) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits

The District provides medical insurance and other fringe benefits to its employees and their dependents. For medical and prescription drug insurance, all active employees and retirees are covered by a self-insured plan. The District also provides vision and dental insurance to certain active and retired employee groups. Medical and prescription drug benefits are offered to retirees on an District-subsidized basis. Upon attaining age 65, or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance.

A surviving spouse may continue to be covered, but at his/her own expense.

The District does not reimburse any Medicare Part B premiums to retirees, spouses or surviving spouses.

The District recognizes the cost of providing health insurance annually as expenditures in the of the funds financial statements as payments are made. For the year ended June 30, 2020, the District recognized approximately \$5.4 million in benefit payments for retirees currently receiving these benefits and all active employees who will be eligible in the future to receive these benefits.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

(b) Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	454
Active employees	<u>1,290</u>
	<u>1,744</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$246,228,604 was measured as of June 30, 2020 and was determined by an actuarial valuation as June 30, 2019 using census data and recent health care cost information provided by the District.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Payroll growth	ERS - 3.00% - 8.00% TRS - 2.90% - 10.00%
Discount rate	2.21%
Healthcare cost trend rates	5.40% for 2020 decreasing to an ultimate rate of 3.94% by 2075

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index. The previous actuarial valuation as of June 30, 2018 used a discount rate of 3.51%.

Mortality rates were based on April 1, 2010 - March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the June 30, 2019 valuation were based Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2019. The previous actuarial assumptions as of June 30, 2018 were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

(e) Changes in the Total OPEB Liability

Changes for the year:

Service cost	\$ 6,720,671
Interest on total OPEB liability and service cost	7,580,237
Changes of benefit terms	1,321,204
Difference between expected and actual experience	(66,215,537)
Changes of assumptions or other inputs	90,313,194
Benefit payments	<u>(5,416,598)</u>
Net change in total OPEB liability	34,303,171
Total OPEB liability as of June 30, 2019	<u>211,925,433</u>
Total OPEB liability as of June 30, 2020	\$ <u>246,228,604</u>



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(10) Other Postemployment Benefits (OPEB), Continued

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.21%) or 1% higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ <u>303,122,731</u>	<u>246,228,604</u>	<u>209,925,456</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ <u>191,810,314</u>	<u>246,228,604</u>	<u>322,924,090</u>

(h) OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$18,281,541. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	59,593,983
Changes in assumptions or other inputs	<u>91,334,788</u>	<u>6,860,036</u>
	\$ <u>91,334,788</u>	<u>66,454,019</u>

Amounts reported as deferred inflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2021	\$ 2,659,429
2022	2,659,429
2023	2,659,429
2024	2,659,429
2025	2,659,429
Thereafter	<u>11,583,624</u>
Total	\$ <u>24,880,769</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(11) 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; injuries to employees; errors and omissions and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

(b) Self-Insured Health Insurance

The District has chosen to establish a self-funded health and dental benefit program for its employees. The benefit programs administrator is responsible for the approval, processing, and payment 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. The program is accounted for in the general fund of the District. At year-end, the District has accrued a liability of \$1,873,529, which represents reported and unreported claims, which were incurred on or before year end, but which were not paid by the District as of that date.

Changes in the balances of claims liabilities during the year are as follows:

	Beginning of Year <u>Liability</u>	Incurred Claims Including <u>IBNRs</u>	Claim Payments	End of Year <u>Liability</u>
2017-2018	\$ <u>7,042,891</u>	<u>19,621,374</u>	<u>24,925,008</u>	<u>1,739,275</u>
2018-2019	\$ <u>1,739,275</u>	<u>27,574,073</u>	<u>27,425,698</u>	<u>1,887,650</u>
2019-2020	\$ <u>1,887,650</u>	<u>28,126,938</u>	<u>28,141,059</u>	<u>1,873,529</u>

(12) Interfund Transactions

<u>Fund</u>	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General	\$ 6,711,434	1,136,250	-	5,628,775
School Lunch	87,065	455,347	87,065	-
Special Aid	938,912	4,601,374	686,710	-
Capital Projects	-	65,347	4,855,000	-
Fiduciary	<u>110,387</u>	<u>1,589,480</u>	<u>-</u>	<u>-</u>
Total activities	\$ <u>7,847,798</u>	<u>7,847,798</u>	<u>5,628,775</u>	<u>5,628,775</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(12) Interfund Transactions, Continued

- The District typically transfers from the general fund to the special aid fund, as a required local match for State grants.
- All interfund payables are expected to be repaid within one year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

(13) Fund Balance

The following is the disaggregation of the fund balance that is reported in summary on the governmental funds balance sheet:

	General Fund	School Lunch Fund	Capital Projects Fund	Total
Nonspendable - inventory	\$ _____ -	70,088	_____ -	_____ 70,088
Restricted:				
Workers' compensation	6,291,120	-	-	6,291,120
Unemployment insurance	635,427	-	-	635,427
Retirement contribution - ERS	11,621,435	-	-	11,621,435
Retirement contribution - TRS	5,265,179	-	-	5,265,179
Insurance	2,794,796	-	-	2,794,796
Employee benefit accrued liability	6,630,755	-	-	6,630,755
Installment purchase debt	_____ -	_____ -	24,802,174	24,802,174
Total restricted	<u>33,238,712</u>	_____ -	<u>24,802,174</u>	<u>58,040,886</u>
Assigned:				
General support	606,928	-	-	606,928
Instruction	1,604,324	-	-	1,604,324
Pupil transportation	2,808,141	-	-	2,808,141
Employee benefits	41,507	-	-	41,507
Appropriated fund balance	10,260,000	-	-	10,260,000
School lunch fund	_____ -	1,207,012	_____ -	_____ 1,207,012
Total assigned	<u>15,320,900</u>	<u>1,207,012</u>	_____ -	<u>16,527,912</u>
Unassigned	<u>9,722,175</u>	_____ -	<u>(5,251,235)</u>	<u>4,470,940</u>
Total fund balance	\$ <u>58,281,787</u>	<u>1,277,100</u>	<u>19,550,939</u>	<u>79,109,826</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(13) Fund Balance, Continued

The following is a summary of the change in reserve funds during the year ended June 30, 2019:

	Balance at <u>7/1/19</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>6/30/20</u>
General Fund:				
Workers' compensation	\$ 5,249,475	1,041,645	-	6,291,120
Unemployment insurance	629,260	6,167	-	635,427
Retirement contribution - ERS	10,417,256	1,204,179	-	11,621,435
Retirement contribution - TRS	1,672,361	3,592,818	-	5,265,179
Insurance	2,767,673	27,123	-	2,794,796
Employee benefit accrued liability	6,301,563	329,192	-	6,630,755
Capital improvements	2,522,250	-	(2,522,250)	-
Repairs	<u>2,375,960</u>	-	<u>(2,375,960)</u>	-
Total general fund	\$ <u>31,935,798</u>	<u>6,201,124</u>	<u>(4,898,210)</u>	<u>33,238,712</u>

(14) Commitments and Contingencies

(a) Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

(b) Litigation

The District is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above-noted proceedings cannot be predicted, the District feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the District.

(15) Restatement

The District reviewed certain receivables due from New York State that were recorded in prior years and determined that amounts claimed included expenditures that should have been the responsibility of the District which required restatement as of June 30, 2019. The effect of this restatement was:

General Fund	
Fund balance, before restatement	\$ 53,519,278
Correction of errors	<u>(1,421,713)</u>
Fund balance, after restatement	\$ <u>52,077,565</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Financial Statements, Continued

(15) Restatement, Continued

Statement of Net Position	
Net position, before restatement	\$ 81,760,168
Correction of errors	<u>(1,421,713)</u>
Net position, after restatement	\$ <u>80,338,455</u>

(16) Subsequent Events

Management has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available for issuance and have determined the following should be disclosed:

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

REQUIRED SUPPLEMENTARY INFORMATION

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 Year ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
Revenue:				
Local sources:				
Real property taxes	\$ 101,362,804	88,586,524	86,592,242	(1,994,282)
STAR and other real property tax items	-	12,776,280	12,781,884	5,604
Charges for services	192,000	192,000	590,783	398,783
Use of money and property	272,500	272,500	613,884	341,384
Sale of property and compensation for loss	10,500	10,500	8,441	(2,059)
Miscellaneous	915,000	967,057	1,217,040	249,983
State sources	127,102,448	127,102,448	126,710,241	(392,207)
Medicaid assistance	650,000	650,000	1,024,962	374,962
Total revenue	<u>230,505,252</u>	<u>230,557,309</u>	<u>229,539,477</u>	<u>(1,017,832)</u>
Appropriated fund balance	9,650,000	9,650,000		
Appropriated reserves	6,200,873	11,055,873		
Prior year encumbrances	<u>1,950,910</u>	<u>1,950,910</u>		
Total revenue, appropriated fund balance and prior year encumbrances	<u>\$ 248,307,035</u>	<u>253,214,092</u>		

(Continued)

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of Revenue, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund, Continued

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 88,225	119,568	93,481	-	26,087
Central administration	1,165,950	1,165,309	1,121,686	-	43,623
Finance	1,323,400	1,309,353	1,148,167	-	161,186
Staff	1,938,250	1,950,675	1,644,570	-	306,105
Central services	19,937,611	19,916,089	14,513,808	606,928	4,795,353
Special items	2,796,500	2,772,547	2,257,778	-	514,769
Instruction:					
Instruction, adm. and imp.	8,242,445	8,263,827	7,590,781	30,314	642,732
Teaching - regular school	65,872,180	65,112,000	59,935,827	499,202	4,676,971
Programs for children with special needs	45,910,018	45,950,043	41,876,245	601,263	3,472,535
Teaching - special schools	209,681	192,379	163,497	-	28,882
Instructional media	3,079,459	3,456,590	2,736,716	459,149	260,725
Pupil services	9,386,221	10,185,359	9,001,745	14,396	1,169,218
Pupil transportation	20,842,733	20,877,485	16,556,682	2,808,141	1,512,662
Community services	21,000	70,000	54,000	-	16,000
Employee benefits	57,523,362	57,047,868	49,888,866	41,507	7,117,495
Debt service:					
Debt service - principal	8,550,000	8,550,000	8,475,000	-	75,000
Debt service - interest	850,000	850,000	667,631	-	182,369
Total expenditures	<u>247,737,035</u>	<u>247,789,092</u>	<u>217,726,480</u>	<u>5,060,900</u>	<u>25,001,712</u>
Other financing uses - transfers to other funds	<u>570,000</u>	<u>5,425,000</u>	<u>5,628,775</u>	<u>-</u>	<u>(203,775)</u>
Total expenditures and other uses	<u>\$ 248,307,035</u>	<u>253,214,092</u>	<u>223,355,255</u>	<u>5,060,900</u>	<u>24,797,937</u>
Change in fund balance			<u>6,184,222</u>		
Fund balance at beginning of year, before restatement			53,519,278		
Correction of error (note 15)			<u>(1,421,713)</u>		
Fund balance at beginning of year, after restatement			<u>52,097,565</u>		
Fund balance at end of year			<u>\$ 58,281,787</u>		



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of District's Proportionate Share of the Net Pension Asset/Liability  
 Year ended June 30, 2020

<u>TRS System</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.521522%	0.513344%	0.507966%	0.514595%	0.511340%	0.506856%
The District's proportionate share of the net pension asset (liability)	\$ 13,549,166	9,282,622	3,861,273	(5,511,533)	53,111,952	56,460,619
The District's covered payroll	\$ 90,520,570	87,050,432	83,618,061	85,723,985	84,013,258	72,852,139
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	14.97%	10.66%	4.62%	6.43%	63.22%	77.50%
Plan fiduciary net position as a percentage of the total pension asset	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS System</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0461432%	0.0464505%	0.0464849%	0.4845180%	0.0045014%	0.0464036%
The District's proportionate share of the net pension liability	\$ (12,218,976)	(3,291,161)	(1,500,274)	(4,552,636)	(7,224,935)	(1,567,627)
The District's covered payroll	\$ 14,520,169	14,455,636	13,410,943	13,614,952	11,940,136	12,640,641
The District's proportionate share of the net pension liability as a percentage of covered payroll	84.15%	22.77%	11.19%	33.44%	60.51%	12.40%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

\* The amounts presented for each fiscal year were determined as of each System's measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Required Supplementary Information  
 Schedule of District's Pension Contributions  
 Year ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>TRS System</u>										
Contractually required contribution	\$ 8,020,123	9,244,766	8,855,856	10,046,851	11,140,158	12,770,980	11,701,201	8,617,722	7,825,384	6,723,708
Contribution in relation to the contractually required contribution	<u>8,020,123</u>	<u>9,244,766</u>	<u>8,855,856</u>	<u>10,046,851</u>	<u>11,140,158</u>	<u>12,770,980</u>	<u>11,701,201</u>	<u>8,617,722</u>	<u>7,825,384</u>	<u>6,723,708</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
The District's covered payroll	<u>\$ 90,520,570</u>	<u>87,050,432</u>	<u>83,618,061</u>	<u>85,723,985</u>	<u>84,013,258</u>	<u>72,852,139</u>	<u>72,007,391</u>	<u>72,784,814</u>	<u>70,435,500</u>	<u>78,001,253</u>
Contribution as a percentage of covered payroll	8.86%	10.62%	10.59%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%	8.62%
<u>ERS System</u>										
Contractually required contribution	\$ 1,996,110	2,033,720	1,979,316	2,003,332	1,958,435	2,487,283	2,181,534	2,127,550	1,743,112	1,231,525
Contribution in relation to the contractually required contribution	<u>1,996,110</u>	<u>2,033,720</u>	<u>1,979,316</u>	<u>2,003,332</u>	<u>1,958,435</u>	<u>2,487,283</u>	<u>2,181,534</u>	<u>2,127,550</u>	<u>1,743,112</u>	<u>1,231,525</u>
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-	-	-	-
The District's covered payroll	<u>\$ 14,520,169</u>	<u>14,455,636</u>	<u>13,410,943</u>	<u>13,614,952</u>	<u>11,940,136</u>	<u>12,640,641</u>	<u>11,920,951</u>	<u>11,852,646</u>	<u>9,881,587</u>	<u>10,086,200</u>
Contribution as a percentage of covered payroll	13.75%	14.07%	14.76%	14.71%	16.40%	19.68%	18.30%	17.95%	17.64%	12.21%

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Required Supplementary Information  
Schedule of Changes in District's  
Total OPEB Liability and Related Ratios  
Year ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 6,720,671	5,821,422	6,105,403
Interest on total OPEB liability and service cost	7,580,237	7,508,678	6,900,705
Change of benefit terms	1,321,204	-	-
Difference between expected and actual experience	(66,215,537)	-	-
Changes of assumptions or other inputs	90,313,194	12,149,455	(9,255,857)
Benefit payments	<u>(5,416,598)</u>	<u>(3,477,783)</u>	<u>(6,583,716)</u>
Net change in total OPEB liability	34,303,171	22,001,772	(2,833,465)
Total OPEB liability - beginning	<u>211,925,433</u>	<u>189,923,661</u>	<u>192,757,126</u>
Total OPEB liability- ending	<u>\$ 246,228,604</u>	<u>211,925,433</u>	<u>189,923,661</u>
Covered payroll	\$ 94,283,355	106,004,689	101,470,786
Total OPEB liability as a percentage of covered payroll	261.16%	199.92%	187.17%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2020</u>	<u>2019</u>	<u>2018</u>
2.21%	3.51%	3.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Other Supplementary Information  
 Schedule of Change from Adopted Budget to Final Budget and  
 the Real Property Tax Limit Calculation  
 Year ended June 30, 2020

Change from adopted budget to final budget:

Adopted budget	\$ 246,356,125
Add prior year's encumbrances	1,950,910
Original budget	248,307,035
Add additional revenues and reserves	4,907,057
Final budget	\$ 253,214,092

Section 1318 of Real Property Tax Law Limit Calculation

2020-2021 voter approved expenditure budget	\$ 245,606,611
Maximum allowed 4% of 2020-2021 budget	9,824,264

General fund fund balance subject to Section 1318 of  
 Real Property Tax Law\*:

Unrestricted fund balance:

Assigned fund balance	\$ 10,260,000	
Encumbrances	5,060,900	
Unassigned fund balance	9,722,175	

Total unrestricted fund balance 25,043,075

Less:

Appropriated fund balance	10,260,000	
Encumbrances	5,060,900	

Total adjustments 15,320,900

General fund fund balance subject to  
 Section 1318 of Real Property Tax Law

\$ 9,722,175

Actual percentage 3.96%

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Other Supplementary Information  
 Schedule of Project Expenditures - Capital Projects Fund  
 Year ended June 30, 2020

Project title	Original Appropriation	Revised Appropriation	Expenditures and Obligations to Date			Unexpended Balance	Methods of Financing			Fund Balance 6/30/2020	BANs Issued and Outstanding	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources			Total
Excel Projects	\$ 56,905,000	56,905,000	47,779,122	-	47,779,122	9,125,878	30,000,000	7,300,885	12,618,968	49,919,853	2,140,731	-
2017 Capital Projects	39,470,000	39,470,000	9,398,059	16,458,584	25,856,643	13,613,357		-	20,718,667	20,718,667	(5,137,976)	17,600,000
EPC Project	24,800,000	24,800,000	401,200	3,735,481	4,136,681	20,663,319	24,800,000	-	-	24,800,000	20,663,319	-
Smart Schools	10,398,033	10,398,033	21,951	-	21,951	10,376,082	-	-	-	-	(21,951)	-
Repair Reserve	5,000,000	5,000,000	794,451	2,298,733	3,093,184	1,906,816	-	-	5,000,000	5,000,000	1,906,816	-
	<u>\$ 136,573,033</u>	<u>136,573,033</u>	<u>58,394,783</u>	<u>22,492,798</u>	<u>80,887,581</u>	<u>55,685,452</u>	<u>54,800,000</u>	<u>7,300,885</u>	<u>38,337,635</u>	<u>100,438,520</u>	<u>19,550,939</u>	<u>17,600,000</u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Other Supplementary Information  
 Net Investment in Capital Assets  
 June 30, 2020

Capital assets, net		\$ 222,971,693
Add:		
Deferred charges on refunding of debt	\$ 394,077	
Unspent proceeds - energy performance contract	<u>24,802,174</u>	25,196,251
Deduct:		
Bond anticipation note	(17,600,000)	
Serial bonds payable	(6,690,000)	
Installment purchase debt	<u>(24,800,000)</u>	<u>(49,090,000)</u>
Net investment in capital assets		<u><u>\$ 199,077,944</u></u>

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Federal Grant Compliance Audit  
June 30, 2020



**INDEPENDENT AUDITORS' 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 Education  
William Floyd Union Free School District:

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 the governmental activities, each major fund, and the aggregate remaining fund information of William Floyd Union Free School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 13, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education  
William Floyd Union Free School District:

**Report on Compliance for Each Major Federal Program**

We have audited William Floyd Union Free School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### Opinion on Each Major Federal Program

In our opinion, William Floyd Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

### Report on Internal Control Over Compliance

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

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

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 13, 2020

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>CFDA Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed-through New York State Education				
Department - Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ 576,823	-
National School Lunch Program	10.555	N/A	2,051,775	-
Summer Food Service Program for Children	10.559	N/A	<u>2,654,979</u>	-
Total U.S. Department of Agriculture Child Nutrition Cluster			<u>5,283,577</u>	-
<u>U.S. Department of Education</u>				
Passed-through New York State Education				
Department:				
Special Education Cluster:				
Special Education - Grants to States	84.027	0032-20-0894	2,409,563	-
Special Education - Preschool Grants	84.173	0033-20-0984	<u>184,269</u>	-
Total Special Education Cluster			2,593,832	-
Title I Grants to Local Educational Agencies	84.010	0021-19-3025	82,066	-
Title I Grants to Local Educational Agencies	84.010	0021-20-3025	2,091,244	-
Title I Grants to Local Educational Agencies	84.010	0011-20-3164	1,980	-
Career and Technical Education - Basic Grants to States	84.048	8000-20-0094	45,718	-
English Language Acquisition State Grants	84.365	0149-20-3025	35,922	-
English Language Acquisition State Grants	84.365	0293-19-3025	7,460	-
English Language Acquisition State Grants	84.365	0293-20-3025	46,586	-
Supporting Effective Instruction State Grants	84.367	0147-19-3025	769	-
Supporting Effective Instruction State Grants	84.367	0147-20-3025	192,107	-
Student Support and Academic Enrichment Grants	84.424	0204-19-3025	4,211	-
Student Support and Academic Enrichment Grants	84.424	0204-19-3025	<u>113,449</u>	-
Total U.S. Department of Education			<u>5,215,344</u>	-
Total Expenditures of Federal Awards			<u>\$ 10,498,921</u>	-

See accompanying notes to schedule of expenditures of federal awards.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2020

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the William Floyd Union Free School District (the District) under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in financial position of the District.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

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

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. Expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through numbers are presented where available.

The amounts reported as federal expenditures 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.

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

(3) Indirect Costs

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Subrecipients

No amounts were provided to subrecipients.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Notes to Schedule of Expenditures of Federal Awards, Continued

(5) 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.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2020

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified?  Yes  No
- 2. Significant deficiency(ies) identified not considered to be material weakness(es)?  Yes  None reported
- 3. Noncompliance material to financial statements noted?  Yes  No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified?  Yes  No
- 5. Significant deficiency(ies) identified not considered to be material weakness(es)?  Yes  None reported

Type of auditors' report issued on compliance for major programs: Unmodified

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?  Yes  No

7. The District's major program audited was:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Title I Grants to Local Educational Agencies	84.010

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

9. Auditee qualified as low-risk auditee?  Yes  No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Status of Prior Audit Findings  
Year ended June 30, 2020

There were no audit findings in the prior year financial statements (June 30, 2019).

WILLIAM FLOYD UNION  
FREE SCHOOL DISTRICT

Extraclassroom Activity Fund and  
Independent Auditors' Report

June 30, 2020

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
Extraclassroom Activity Funds

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
William Floyd Union Free School District:

We have audited the accompanying statement of cash receipts, cash disbursements and cash balances of the William Floyd Union Free School District's (the District) Extraclassroom Activity Fund as of June 30, 2020 and for the year then ended, and the related note to financial statement.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

Opinion

In our opinion, the statement of cash receipts, cash disbursements and cash balances referred to above presents fairly, in all material respects, the cash receipts and cash disbursements of William Floyd Union Free School District's Extraclassroom Activity Fund for the year ended June 30, 2019, in accordance with the basis of accounting as described in note 1(b).

Basis of Accounting

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 13, 2020

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Extraclassroom Activity Fund  
 Statement of Cash Receipts, Cash Disbursements, and Cash Balances  
 Year ended June 30, 2020

<u>Extraclassroom Activity</u>	<u>Cash</u> <u>Balances at</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Cash</u> <u>Balances at</u> <u>June 30, 2020</u>
William Floyd High School:				
Athletics	\$ 15,341	16,377	(17,426)	14,292
Billy Floyd's Closet	2,403	1,000	(397)	3,006
Business Honor Society	13	572	(584)	1
Chamber Players	361	-	-	361
Class of 2019	3,977	-	(3,977)	-
Class of 2020	7,249	29,974	(32,043)	5,180
Class of 2021	4,902	724	(3,568)	2,058
Class of 2022	6,680	321	(3,888)	3,113
Class of 2023	-	3,403	(673)	2,730
CTE	898	740	(904)	734
CTE - Barbering	-	947	(843)	104
CTE - Culinary	14,640	12,350	(22,474)	4,516
CTE - Carpentry	1,292	380	(1,537)	135
CTE - Cosmetology	2,128	-	(1,000)	1,128
CTE - GIC	3,147	450	(1,824)	1,773
CTE - Medical Assisting	312	1,327	-	1,639
Field Trips	(1,975)	3,473	(1,497)	1
Floyd Academy- SGC	968	927	(1,261)	634
Foreign Language Honor Society	2,454	-	-	2,454
Future Business Leaders of America	3,308	8,806	(8,693)	3,421
Interact Club	166	-	-	166
Key Club	271	160	-	431
Literary Magazine	387	273	-	660
Medical Club	-	2,160	(1,935)	225
Mock Trial	150	-	(150)	-
Music Club	577	6,627	(6,514)	690
National Art Honor Society	13	3,087	(1,507)	1,593
National Honor Society	202	5,594	(2,731)	3,065
Robotics	382	4,477	(811)	4,048

(Continued)

See accompanying note to financial statement.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Extraclassroom Activity Fund  
 Statement of Cash Receipts, Cash Disbursements, and Cash Balances, Continued

<u>Extraclassroom Activity</u>	<u>Cash Balances at July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balances at June 30, 2020</u>
<b>William Floyd High School, Continued</b>				
Rockettes (Kickline)	\$ 2,213	2,803	(4,827)	189
Sales Tax Payable	198	8,717	(8,509)	406
Science Honor Society	367	2,031	(1,686)	712
Select Choir	1,274	18,686	(16,510)	3,450
Stage Band/Jazz Ensemble	891	14,159	(14,490)	560
Student Council	5,404	18,468	(16,670)	7,202
Tri-M (Modern Music Masters)	10,356	1,693	100	12,149
Vocal Ensemble	56	-	-	56
Yearbook	1,720	3,883	-	5,603
Youth and Government	410	-	(284)	126
Total William Floyd High School	<u>93,135</u>	<u>174,589</u>	<u>(179,113)</u>	<u>88,611</u>
<b>William Paca Middle School:</b>				
Environmental Science	-	177	(142)	35
Garden Club	1,657	401	-	2,058
Girl's Chorus	1,284	4,890	(6,012)	162
Honor Society	26,396	4,923	(17,674)	13,645
Jazz Band	13	750	243	1,006
Judo Club	2,101	-	(2,000)	101
Math Club	538	-	-	538
Robotics	88	-	-	88
Sales Tax Payable	2,176	926	(2,618)	484
Student Council	37,540	27,765	(29,683)	35,622
Yearbook	2,576	-	(518)	2,058
Total William Paca Middle School	<u>74,369</u>	<u>39,832</u>	<u>(58,404)</u>	<u>55,797</u>

(Continued)

See accompanying note to financial statement.

WILLIAM FLOYD UNION FREE SCHOOL DISTRICT  
 Extraclassroom Activity Fund  
 Statement of Cash Receipts, Cash Disbursements, and Cash Balances, Continued

<u>Extraclassroom Activity</u>	<u>Cash Balances at July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balances at June 30, 2020</u>
William Floyd Middle School:				
6th Grade Advisory	\$ 16,257	8,062	(14,537)	9,782
7th Grade Advisory	-	4,244	(3,243)	1,001
Concert Band	1,413	5,401	(4,794)	2,020
Festival Orchestra	164	2,902	(2,834)	232
Mixed Chorus	142	1,314	(1,399)	57
Garden Club	4,195	680	(2,818)	2,057
Honor Society	2,611	2,912	(1,853)	3,670
Sales Tax Payable	532	1,370	(1,156)	746
Student Council	22,371	10,918	(21,402)	11,887
Student Council PBS	3,723	1,147	(1,671)	3,199
Yearbook	305	2,957	(1,343)	1,919
Total William Floyd Middle School	<u>51,713</u>	<u>41,907</u>	<u>(57,050)</u>	<u>36,570</u>
William Floyd Elementary School	<u>28,725</u>	<u>20,711</u>	<u>(17,514)</u>	<u>31,922</u>
Grand Total	<u>\$ 247,942</u>	<u>277,039</u>	<u>(312,081)</u>	<u>212,900</u>

See accompanying note to financial statement.



WILLIAM FLOYD UNION FREE SCHOOL DISTRICT

Extraclassroom Activity Funds

Note to Financial Statement

June 30, 2020

(1) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The extraclassroom activity fund represents funds of the students of the William Floyd Union Free School District (the District). Although the extraclassroom activity funds are independent of the District with respect to their financial transactions and the designation of student management, the Board of Education exercises general oversight of these funds. Based on this criterion, the extraclassroom activity funds are included in the District's reporting entity. The District reports these assets held by it as agent for the extraclassroom organizations in an agency fund in the Statement of Fiduciary Net Position - Fiduciary Funds.

(b) Basis of Accounting

The accounts of the extraclassroom activity fund are maintained on the cash basis of accounting, and the statement of cash receipts, cash disbursements and cash balances reflect only cash received and disbursed. Therefore, receivables and payables, inventory, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statement.