



Westbury Union Free School District

Dedicated to excellence in education

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS**

June 30, 2020

WESTBURY UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Westbury Union Free School District (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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 fiduciary funds of the Westbury 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of changes in the District's total OPEB liability and related ratios, schedule of District contributions and schedule of the District's proportionate share of the net pension (asset)/liability on pages 3 through 14, and 52 through 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Westbury Union Free School District's basic financial statements. The other supplementary information on pages 56 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the Westbury Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Westbury Union Free School 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 Westbury Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

December 17, 2020

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

The Westbury Union Free School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2020 and 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020, are as follows:

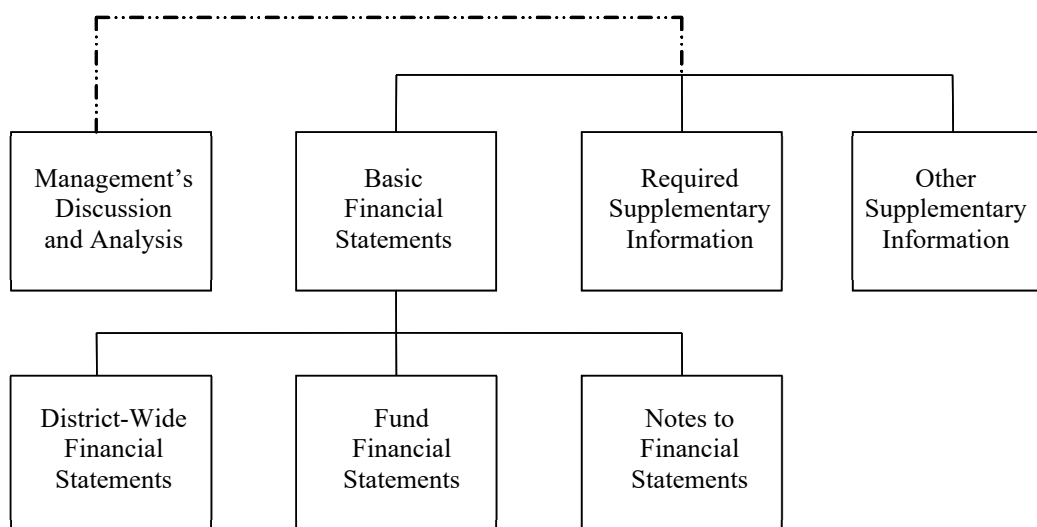
- The District's total net position, as reflected in the district-wide financial statements, decreased by \$21,172,207 to a deficit of \$139,255,939 based on the accrual basis of accounting. This decrease in net position is primarily the result of a net increase in the liability for other postemployment benefits (OPEB) of \$63,182,715 and net pension liability proportionate share of \$5,163,118, offset by decreases due to the repayments of principal related to bonds and the energy performance contract debt.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$177,188,711. Of this amount, \$966,122 was offset by program charges for services and \$10,132,324 was offset by operating and capital grants. General revenues of \$144,918,058 amount to 92.9% of total revenues.
- State aid revenue reflected in the district-wide financial statements increased by \$1,832,561 to \$58,290,936 in 2020 from \$56,458,375 in 2019.
- The general fund's total fund balance, as reflected in the fund financial statements on pages 17 and 19, increased by \$5,628,385 to \$50,072,977. This was due to an excess of revenues over expenditures and other financing uses based on the modified accrual basis of accounting.
- On June 9, 2020, the District's voters approved the 2020-21 proposed operating budget of \$157,064,147. The 2020-2021 property tax levy of \$82,628,431 was an increase of 2.96%, but it is lower than the maximum tax levy limit increase allowed by state law.
- On May 21, 2019, the District's voters approved the establishment of a Capital Reserve Fund known as "Facilities Maintenance and Improvement Program 2019" for the purpose of district-wide improvements. The maximum amount of this capital reserve shall be \$25,000,000, plus investment income. The probable term is to be 10 years with annual amounts of not to exceed \$2,500,000 for each of the remaining years of the probable term. As of June 30, 2020, the District has funded \$5,000,000 to this reserve, and has earned interest of \$37,817.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)



A. District-wide Financial Statements

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

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

The Statement of Net Position

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

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

Governmental Funds

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

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

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

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

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$21,172,207 between fiscal year 2019 and 2020. A summary of the District's Statement of Net Position for June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 97,827,990	\$ 81,193,896	\$ 16,634,094	20.5%
Capital Assets, (Net of Depreciation)	62,831,270	43,720,956	19,110,314	43.7%
Net Pension Asset - Proportionate Share	8,760,891	6,180,604	2,580,287	41.7%
Total Assets	<u>169,420,151</u>	<u>131,095,456</u>	<u>38,324,695</u>	29.2%
Deferred Outflows of Resources	105,848,790	67,799,394	38,049,396	56.12%
Total Assets and Deferred Outflows of Resources	<u>\$ 275,268,941</u>	<u>\$ 198,894,850</u>	<u>\$ 76,374,091</u>	38.4%
Current and Other Liabilities	\$ 68,994,356	\$ 36,969,315	\$ 32,025,041	86.6%
Long-Term Liabilities	315,884,747	250,178,231	65,706,516	26.26%
Total Liabilities	<u>384,879,103</u>	<u>287,147,546</u>	<u>97,731,557</u>	34.0%
Deferred Inflows of Resources	29,645,777	29,831,036	(185,259)	(0.62%)
Total Liabilities and Deferred Inflows of Resources	<u>414,524,880</u>	<u>316,978,582</u>	<u>97,546,298</u>	30.8%
Net Position (Deficit)				
Net Investment in Capital Assets	31,997,956	31,564,259	433,697	1.37%
Restricted	29,250,729	25,098,000	4,152,729	16.5%
Unrestricted (Deficit)	<u>(200,504,624)</u>	<u>(174,745,991)</u>	<u>(25,758,633)</u>	(14.74%)
Total Net Position (Deficit)	<u>(139,255,939)</u>	<u>(118,083,732)</u>	<u>(21,172,207)</u>	(17.93%)
Total Liabilities and Deferred Inflows of Resources and Net Position	<u>\$ 275,268,941</u>	<u>\$ 198,894,850</u>	<u>\$ 76,374,091</u>	38.4%

See Paragraph on Required Supplementary Information Included in Auditor's Report

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

Current and other assets increased by \$16,634,094, as compared to the prior year, which is primarily due to increases in the District's cash and overall receivables.

Capital assets (net of depreciation) increased by \$19,110,314, as compared to the prior year. This increase is due to capital additions exceeding depreciation expense.

Net pension asset –proportionate share provided by the Teachers' Retirement System increased by \$2,580,287, based on the updated actuarial valuation, as compared to the prior year.

Deferred outflows of resources represent contributions to the state retirement plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

Current and other liabilities increased by \$32,025,041, as compared to the prior year. This increase is primarily due to an increase in short-term BAN payable of \$34,949,000.

Long-term liabilities increased by \$65,706,516, as compared to the prior year. This increase is primarily the result of a net increase in the liability for other postemployment benefits (OPEB) of \$63,182,715 and net pension liability proportionate share of \$5,163,118, offset by decreases due to the repayments of principal related to bonds and the energy performance contract debt.

Deferred inflows of resources decreased by \$185,259, primarily due to actuarial adjustments for the retirement systems and OPEB plans.

The net investment in capital assets is the total cost of all asset acquisitions, net of accumulated depreciation and related outstanding debt. 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 accompanying Notes to the Financial Statements, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount at June 30, 2020, of \$29,250,729 is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. See Note 1 to the Notes to the Financial Statements for further descriptions.

The unrestricted (deficit) increased by \$25,758,633 during the year to a deficit position of \$200,504,624. The District's assets are not sufficient to cover unfunded liabilities such as the net other postemployment benefits obligation.

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 other real property tax items and STAR (school tax relief) revenue is a separate line item. However, in this MD&A, they have been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

	2020	2019	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 966,122	\$ 754,855	\$ 211,267	28.0%
Operating Grants	9,972,245	10,778,594	(806,349)	(7.48%)
Capital Grants and Contributions	160,079	323,015	(162,936)	(50.44%)
General Revenues				
Property Tax Items, Other Tax Items and STAR	83,465,343	80,132,532	3,332,811	4.2%
State Sources	58,290,936	56,458,375	1,832,561	3.25%
Other	<u>3,161,779</u>	<u>2,599,014</u>	<u>562,765</u>	21.65%
Total Revenues	<u>156,016,504</u>	<u>151,046,385</u>	<u>4,970,119</u>	3.29%
Expenses				
General Support	16,170,590	15,008,872	1,161,718	7.74%
Instruction	147,637,241	133,466,741	14,170,500	10.62%
Pupil Transportation	9,240,641	9,258,539	(17,898)	(0.19%)
Community Service	98,514	5,611	92,903	1655.73%
Debt Service-Unallocated Interest	773,497	161,587	611,910	378.69%
Food Service Program	<u>3,268,228</u>	<u>3,280,943</u>	<u>(12,715)</u>	(0.39%)
Total Expenses	<u>177,188,711</u>	<u>161,182,293</u>	<u>16,006,418</u>	9.93%
Total Change in Net Position (Deficit)	<u><u>\$(21,172,207)</u></u>	<u><u>\$(10,135,908)</u></u>	<u><u>\$(11,036,299)</u></u>	(108.88%)

The District's revenues increased by \$4,970,119 in 2020 or 3.29%. The major factors that contributed to the increase were:

- Property Tax Items, Other Tax Items and STAR increased by \$3,332,811 based on the increase in the tax levy and PILOT agreements.
- State sources increased by \$1,832,561, as a result of the District receiving additional state aid.
- The District's other revenues increased by \$562,765 primarily due to increases in use of money and property, sales of property and compensation for loss and miscellaneous revenues.

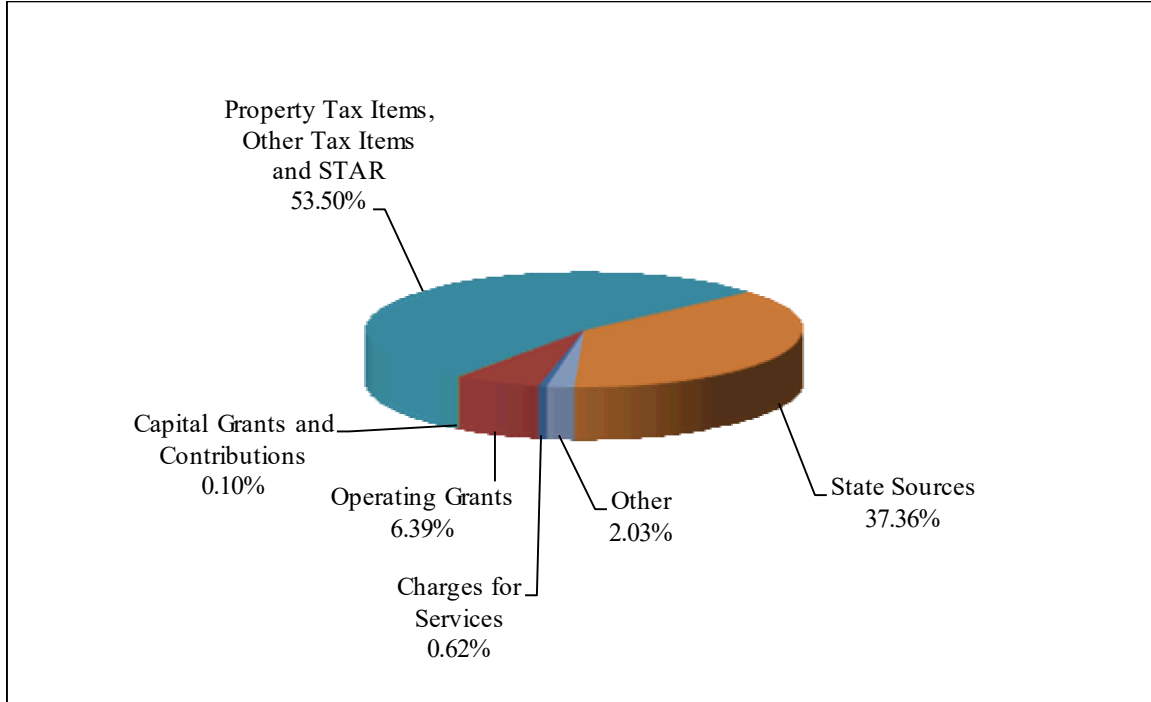
The District's expenses for the year increased by \$16,006,418 or 9.93%. This increase was primarily the result of increases in instructional and general support due to the impact of the net change in the actuarially determined pension expenses for TRS and ERS, as well as the increase in other postemployment benefit costs allocated.

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

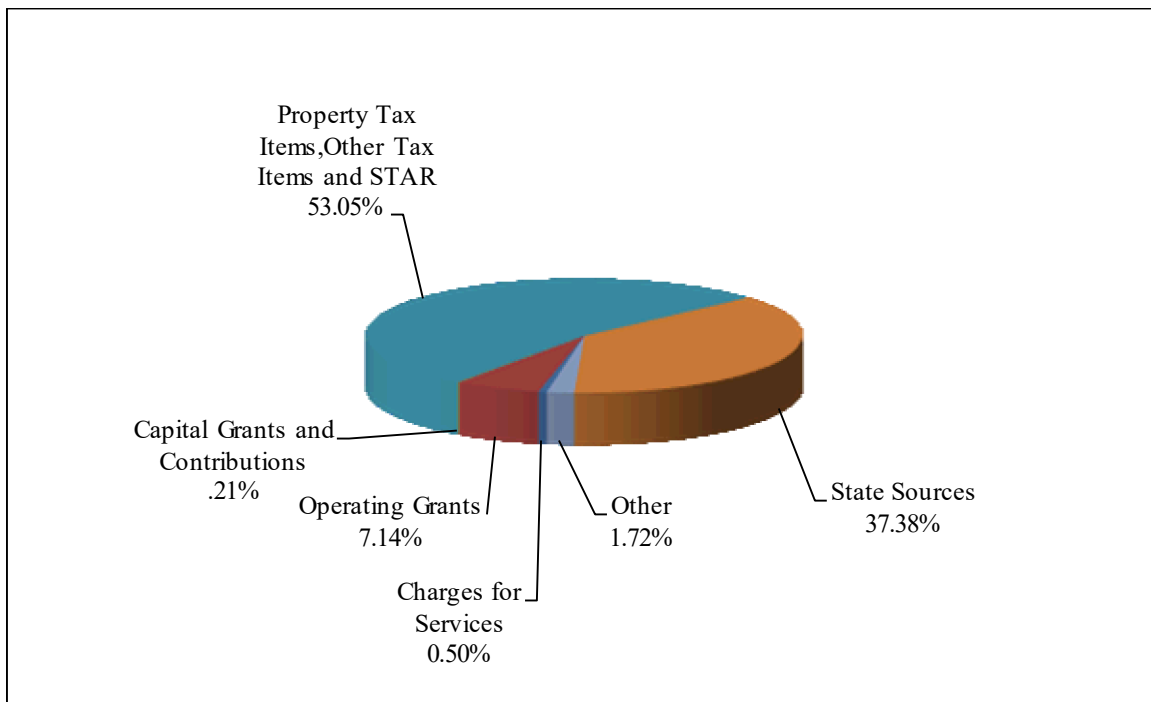
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A graphic display of the distribution of revenues for the two years follows:

June 30, 2020



June 30, 2019

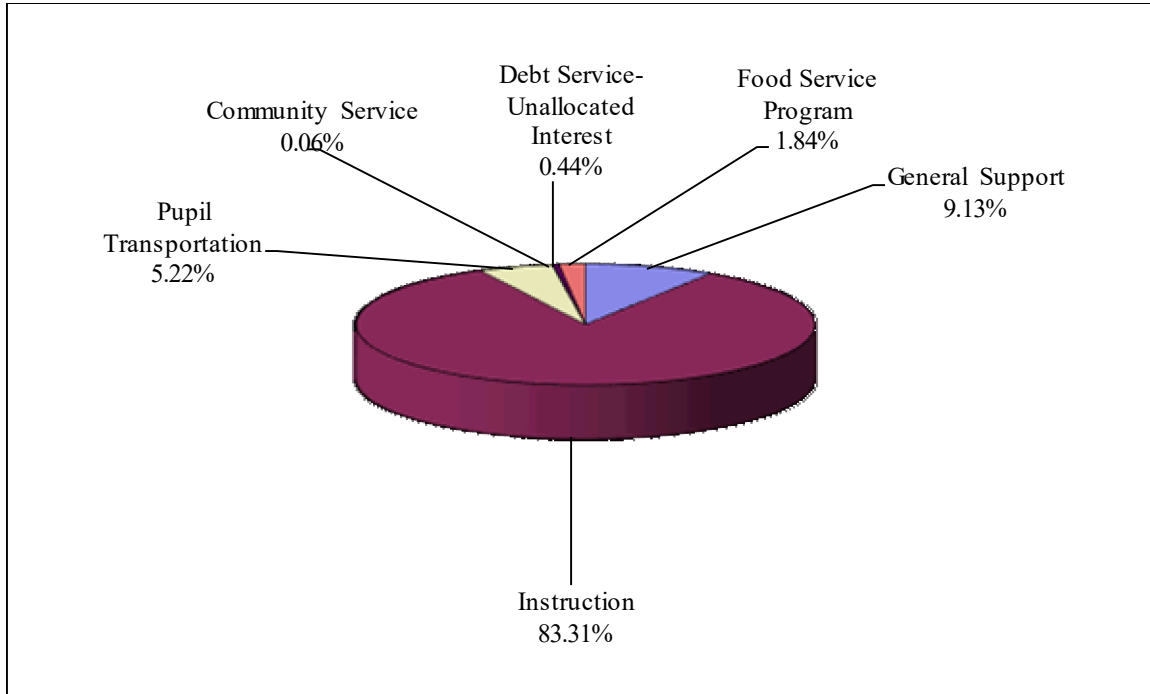


**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

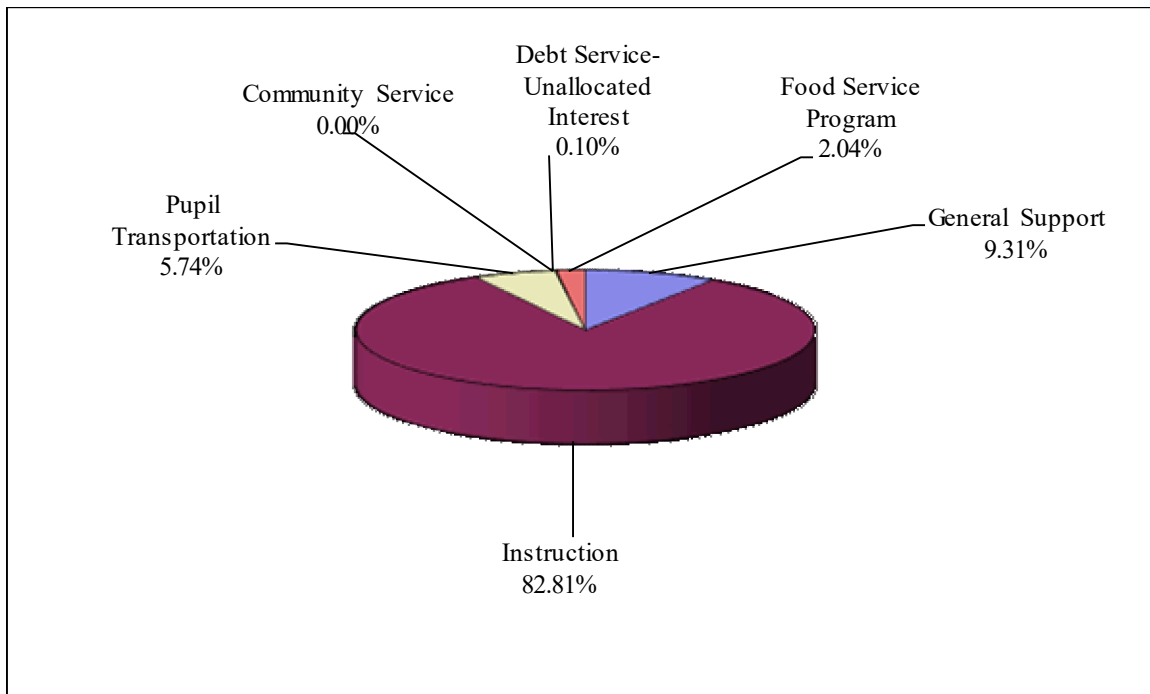
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A graphic display of the distribution of expenses for the two years follows:

June 30, 2020



June 30, 2019



See Paragraph on Required Supplementary Information Included in Auditor's Report

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$28,209,576, which is a decrease of \$15,077,024 from the prior year. A summary of the change in fund balance by fund is as follows:

General Fund	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Restricted			
Workers' Compensation	\$ 3,804,874	\$ 3,452,647	\$ 352,227
Unemployment Insurance	330,791	227,353	103,438
Employee Benefit Accrued Liability	9,455,113	9,716,878	(261,765)
Retirement Contribution			
ERS	6,778,790	6,594,677	184,113
TRS	2,316,640	1,100,000	1,216,640
Insurance	449,928	443,223	6,705
Repairs	21,292	20,975	317
Property Loss	449,949	443,244	6,705
Liability	438,345	431,813	6,532
Capital	<u>5,037,817</u>	<u>2,500,000</u>	<u>2,537,817</u>
Total Restricted	<u>29,083,539</u>	<u>24,930,810</u>	<u>4,152,729</u>
Assigned			
Encumbrances	691,001	583,045	107,956
Designated for Subsequent Year's Expenditures	<u>10,800,000</u>	<u>10,800,000</u>	<u>-</u>
Total Assigned	<u>11,491,001</u>	<u>11,383,045</u>	<u>107,956</u>
Unassigned	<u>9,498,437</u>	<u>8,130,737</u>	<u>1,367,700</u>
Total General Fund	<u>50,072,977</u>	<u>44,444,592</u>	<u>5,628,385</u>
School Food Service Fund			
Nonspendable	15,758	71,641	(55,883)
Assigned	<u>2,989,943</u>	<u>2,800,594</u>	<u>189,349</u>
Total School Food Service Fund	<u>3,005,701</u>	<u>2,872,235</u>	<u>133,466</u>
Debt Service Fund			
Restricted	<u>167,190</u>	<u>167,190</u>	<u>-</u>
Total Debt Service Fund	<u>167,190</u>	<u>167,190</u>	<u>-</u>
Capital Projects Fund			
Restricted	105,628	105,628	-
Unassigned (Deficit)	<u>(25,141,920)</u>	<u>(4,303,045)</u>	<u>(20,838,875)</u>
Total Capital Fund	<u>(25,036,292)</u>	<u>(4,197,417)</u>	<u>(20,838,875)</u>
Total Fund Balance	<u>\$28,209,576</u>	<u>\$43,286,600</u>	<u>\$ (15,077,024)</u>

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

The general fund's restricted fund balances increased by \$4,152,729, primarily as a result of the funding of the District's reserve funds authorized by the Board of Education. Assigned fund balance includes encumbrances and an amount designated for the 2020-2021 fiscal year's expenditures. Total assigned fund balance increased \$107,956 based on an increase in the amount of outstanding encumbrances at year end.

The general fund's unassigned fund balance increased by \$1,367,700 to \$9,498,437. This is primarily the result of the general fund revenues exceeding expenditures and other financing uses during the year.

The net change in the school food service fund – fund balance is an increase of \$133,466, which represents the fund's operating surplus for the year ended June 30, 2020.

The capital projects fund – fund balance decreased by \$20,838,875. This decrease is a result of capital project expenditures in the current year exceeding capital project revenues since permanent financing has not been obtained yet.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$155,908,977. This amount was increased by encumbrances carried forward from the prior year in the amount of \$583,045 and a budget revision for additional state aid of \$435,000 resulting in a final budget of \$156,927,022.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$80,249,802 in estimated property taxes and STAR, and \$58,989,365 in State aid.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and assignments, appropriations to fund the subsequent year's budget and encumbrances. 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	\$ 8,130,737
Revenues Over Budget	1,085,800
Expenditures and Encumbrances Under Budget	16,934,629
Change in Restricted Funds	(5,768,373)
Appropriated Reserves Not Used	(84,356)
Appropriated for June 30, 2021 Budget	<u>(10,800,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 9,498,437</u></u>

Opening, Unassigned Fund Balance

The \$8,130,737 shown in the table is the portion of the District's June 30, 2019, fund balance that was retained as unassigned. This was 5.22% of the District's 2019-2020 approved operating budget, which exceeded the maximum 4.0% unassigned fund balance permitted by New York State Real Property Tax Law §1318.

Revenues Over Budget

The 2019-2020 final budget for revenues was \$143,843,977. The actual revenues recognized for the year were \$144,929,777. The actual revenue over estimated or budgeted revenue was \$1,085,800. This variance contributes directly to the change to the unassigned portion of the general fund balance from June 30, 2019 to June 30, 2020.

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

Expenditures and Encumbrances Under Budget

The 2019-2020 final budget for expenditures, including prior year encumbrances was \$156,927,022. The actual expenditures and encumbrances were \$139,992,393. The final budget was under expended by \$16,934,629. This under expenditure was primarily in the areas of central services, instruction, and employee benefits. The variance also contributes to the change to the unassigned portion of the general fund balance from June 30, 2019 to June 30, 2020.

Change in Restricted Funds

Monies transferred into restricted reserves, including accrued interest earnings, reduce the District's discretion regarding the use of these monies and thus, reduce the unassigned fund balance.

Appropriated Reserves Not Used

The District chose to appropriate \$1,300,000 from the Retirement Contribution Reserve, \$100,000 from the Employee Benefit Accrued Liability Reserve, and \$300,000 from the Workers' Compensation Reserve to partially fund its 2019-2020 budget. Actual expenditures were lower than budgeted; as a result, the District did not need to use \$84,356 of the budgeted appropriated reserves to fund expenditures. The unused amounts were retained in the reserves and have the effect of reducing unassigned fund balance.

Appropriated for June 30, 2021 Budget

The District has chosen to use \$10,800,000 of its available June 30, 2020 fund balance to partially fund its 2020-2021 approved operating budget.

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 \$9,498,437. This is an increase of \$1,367,700 over the unassigned fund balance from the prior year as of June 30, 2019. The unassigned portion is 6.05% of the 2020-2021 budget, which exceeds the maximum 4.0% unassigned fund balance permitted by New York State Real Property Tax Law §1318.

6. CAPITAL ASSETS, DEBT ADMINISTRATION AND OTHER LONG-TERM LIABILITIES

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 in excess of depreciation expense for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019, is as follows:

	2020	2019	Increase (Decrease)
Land	\$ 385,000	\$ 385,000	\$
Construction in Process	28,203,331	6,670,601	21,532,730
Buildings	32,159,944	34,444,253	(2,284,309)
Improvements	833,188	894,730	(61,542)
Vehicles, Furniture, and Equipment	1,249,807	1,326,373	(76,566)
Capital Assets, Net	<u>\$ 62,831,270</u>	<u>\$ 43,720,957</u>	<u>\$ 19,110,313</u>

See Paragraph on Required Supplementary Information Included in Auditor's Report

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$3,170,000 and an energy performance contract payable of \$923,529, as follows:

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
Serial Bonds:				
08/2013	2.00% to 3.00%	<u>\$ 1,295,000</u>	<u>\$ 1,490,000</u>	<u>\$ (195,000)</u>
QZAB Bonds:				
12/2004	0.00%	<u>\$ 1,875,000</u>	<u>\$ 3,750,000</u>	<u>\$ (1,875,000)</u>
Energy Performance Contract:				
09/2006	3.92%	<u>\$ 923,529</u>	<u>\$ 1,208,242</u>	<u>\$ (284,713)</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2.

On May 15, 2018, the voters approved a bond proposition authorizing the District to issue bonds in the total amount of \$58,595,000 to finance capital additions, alterations and improvements at the Westbury Middle School and Westbury High School. The District issued short-term bond anticipation notes during 2019-2020. As of June 30, 2020, the District has not issued any bonds.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, workers' compensation liability, net pension liability – proportionate share and total other postemployment benefits obligation. The compensated absences liability is based on employment contracts. The workers' compensation liability, the net pension liability – proportionate share and the total other postemployment benefits obligation are based on actuarial valuations.

	2020	2019	Increase (Decrease)
Compensated absences	\$ 6,441,699	\$ 6,936,908	\$ (495,209)
Workers' compensation	1,453,045	1,274,816	178,229
Net pension liability - proportionate share	7,313,473	2,150,355	5,163,118
Total OPEB obligation	<u>296,615,380</u>	<u>233,432,665</u>	<u>63,182,715</u>
	<u>\$ 311,823,597</u>	<u>\$ 243,794,744</u>	<u>\$ 68,028,853</u>

**WESTBURY UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2020**

(Continued)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021, is \$157,064,147. This is an increase of \$1,155,170 or 0.74% over the previous year's budget.

The District budgeted revenues, other than property taxes and STAR, at a \$2,323,459 decrease from the prior year's estimate, which is principally due to an estimated decrease in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$10,800,000 did not change from the previous year. Additionally, the District has elected to appropriate \$1,300,000 of the ERS retirement contribution reserve; \$1,100,000 of the TRS retirement contribution reserve; \$300,000 of the workers' compensation reserve; and \$100,000 of the employee benefit accrued liability reserve towards the next year's budget. These funding pieces resulted in a tax levy of \$82,628,431.

Chapter 97 of the 2011 Laws of New York limits the increase in the property tax levy of school districts to the lesser of 2.0% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's tax levy limit was \$82,931,412. The District's tax levy for the 2020-21 fiscal year is within the limits established by state law.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. Requests for additional information can be directed to: Eudes Budhai, Superintendent of Schools, 2 Hitchcock Lane, Old Westbury, NY 11568-1624.

WESTBURY UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

Assets	
Cash and Cash Equivalents	
Unrestricted	\$ 25,645,098
Restricted	56,260,375
Receivables	
Tax Receivables	4,001,951
State and Federal Aid	7,402,535
Due from Other Governments	2,245,905
Due from Fiduciary Funds	514,931
Accounts Receivables	1,741,437
Inventory	15,758
Capital Assets Not Being Depreciated	28,588,331
Capital Assets Being Depreciated, Net of Accumulated Depreciation	34,242,939
Net Pension Asset - Proportionate Share	8,760,891
Total Assets	<u>169,420,151</u>
Deferred Outflows of Resources	
Pensions	33,345,770
Other Post-Employment Benefits	72,503,020
Total Deferred Inflow of Resources	<u>105,848,790</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 275,268,941</u></u>
Liabilities	
Accounts Payable	\$ 5,555,290
Accrued Liabilities	2,326,912
Due To	
Other Governments	66,326
Teachers' Retirement System	5,535,042
Employees' Retirement System	410,000
Short-Term Notes Payable	
Bond Anticipation Notes	53,949,000
Compensated Absences	381,395
Accrued Interest Payable	21,540
Retainage Percentages Payable	482,776
Collections in Advance	266,075
Long-term Liabilities	
Due Within One Year	
Bonds Payable, Net	2,042,621
Energy Performance Contract	295,978
Compensated Absences	148,563
Due in More Than One Year	
Bonds Payable, Net of Unamortized Discount	1,095,000
Energy Performance Contract	627,551
Compensated Absences	6,293,136
Other Postemployment Benefits	296,615,380
Workers' Compensation	1,453,045
Net Pension Liability - Proportionate Share	7,313,473
Total Liabilities	<u>384,879,103</u>
Deferred Inflows of Resources	
Pensions	12,871,391
Other Post-Employment Benefits	16,774,386
Total Deferred Inflow of Resources	<u>29,645,777</u>
Net Position (Deficit)	
Net Investment in Capital Assets	31,997,956
Restricted	29,250,729
Unrestricted (Deficit)	(200,504,624)
Total Net Position (Deficit)	<u>(139,255,939)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 275,268,941</u></u>

See Notes to Financial Statements

WESTBURY UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants and Contributions	
General Support	\$ 16,170,590	\$	\$	\$ 160,079	\$ (16,010,511)
Instruction	147,637,241	877,936	6,970,243		(139,789,062)
Pupil Transportation	9,240,641				(9,240,641)
Community Service	98,514				(98,514)
Debt Service - Unallocated Interest	773,497				(773,497)
Food Service Program	<u>3,268,228</u>	<u>88,186</u>	<u>3,002,002</u>		<u>(178,040)</u>
Total Functions/Programs	<u>\$ 177,188,711</u>	<u>\$ 966,122</u>	<u>\$ 9,972,245</u>	<u>\$ 160,079</u>	<u>(166,090,265)</u>
General Revenues					
Real Property Taxes					74,514,316
STAR and Other Real Property Tax Items					8,951,027
Use of Money and Property					381,194
Sales of Property and Compensation for Loss					284,193
State Sources					58,290,936
Medicaid Reimbursement					663,907
Miscellaneous					<u>1,832,485</u>
Total General Revenues					<u>144,918,058</u>
Change in Net Position					(21,172,207)
Net Position, Beginning of Year					<u>(118,083,732)</u>
Net Position, End of Year					<u>\$ (139,255,939)</u>

See Notes to Financial Statements

WESTBURY UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General	School Food Service	Special Aid	Debt Service	Capital Projects	Total
Assets						
Cash and Cash Equivalents						
Unrestricted	\$ 11,974,888	\$ 460,222	\$ 59,382	\$	\$ 13,150,606	\$ 25,645,098
Restricted	29,083,539				27,176,836	56,260,375
Receivables						
Tax Receivables	4,001,951					4,001,951
State and Federal Aid	2,878,284	143,533	4,380,718			7,402,535
Due From Other Governments	2,245,905					2,245,905
Due from Other Funds	13,583,965	2,655,217	151,286	167,190		16,557,658
Other Receivables	1,739,132	2,305				1,741,437
Inventory		15,758				15,758
Total Assets	<u>\$ 65,507,664</u>	<u>\$ 3,277,035</u>	<u>\$ 4,591,386</u>	<u>\$ 167,190</u>	<u>\$ 40,327,442</u>	<u>\$ 113,870,717</u>
Liabilities						
Payables						
Accounts Payable	\$ 2,909,264	\$ 50,766	\$ 342,338	\$	\$ 2,252,922	\$ 5,555,290
Accrued Liabilities	2,167,769	31,818	127,325			2,326,912
Due To						
Other Governments	1,014	28	65,284			66,326
Other Funds	2,901,829	188,722	3,790,364		9,161,812	16,042,727
Teachers' Retirement System	5,535,042					5,535,042
Employees' Retirement System	410,000					410,000
Short-Term Notes Payable						
Bond Anticipation Note					53,949,000	53,949,000
Compensated Absences	381,395					381,395
Collections in Advance			266,075			266,075
Total Liabilities	<u>14,306,313</u>	<u>271,334</u>	<u>4,591,386</u>		<u>65,363,734</u>	<u>84,532,767</u>
Deferred Inflows of Resources						
Deferred Revenue	1,128,374					1,128,374
Total Deferred Inflows of Resources	<u>1,128,374</u>					<u>1,128,374</u>
Fund Balance (Deficit)						
Nonspendable		15,758				15,758
Restricted	29,083,539			167,190	105,628	29,356,357
Assigned	11,491,001	2,989,943				14,480,944
Unassigned (Deficit)	9,498,437				(25,141,920)	(15,643,483)
Total Fund Balance (Deficit)	<u>50,072,977</u>	<u>3,005,701</u>		<u>167,190</u>	<u>(25,036,292)</u>	<u>28,209,576</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance						
	<u>\$ 65,507,664</u>	<u>\$ 3,277,035</u>	<u>\$ 4,591,386</u>	<u>\$ 167,190</u>	<u>\$ 40,327,442</u>	<u>\$ 113,870,717</u>

See Notes to Financial Statements

WESTBURY UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total Governmental Fund Balances	\$	28,209,576
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		1,128,374
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The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 107,814,933	
Accumulated Depreciation	<u>(44,983,663)</u>	62,831,270

Certain disbursements previously expended in the governmental funds related to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share at year end for the teachers' retirement system was:		8,760,891
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Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and OPEB that will be recognized as expenses in future periods amounted to:		105,848,790
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Payables that are associated with long-term liabilities are not payable in the current period and, therefore, are not reported as liabilities in the funds. Additional payables relating to accrued interest on long-term liabilities consisted of:

Retainage Percentages Payable		(482,776)
Accrued interest on bonds and energy performance debt		(21,540)

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

Bonds Payable	(3,170,000)	
Unamortized Discount on Bonds Payable	32,379	
Energy Performance Contract	(923,529)	
Net Other Postemployment Benefit Obligations	(296,615,380)	
Workers' Compensation Liability	(1,453,045)	
Compensated Absences Liability	(6,441,699)	
Net Pension Liability - Proportionate Share (ERS)	<u>(7,313,473)</u>	(315,884,747)

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenses under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows related to pensions and OPEB that will be recognized as a reduction in expenses in future periods amounted to:		<u>(29,645,777)</u>
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Total Net Position (Deficit)	\$	<u>(139,255,939)</u>
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WESTBURY UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	General	School Food Service	Special Aid	Debt Service	Capital Projects	Total
Revenues						
Real Property Taxes	\$ 74,514,316	\$	\$	\$	\$	\$ 74,514,316
Other Real Property Tax Items	3,189,950					3,189,950
School Tax Relief Reimbursement	5,761,077					5,761,077
Charges for Services	698,138					698,138
Use of Money and Property	381,194					381,194
Sale of Property and Compensation for Loss	284,193					284,193
Miscellaneous	1,142,878	1,269	3,740			1,147,887
Interfund Revenues	3,188					3,188
State Aid	58,290,936	70,378	3,548,426		160,079	62,069,819
Medicaid Reimbursement	663,907					663,907
Federal Aid		2,663,936	3,418,077			6,082,013
Surplus Food		267,688				267,688
School Food Service Sales		86,917				86,917
Total Revenues	<u>144,929,777</u>	<u>3,090,188</u>	<u>6,970,243</u>		<u>160,079</u>	<u>155,150,287</u>
Expenditures						
General Support	11,543,276					11,543,276
Instruction	87,081,352		6,941,462			94,022,814
Pupil Transportation	8,335,729		592,129			8,927,858
Community Service	5,450		93,064			98,514
Food Service Program		2,686,635				2,686,635
Employee Benefits	28,386,319	270,087	141,289			28,797,695
Capital Outlay					21,049,954	21,049,954
Debt Service - Principal	2,405,713					2,405,713
Debt Service - Interest	<u>745,852</u>					<u>745,852</u>
Total Expenditures	<u>138,503,691</u>	<u>2,956,722</u>	<u>7,767,944</u>		<u>21,049,954</u>	<u>170,278,311</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,426,086</u>	<u>133,466</u>	<u>(797,701)</u>		<u>(20,889,875)</u>	<u>(15,128,024)</u>
Other Financing Sources (Uses)						
BANs Redeemed from Appropriations					51,000	51,000
Transfers from Other Funds			797,701			797,701
Transfers to Other Funds	<u>(797,701)</u>					<u>(797,701)</u>
Total Other Financing Sources (Uses)	<u>(797,701)</u>		<u>797,701</u>		<u>51,000</u>	<u>51,000</u>
Net Change in Fund Balances	5,628,385	133,466			(20,838,875)	(15,077,024)
Fund Balance (Deficit), Beginning of Year	<u>44,444,592</u>	<u>2,872,235</u>		<u>167,190</u>	<u>(4,197,417)</u>	<u>43,286,600</u>
Fund Balance (Deficit), End of Year	<u>\$ 50,072,977</u>	<u>\$ 3,005,701</u>	<u>\$</u>	<u>\$ 167,190</u>	<u>\$ (25,036,292)</u>	<u>\$ 28,209,576</u>

See Notes to Financial Statements

WESTBURY UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Net Change in Fund Balances	\$	(15,077,024)
Amounts reported for governmental activities in the Statements of Activities are different because:		
Long-term revenue and expense differences		
In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially the amounts actually received).		866,217
Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Retainage		(482,776)
Claims payable in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable for the year ended June 30, 2020 changed by		(178,229)
In the Statement of Activities, compensated absences are measured by the amounts incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2020 changed by		495,209
Total other postemployment benefits obligation payable in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Total other post-employment benefit obligation payable for the year ended June 30, 2020 changed by		(21,266,676)
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2019 to June 30, 2020 changed by		4,731
Increases/decreases in the proportionate share of net pension asset/liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	\$	(1,406,183)
Employees' retirement system	<u>(5,560,127)</u>	(6,966,310)
Capital related differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities		
Capital additions	21,731,701	
Depreciation expense	<u>(2,621,387)</u>	19,110,314
Long-term debt differences		
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		2,070,000
Repayment of energy performance contract principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position and does not affect the statement of activities		284,713
The Statement of Activities recognizes expenses over the life of the bond. The amount of amortization of the bond discount for the year ended June 30, 2020 was		<u>(32,376)</u>
Change in Net Position	\$	<u>(21,172,207)</u>

WESTBURY UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2020

	Private Purpose Trust	Agency
Assets		
Cash and Cash Equivalents	\$ 6,763	\$ 1,111,260
Receivables		45,717
Due from Other Funds	<u>3,700</u>	<u>86,328</u>
Total Assets	<u><u>\$ 10,463</u></u>	<u><u>\$ 1,243,305</u></u>
Liabilities		
Accounts Payable	\$	\$ 9,174
Due to Other Funds		604,959
Other Liabilities	600	586,377
Extraclassroom Activity Balances		<u>42,795</u>
Total Liabilities	<u>600</u>	<u><u>\$ 1,243,305</u></u>
Net Position		
Restricted for Scholarships	<u>9,863</u>	
Total Net Position	<u>9,863</u>	
Total Liabilities and Net Position	<u><u>\$ 10,463</u></u>	

See Notes to Financial Statements

WESTBURY UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
For the Year Ended June 30, 2020

	Private Purpose Trust
Additions	
Investment Earnings	\$ 6
Total Additions	<u>6</u>
Deductions	
Scholarships and Awards	<u>800</u>
Change in Net Position	(794)
Net Position, Beginning of Year	<u>10,657</u>
Net Position, End of Year	<u><u>\$ 9,863</u></u>

See Notes to Financial Statements

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. 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 Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's business office.

Joint Venture

The District is a component school district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the 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, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

Basis of Presentation

(a) District-Wide Financial 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 real property taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

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

(b) Fund Financial Statements

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

Governmental Funds:

General Fund – This is the District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

School Food Service Fund – This fund is used to account for and reports transactions of the District's lunch and food service program.

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

Debt Service Fund – accounts for and reports financial resources and that are restricted to expenditure for principal and interest on long-term general obligation debt. Debt service fund should be used to report resources if legally mandated.

Capital Projects Fund – is used to account for and report financial resources that are restricted or assigned to expenditure for capital outlays, including the acquisition, construction, renovation, or major repair of capital facilities and other capital assets, such as equipment.

Fiduciary Funds – are used to account for and report 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:

WESTBURY UNION FREE SCHOOL DISTRICT
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For the Year Ended June 30, 2020

(Continued)

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 representatives of the donors may serve on committees to determine who benefits.

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.

Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Use of Estimates

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

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. 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 School Districts.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

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

Real Property Taxes

Real property taxes are levied annually by the Board of Education no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected by the Towns of Hempstead and North Hempstead along with the respective Town and Nassau county levies. Tax collections are remitted to the District between November and June.

The District also levies the real property taxes for the Westbury Memorial Public Library (Library), which are collected by the Town and remitted to the District. The District remits the Library's share of the tax levy to the Library in 4 installments. These pass-through amounts are not included in the District's real property tax revenue.

Uncollected real property taxes are the responsibility of Nassau County.

Payments In Lieu of Taxes

The District reports payments in lieu of taxes (PILOT) revenues in the general fund as other tax items revenue. These PILOT revenues are often the results of tax abatements granted by industrial development agencies of the towns and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected PILOTs to the District.

PILOT-payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax revenues.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law Section 1020-q (the "LIPA Reform Act") enacted by the State in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, "Tax Abatement Disclosures", under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments.

Receivables

Receivables are shown net of an allowance for uncollectible amounts, if any. However, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Restricted Resources

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

Interfund Transactions

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

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

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

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

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

Inventories

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. These inventories are accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

A portion of fund balance has been classified as nonspendable to indicate that inventories do not constitute available spendable resources.

Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Building and Improvements	\$ 25,000-\$50,000	20-50 Years
Furniture and Equipment	\$ 2,500	5-20 Years

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the difference between expected and actual experience (TRS and ERS), the net difference between projected and actual investment earnings on pension plan investments (ERS), changes in proportion and differences between contributions and proportionate share of contributions (TRS and ERS) and the District's contributions to the pension systems (TRS and ERS systems) subsequent to the measurement date. The second item is related to OPEB reported in the district-wide statement of net position. This represents the difference between expected and actual experience and changes in assumptions and other inputs not included in OPEB expense.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the district-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset/liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Net Position and represents the effect of changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including BOCES aid, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State, in response to revenue losses. Unavailable revenues, in the general fund at June 30, 2020, total \$1,128,374, of which \$686,419 relates to the amount for the 20% State withholding.

Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grants monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

Vested Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a portion of the value of unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, Accounting for Compensated Absences, the liability has been calculated using the vesting payment method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is determined based on the terms of the collective bargaining agreements and individual employment contracts in effect at year-end.

In the fund financial statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources.

Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

The District provides individual and family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. In the district-wide statements the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, or seven years if originally issued during calendar year 2015 through and including 2021. The notes, or the renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due in more than one year in the Statement of Net Position.

Equity Classifications

(a) District-Wide Financial Statements

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction and improvements of those assets.

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

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

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

(b) Fund Financial Statements

The School District follows the guidance under 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.

The following classifications describe the relative strength of the spending constraints:

Non-Spendable Fund Balance

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund.

Restricted Fund Balance

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The School District has established the following restricted fund balances:

- ***Reserve for Workers' Compensation*** - According to General Municipal Law §6-j, this reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures 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 60 days after the end of any fiscal year, excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.
- ***Unemployment Insurance Reserve*** - According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.
- ***Reserve for Employee Benefit Accrued Liability*** - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit based on unused and unpaid sick leave, personal leave, holiday leave or vacation time 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. This reserve is accounted for in the general fund.
- ***Retirement Contribution Reserve*** - According to General Municipal Law §6-r, must be used for financing retirement contributions payable to the New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System. These reserves 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. These reserves are accounted for in the general fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, a Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

- **Insurance Reserve** - Insurance reserve (GML §6-n) 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 of 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. This reserve is accounted for in the general fund.
- **Capital Reserve** – Capital Reserve (Education Law §3651) is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purposes further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The reserve is accounted for in the general fund.
- **Repairs 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. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.
- **Property Loss Reserve and Liability Reserve** - Property loss reserve and liability reserve (Education Law §1709(8) (c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund.
- **Debt Service** - Used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. This reserve is accounted for in the debt service fund.
- **Restricted – Unspent Debt Proceeds** – Unspent debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.
- **Restricted for Scholarships** – Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the private purpose trust fund.

(c) Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) a body (budget or finance committee, for example) or official to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated for the subsequent year's budget of the general fund, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned - Includes all other general fund balance amounts 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 to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund. NYS Real Property Tax Law §1318 restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

(d) Order of Use of Fund Balance

Fund balance measures the net financial resources available to finance expenditures within current or future periods. The District's Unassigned General Fund fund balance will be maintained to provide the District with financial stability and a margin of safety to fund unanticipated contingent expenditures that may occur unexpectedly during the fiscal year. The Unassigned General Fund fund balance used for these purposes may only be appropriated by resolution of the Board of Education unless voter approval is required.

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

The Board of Education delegates the authority to assign fund balance, for encumbrance purposes, to the Superintendent or his designee. For budgeting purposes, the authority to assign fund balance for subsequent year's expenditures (i.e., appropriating fund balance to reduce property tax levy for the subsequent year's budget) is exercised by the Board of Education upon their affirmative vote on the resolution adopting the tax levy for said subsequent fiscal year.

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 School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

2. FUTURE CHANGES IN ACCOUNTING STANDARDS

- | | |
|---|--|
| • GASB Statement No. 84 – <i>Fiduciary Activities</i> | Effective for the year ended June 30, 2021 |
| • GASB Statement No. 87 – <i>Leases</i> | Effective for the year ended June 30, 2022 |

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

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

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

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and long-term assets and liabilities, including pensions.

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

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

(a) Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences and other postemployment benefits.

- ***Employee Benefit Allocation***

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance. These costs have been allocated based on total salary for each function in the Statement of Activities.

- ***Pension Differences***

Pension differences occur as a result of changes in the District's proportion of the effective net pension asset/liability differences between the District's contributions and its proportionate share of the total contributions to the pension system, and District contributions to the pension system subsequent to the measurement date.

- ***OPEB Differences***

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

(b) Capital Related Differences

Capital related differences include the difference between proceeds for 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.

(c) Long-Term Debt Transaction Differences

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

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget. Appropriations are adopted at the program line item level.

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balance. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because 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. The following supplemental appropriation occurred during the year:

Various expenditures funded by State grant in aid	<u>\$ 435,000</u>
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Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the estimated cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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.

Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

Capital Projects Fund Deficit

The capital projects fund has an unassigned fund balance deficit of \$25,141,920. This will be funded when the District obtains permanent financing for its current construction projects.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

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

6. PARTICIPATION IN BOCES

During the year ended June 30, 2020, the District was billed \$18,538,271 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,630,385. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11503-9195.

7. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2020 consisted of:

General Fund	
New York State – Excess Cost Aid	\$ 2,060,672
New York State – General Aid	792,490
Medicaid	<u>25,122</u>
Total General Fund	2,878,284
Special Aid Fund	
Federal and State Grants	4,380,718
School Food Service Fund	
Federal and State Food Service Reimbursements	<u>143,533</u>
Total	<u>\$ 7,402,535</u>

District management expects these amounts to be fully collectible.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

8. CAPITAL ASSETS/RESTATEMENT OF NET POSITION

The capital asset balances and activity for the year ended June 30, 2020, are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 385,000	\$	\$	\$ 385,000
Construction in Progress	<u>6,670,601</u>	<u>21,532,730</u>	<u></u>	<u>28,203,331</u>
Total	<u>7,055,601</u>	<u>21,532,730</u>	<u></u>	<u>28,588,331</u>
Capital Assets Being Depreciated				
Buildings and Improvements	73,416,625			73,416,625
Improvements Other Than Buildings	1,975,145			1,975,145
Furniture, Equipment and Vehicles	<u>3,635,861</u>	<u>198,971</u>	<u></u>	<u>3,834,832</u>
Total	<u>79,027,631</u>	<u>198,971</u>	<u></u>	<u>79,226,602</u>
Accumulated Depreciation				
Buildings and Improvements	38,972,373	2,284,308		41,256,681
Improvements Other Than Buildings	1,080,416	61,542		1,141,958
Furniture, Equipment and Vehicles	<u>2,309,487</u>	<u>275,537</u>	<u></u>	<u>2,585,024</u>
Total	<u>42,362,276</u>	<u>2,621,387</u>	<u></u>	<u>44,983,663</u>
Net Capital Assets Being Depreciated	<u>36,665,355</u>	<u>(2,422,416)</u>	<u></u>	<u>34,242,939</u>
Net Capital Assets	<u><u>\$ 43,720,956</u></u>	<u><u>\$ 19,110,314</u></u>	<u><u>\$</u></u>	<u><u>\$ 62,831,270</u></u>

Depreciation expense was allocated to governmental functions as follows:

General Support	\$ 27,014
Instruction	2,544,684
School Food Service	<u>49,689</u>
Total Depreciation	<u><u>\$ 2,621,387</u></u>

9. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2020, are as follows:

Fund	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 13,583,965	\$ 2,901,829	\$	\$ 797,701
School Food Service	2,655,217	188,722		
Special Aid	151,286	3,790,364	797,701	
Debt Service	167,190			
Capital Projects Fund		9,161,812		
Agency	86,328	604,959		
Private Purpose Trust	<u>3,700</u>	<u></u>	<u></u>	<u></u>
Total	<u><u>\$ 16,647,686</u></u>	<u><u>\$ 16,647,686</u></u>	<u><u>\$ 797,701</u></u>	<u><u>\$ 797,701</u></u>

- The District transferred \$797,701 from the General Fund to the Special Aid Fund to cover the District's portion of the summer program for students with disabilities and Section 4201 tuition for state supported schools.
- All interfund payables are expected to be repaid within one year.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

10. SHORT-TERM DEBT

The changes in short-term debt during the year are as follows:

Description	Issue Date	Coupon Rate	Net Interest Rate	Balance 07/01/19	Issued	Redeemed	Balance 06/30/20
BAN	4/29/2019	2.50%	1.70%	\$ 19,000,000	\$	\$ (19,000,000)	\$
BAN	4/23/2020	1.85%	1.85%		53,949,000		53,949,000
				<u>\$</u>	<u>\$ 53,949,000</u>	<u>\$</u>	<u>\$ 53,949,000</u>

Interest on short-term debt for the year was \$663,522, including accrued interest payable of \$188,522. The BAN matures on April 22, 2021.

11. LONG-TERM LIABILITIES

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

Description	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Serial Bonds	\$ 5,240,000	\$	\$ (2,070,000)	\$ 3,170,000	\$ 2,075,000
Less: Unamortized Discount on Bonds Payable	(64,755)		32,376	(32,379)	(32,379)
Energy Performance Contract	1,208,242		(284,713)	923,529	295,978
Other Postemployment Benefits	233,432,665	68,766,523	(5,583,808)	296,615,380	
Workers' Compensation	1,274,816	960,771	(782,542)	1,453,045	
Compensated Absences	6,936,908		(495,209)	6,441,699	148,563
Net Pension Liability - Proportionate Share	2,150,355	7,910,324	(2,747,206)	7,313,473	
Total Long Term Liabilities	<u>\$ 250,178,231</u>	<u>\$ 77,637,618</u>	<u>\$ (11,931,102)</u>	<u>\$ 315,884,747</u>	<u>\$ 2,487,162</u>

The general fund has typically been used to liquidate long-term liabilities.

Bonds payable, which were issued for capital construction, are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
QZAB Capital Improvements	12/2004	12/2020	0.00%	\$ 1,875,000
Serial Bonds	08/2013	08/2025	2.00% to 3.00%	1,295,000
Total				<u>\$ 3,170,000</u>

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

The following is a summary of debt service requirements:

Fiscal Year Ending			
June 30,	Principal	Interest	Total
2021	\$ 2,075,000	\$ 33,550	\$ 2,108,550
2022	205,000	28,738	233,738
2023	210,000	23,288	233,288
2024	220,000	17,100	237,100
2025	225,000	10,425	235,425
2026	235,000	3,525	238,525
Total	<u>\$ 3,170,000</u>	<u>\$ 116,626</u>	<u>\$ 3,286,626</u>

On December 16, 2004, the District issued \$27,865,901 of Qualified Zone Academy Bonds (QZAB) for District-wide capital improvement, as approved by the District's voters on October 13, 2003. The QZAB bears no interest and was issued at a discount of \$835,978. Annual principal repayments began in December 2006 and continue until the bonds' final maturity in December 2020. The discount balance of \$32,379 at June 30, 2020 will be amortized over the remaining life of the bonds in the Statement of Activities.

On September 15, 2006, the District entered into an energy performance contract in the amount of \$3,811,351. The obligation is payable in 32 semi-annual installments of \$164,647 beginning September 21, 2007, including interest at 3.92%.

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

Fiscal Year Ending	Energy Performance Contract		
June 30,	Principal	Interest	Total
2021	\$ 295,978	\$ 33,315	\$ 329,293
2022	307,688	21,605	329,293
2023	319,863	9,430	329,293
Total	<u>\$ 923,529</u>	<u>\$ 64,350</u>	<u>\$ 987,879</u>

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

Total interest for the year was as follows:	
Interest Paid	\$ 82,330
Less: Interest Accrued in the Prior Year	(26,271)
Plus: Discount on bonds payable amortized	32,376
Plus: Interest Accrued in the Current Year	21,540
Total Interest Expense on Long-Term Debt	<u>\$ 109,975</u>

Unissued Debt

On May 15, 2018, the voters approved a bond proposition authorizing the District to issue bonds in the total amount of \$58,595,000 to finance capital additions, alterations and improvements at the Westbury Middle School and Westbury High School. During 2019-20, the District issued bond anticipation notes of \$53,949,000. As of June 30, 2020, the District has not issued any bonds.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

12. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

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 provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but before April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2020, were paid. The required contributions for the current year and two preceding years were:

	<u>Amount</u>
2020	\$ 1,428,876
2019	1,433,310
2018	1,405,442

(c) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows/ Inflows of Resources Related to Pensions

At June 30, 2020 the School District reported a liability of \$7,313,473 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. The information was provided by the ERS System in reports provided to the District.

At June 30, 2020, the District's proportion was 0.0276183 percent, which was a decrease of 0.0027312 from its proportion measured as of March 31, 2019.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$2,747,206. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 430,427	\$
Change of assumptions	147,259	127,155
Net difference between projected and actual earnings on pensions plan investments	3,749,242	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	627,801	142,542
District's contributions subsequent to the measurement date	410,000	
Total	<u>\$ 5,364,729</u>	<u>\$ 269,697</u>

Amounts reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 914,698
2022	1,218,106
2023	1,440,245
2024	1,111,983
	<u>\$ 4,685,032</u>

(d) Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2020
Actuarial valuation date	April 1, 2019
Interest Rate	6.80%
Salary scale	4.20%
Decrement tables	April 1, 2010 - March 31, 2015
	System's Experience
Inflation rate	2.50%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.00%	4.05%
International equity	14.00%	6.15%
Private equity	10.00%	6.75%
Real estate	10.00%	4.95%
Absolute return strategies	2.00%	3.25%
Opportunistic portfolio	3.00%	4.65%
Real assets	3.00%	5.95%
Bonds and mortgages	17.00%	0.75%
Cash	1.00%	0.00%
Inflation-indexed bonds	<u>4.00%</u>	0.50%
	100.00%	

Real rates of return are net of long-term inflation assumption of 2.5% for ERS.

e) Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension liability/(asset)	<u>\$ 13,422,289</u>	<u>\$ 7,313,473</u>	<u>\$ 1,687,229</u>

(g) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the April 1, 2019 valuation date is as follows:

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

Measurement Date	March 31, 2020
Employers' total pension liability	\$ (194,596,261) *
Plan fiduciary net position	<u>168,115,682</u>
Employers' net pension liability	<u>\$ (26,480,579)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	86.39%

* Dollars in Thousands

(h) Payables to the Pension Plan

The employer contributions for the fiscal year ended June 30, 2020 are paid annually to the System based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$410,000 of employer contributions. Employee contributions are remitted monthly.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org. or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity. The required employer contributions for the current year and two preceding years were:

	Amount
2020	\$ 5,115,692
2019	5,977,659
2018	5,456,151

(c) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows/Inflows of Related to Pensions

At June 30, 2020, the District reported an asset of \$8,760,891 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension asset was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the District's proportion was 0.337216 percent, which was a decrease of 0.004582 from its proportion measured as June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$10,682,546. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,937,032	\$ 651,477
Change of Assumptions	16,550,494	4,035,479
Net difference between projected and actual earnings on pensions plan investments		7,025,783
Changes in proportion and differences between contributions and proportionate share of contributions	377,823	888,955
Contributions subsequent to the measurement date	5,115,692	
Total	<u>\$ 27,981,041</u>	<u>\$ 12,601,694</u>

Amounts reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2021	\$ 3,811,748
2022	99,694
2023	3,797,382
2024	2,464,114
2025	326,639
Thereafter	(235,922)
	<u>\$ 10,263,655</u>

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

(d) Actuarial Assumptions

The total pension liability at June 30, 2019 measurement date was determined by using an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The actuarial valuation used the following actuarial assumptions.

Measurement date	June 30, 2019
Actuarial valuation date	June 30, 2018
Interest Rate	7.10% compounded annually, net of pension plan investment expense including inflation.
Salary scale	1.90% - 4.72%
Decrement tables	July 1, 2009 - June 30, 2014
	System's Experience
Inflation rate	1.30%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	33.0%	6.3%
International equity	16.0%	7.8%
Global equity	4.0%	7.2%
Real estate equity	11.0%	4.6%
Private equity	8.0%	9.9%
Domestic fixed income securities	16.0%	1.3%
Global fixed income securities	2.0%	0.9%
Private debt	1.0%	6.5%
Real estate debt	7.0%	2.9%
High-yield fixed income securities	1.0%	3.6%
Short-term	1.0%	0.3%
	<u>100.0%</u>	

(e) Discount Rate

The discount rate used to calculate the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current member

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(f) Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension liability (asset)	\$ 39,545,746	\$ (8,760,891)	\$ (49,284,707)

(g) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset of the employers as of the June 30, 2019 valuation date is as follows:

Measurement Date	June 30, 2019
Employers' total pension liability	\$ (119,879,474) *
Plan fiduciary net position	<u>122,477,481</u>
Employers' net pension asset	<u>\$ 2,598,007</u>
Ratio of plan fiduciary net position to the employers' total pension liability	102.17%

* Dollars in Thousands

(h) Payables to the Pension Plan

The employer contributions for the fiscal year ended June 30, 2020 are paid annually to the System in September, October and November 2020 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the fiscal year June 30, 2020 based on paid TRS covered wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$5,115,692 of employer contributions and \$419,350 of employee contributions.

C. Tax Sheltered Annuities

The District has adopted a 403(b)-plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$371,001 and \$3,679,194, respectively.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

D. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$455,827.

13. OTHER POSTEMPLOYMENT BENEFITS

(a) Plan descriptions:

The District's OPEB Plan (the Plan") defined as a single employer defined benefit plan primarily provides postemployment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP) and through Health Insurance Providers (HIP). Benefits provided are administered by Empire BlueCross BlueShield, United Healthcare, GHI/Value Options Inc., and Empire BlueCross BlueShield/Caremark. Article 37 of the Statutes of the State assigns the authority to establish and amend provisions to the District. No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

(b) Benefits provided

The District provides medical and Medicare Part B coverage to eligible retirees and their covered dependents. The School District pays between 35% and 100% of the cost for retirees, disabled retirees, and spouses and dependents. The benefits provided to employees upon retirement are based upon provisions in various contracts that the District has in place with different classifications of employees. All active employees who retire or are disabled directly from the School District and meet eligibility criteria will participate. The benefits are provided through fully-insured plans that are sponsored by NYSHIP. The Plan does not issue a stand alone publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

(c) Employees covered by benefit terms

	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefit payments	559
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>698</u>
Total	<u><u>1,257</u></u>

(d) Total OPEB liability

The District's total OPEB liability of \$296,615,380 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

(e) Changes in the total OPEB liability

Changes in the District's total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balances as of June 30, 2019	\$ 233,432,665
Changes recognized for the year:	
Service cost	9,472,357
Interest on Total OPEB Liability	8,404,799
Effect of assumption changes or inputs	50,889,367
Benefit payments	<u>(5,583,808)</u>
Net changes	<u>63,182,715</u>
Balances as of June 30, 2020	<u>\$ 296,615,380</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

(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 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Assumption (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 357,970,372</u>	<u>\$ 296,615,380</u>	<u>\$ 248,730,017</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's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.1-3.1%) or 1-percentage point higher (7.1-5.1%) than the current healthcare cost trend rate:

	1% Decrease (5.10% decreasing to 3.10%)	Current Assumption (6.10% decreasing to 4.10%)	1% Increase (7.10% decreasing to 5.10%)
Total OPEB liability	<u>\$ 237,504,268</u>	<u>\$ 296,615,380</u>	<u>\$ 376,658,920</u>

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

(h) OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$26,850,484. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,584,799	\$
Changes of assumptions or other inputs	43,918,221	16,774,386
Total	<u>\$ 72,503,020</u>	<u>\$ 16,774,386</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Amount
2021	\$ 8,973,328
2022	8,973,328
2023	8,973,328
2024	8,973,328
2025	8,973,328
Thereafter	10,861,994
	<u>\$ 55,728,634</u>

(i) Actuarial methods and assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018 rolled forward to June 30, 2020, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation date	July 1, 2018
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal - Cost Method
Plan type	Single Employer Defined Benefit Plan
Inflation rate	2.60%
Healthcare cost trend rates	6.1% in 2018, decreasing to an ultimate rate of 4.1% in 2075.
Discount rate	2.21%
Mortality	RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with scale MP-2016

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

14. RISK MANAGEMENT

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.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unreported claims which were incurred on or before year end but not reported (IBNR). Claims activity is summarized below:

	Undiscounted	
	2020	2019
Unpaid Claims at Beginning of Year	\$ 1,544,511	\$ 1,779,103
Incurred Claims and Claim Adjustment Expenses	784,016	29,605
Claim Payments	(782,542)	(264,197)
Unpaid Claims at Year End	<u>\$ 1,545,985</u>	<u>\$ 1,544,511</u>

The estimated liability using a 1% discount rate at June 30, 2020 is \$1,453,045.

15. FUND BALANCES

The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund Balance Sheet:

	General	School Food Service	Debt Service	Capital	Total
Nonspendable	\$	\$ 15,758	\$	\$	\$ 15,758
Restricted					
Workers' Compensation	3,804,874				3,804,874
Unemployment Insurance	330,791				330,791
Employee Benefit Accrued Liability	9,455,113				9,455,113
Retirement Contribution					
Employees' Retirement System	6,778,790				6,778,790
Teachers' Retirement System	2,316,640				2,316,640
Insurance	449,928				449,928
Repairs	21,292				21,292
Property Loss	449,949				449,949
Liability	438,345				438,345
Capital	5,037,817				5,037,817
Debt Service			167,190		167,190
Unspent Debt Proceeds				105,628	105,628
Total Restricted	<u>29,083,539</u>	<u></u>	<u>167,190</u>	<u>105,628</u>	<u>29,356,357</u>
Assigned					
Encumbrances	691,001				691,001
Appropriated for Subsequent Year's Budget	10,800,000				10,800,000
Assigned: Unappropriated		2,989,943			2,989,943
Total Assigned	<u>11,491,001</u>	<u>2,989,943</u>			<u>14,480,944</u>
Unassigned (Deficit)	<u>9,498,437</u>			<u>(25,141,920)</u>	<u>(15,643,483)</u>
Total Fund Equity	<u>\$ 50,072,977</u>	<u>\$ 3,005,701</u>	<u>\$ 167,190</u>	<u>\$ (25,036,292)</u>	<u>\$ 28,209,576</u>

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

The following is a summary of the change in General Fund restricted funds during the year ended June 30, 2020:

Reserved	Beginning Balance	Additions	Deductions	Ending Balance
Workers' Compensation	\$ 3,452,647	\$ 652,227	\$ 300,000	\$ 3,804,874
Unemployment Insurance	227,353	103,438		330,791
Employee Benefit Accrued Liability	9,716,878	146,986	408,751	9,455,113
Retirement Contribution - ERS	6,594,677	1,399,756	1,215,643	6,778,790
Retirement Contribution - TRS	1,100,000	1,216,640		2,316,640
Insurance	443,223	6,705		449,928
Capital	2,500,000	2,537,817		5,037,817
Repairs	20,975	317		21,292
Property Loss	443,244	6,705		449,949
Liability	431,813	6,532		438,345
Total	<u>\$ 24,930,810</u>	<u>\$ 6,077,123</u>	<u>\$ 1,924,394</u>	<u>\$ 29,083,539</u>

16. RESTRICTED FUND BALANCE-APPROPRIATED RESERVES

The District expects to appropriate \$1,300,000 from the ERS retirement contribution reserve, \$1,100,000 from the TRS retirement contribution reserve, \$100,000 from the employee benefit accrued liability reserve, and \$300,000 from the workers' compensation reserve, which are reported in the June 30, 2020 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2021.

17. RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District's restricted capital reserve activity since inception:

Date Created	May 2019
Number of Years to Fund	10
Maximum Funding	<u>\$ 25,000,000</u>
General Fund	
Funding provided since inception	\$ 5,000,000
Interest Earnings Since Inception	<u>37,817</u>
Total General Fund	<u>\$ 5,037,817</u>

18. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those abatement programs, the District's 2019-20 property taxes were abated by \$6,689,657. The District received payment in lieu of taxes (PILOT) payments totaling \$1,952,210.

19. COMMITMENTS AND CONTINGENCIES

Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2020, the District encumbered the following amounts:

WESTBURY UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2020

(Continued)

Assigned: Unappropriated Fund Balance:

General Fund	
General support	\$ 149,014
Instruction	<u>541,987</u>
Total General Fund	691,001

Capital Projects Fund	
Capital Projects	<u>482,776</u>
	<u>\$ 1,173,777</u>

Grants

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

Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. Management believes that the outcome of any matters will not have a material effect on these financial statements.

Operating Leases

The District leases various space and equipment under non-cancelable operating leases. Rental expense for the year was \$906,315, which includes sub-lease of \$688,000 with Nassau Community College. On June 24, 2020, the sub-lease was amended and extended for the period 7/1/2020-6/30/2021 for \$767,000. The minimum remaining operating lease payments are as follows:

Fiscal Year Ending	
June 30,	Amount
2021	\$ 877,151
2022	110,151
2023	110,151
2024	<u>110,150</u>
	<u>\$ 1,207,603</u>

20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

On March 11, 2020, coronavirus disease (COVID-19) was declared a pandemic by the World Health Organization. COVID 19 is an international, national, and New York State public health emergency. As such, the COVID-19 outbreak is disrupting business activity across a range of industries. At this point, the extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the effect on the District's residents, employees and vendors, as well as the State, all of which are uncertain and cannot be predicted.

WESTBURY UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	\$ 80,249,802	\$ 74,488,725	\$ 74,514,316	\$	25,591
Other Real Property Tax Items	2,894,810	2,894,810	3,189,950		295,140
School Tax Relief Reimbursement		5,761,077	5,761,077		
Charges for Services	600,000	600,000	698,138		98,138
Use of Money and Property	75,000	75,000	381,195		306,195
Sale of Property and Compensation for Loss			284,193		284,193
Miscellaneous	300,000	300,000	1,142,878		842,878
Interfund Revenues			3,188		3,188
State Aid	58,989,365	59,424,365	58,290,935		(1,133,430)
Medicaid Reimbursement	<u>300,000</u>	<u>300,000</u>	<u>663,907</u>		<u>363,907</u>
Total Revenues	143,408,977	143,843,977	144,929,777		1,085,800
Appropriated Fund Balance					
Prior Years Encumbrances	583,045	583,045			(583,045)
Appropriated Fund Balance and Reserves	<u>12,500,000</u>	<u>12,500,000</u>			<u>(12,500,000)</u>
Total Revenues					
Total Revenues and Appropriated Fund Balance	<u>\$ 156,492,022</u>	<u>\$ 156,927,022</u>	<u>\$ 144,929,777</u>		<u>\$ (11,997,245)</u>
	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	\$ 165,296	\$ 162,516	\$ 135,709	\$	\$ 26,807
Central Administration	456,138	456,138	432,619		23,519
Finance	1,463,727	1,463,727	1,267,491	1,490	194,746
Staff	806,350	830,112	669,269		160,843
Central Services	8,194,780	8,299,626	7,041,191	147,524	1,110,911
Special Items	<u>2,226,942</u>	<u>2,267,880</u>	<u>1,996,997</u>		<u>270,883</u>
Total General Support	<u>13,313,233</u>	<u>13,479,999</u>	<u>11,543,276</u>	<u>149,014</u>	<u>1,787,709</u>
Instruction					
Instruction, Administration, and Improvement	4,754,611	4,753,428	4,114,514		638,914
Teaching - Regular School	47,472,444	46,902,930	43,500,812	22,689	3,379,429
Programs for Children With Special Needs	31,258,932	31,663,483	27,866,088	452,297	3,345,098
Occupational Education	1,109,740	1,324,641	1,287,409		37,232
Teaching - Special School	1,301,075	1,201,075	790,395		410,680
Instructional Media	4,173,704	4,334,607	3,655,676	57,800	621,131
Pupil Services	<u>6,554,916</u>	<u>6,783,732</u>	<u>5,866,458</u>	<u>9,201</u>	<u>908,073</u>
Total Instruction	<u>96,625,422</u>	<u>96,963,896</u>	<u>87,081,352</u>	<u>541,987</u>	<u>9,340,557</u>
Pupil Transportation	9,937,817	9,967,267	8,335,729		1,631,538
Community Services	5,250	5,700	5,450		250
Employee Benefits	33,074,964	32,424,824	28,386,319		4,038,505
Debt Service - Principal	2,354,713	2,414,713	2,405,713		9,000
Debt Service - Interest	<u>313,608</u>	<u>803,608</u>	<u>745,852</u>		<u>57,756</u>
Total Expenditures	155,625,007	156,060,007	138,503,691	691,001	16,865,315
Other Financing Uses					
Transfers to Other Funds	<u>867,015</u>	<u>867,015</u>	<u>797,701</u>		<u>69,314</u>
Total Expenditures and Other Financing Uses	<u>\$ 156,492,022</u>	<u>\$ 156,927,022</u>	<u>139,301,392</u>	<u>\$ 691,001</u>	<u>\$ 16,934,629</u>
Net Change in Fund Balance			5,628,385		
Fund Balance - Beginning of Year			<u>44,444,592</u>		
Fund Balance - End of Year			<u>\$ 50,072,977</u>		

Notes to Supplementary Information:

The budget is 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

WESTBURY UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Last Three Fiscal Years

	<u>2020*</u>	<u>2019*</u>	<u>2018 *</u>
Total OPEB Liability			
Service cost	\$ 9,472,357	\$ 10,660,130	\$ 7,527,360
Interest	8,404,799	6,413,820	6,058,353
Demographic Gains or Losses		38,253,579	
Differences between expected and actual experience			24,889
Changes of assumptions	50,889,367	(22,460,618)	
Benefit payments	(5,583,808)	(5,098,541)	(4,693,452)
Net change in total OPEB liability	<u>63,182,715</u>	<u>27,768,370</u>	<u>8,917,150</u>
 Total OPEB liability - beginning	 <u>233,432,665</u>	 <u>205,664,295</u>	 <u>196,747,145</u>
Total OPEB liability - ending	<u>\$ 296,615,380</u>	<u>\$ 233,432,665</u>	<u>\$ 205,664,295</u>
 Covered payroll	 \$ 59,557,504	 \$ 59,557,504	 \$ 49,455,528
 Total OPEB Liability as a percentage of covered payroll	 498.03%	 391.95%	 415.86%

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Notes to Required Supplementary Information:

The District has no net assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits.

Actuarial Assumptions

Changes of assumptions and other inputs reflect a change in the discount rate from 3.00% in 2018 to 3.50% in 2019 and from 3.50% in 2019 to 2.21% in 2020.
The actuarial methods used to calculate the total OPEB liability are described in Note 13 to the financial statements.

WESTBURY UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
Last Ten Fiscal Years

ERS Pension Plan

	<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>
Contractually required contribution	\$ 1,428,876	\$ 1,433,310	\$ 1,405,442	\$ 1,312,243	\$ 1,492,102	\$ 1,641,113	\$ 1,625,836	\$ 1,486,668	\$ 1,347,296	\$ 1,013,456
Contributions in relation to the contractually required contributor	<u>1,428,876</u>	<u>1,433,310</u>	<u>1,405,442</u>	<u>1,312,243</u>	<u>1,492,102</u>	<u>1,641,113</u>	<u>1,625,836</u>	<u>1,486,668</u>	<u>1,347,296</u>	<u>1,013,456</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School district's covered-ERS employee payroll	\$ 10,548,690	\$ 9,968,690	\$ 10,128,150	\$ 9,462,468	\$ 8,577,538	\$ 8,358,199	\$ 8,399,486	\$ 8,201,755	\$ 8,755,676	\$ 8,957,381
Contributions as a percentage of covered-employee payroll	13.55%	14.38%	13.88%	13.87%	17.40%	19.63%	19.36%	18.13%	15.39%	11.31%

TRS Pension Plan

	<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>
Contractually required contribution	\$ 5,115,692	\$ 5,977,659	\$ 5,456,151	\$ 6,364,133	\$ 6,704,295	\$ 8,670,974	\$ 7,405,532	\$ 5,288,798	\$ 5,031,898	\$ 4,344,079
Contributions in relation to the contractually required contributor	<u>5,115,692</u>	<u>5,977,659</u>	<u>5,456,151</u>	<u>6,364,133</u>	<u>6,704,295</u>	<u>8,670,974</u>	<u>7,405,532</u>	<u>5,288,798</u>	<u>5,031,898</u>	<u>4,344,079</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School district's covered-TRS employee payroll	\$ 57,739,187	\$ 56,961,421	\$ 56,416,841	\$ 54,301,476	\$ 50,560,294	\$ 49,463,628	\$ 43,690,454	\$ 46,017,271	\$ 46,299,329	\$ 45,550,030
Contributions as a percentage of covered-employee payroll	8.86%	10.49%	9.67%	11.72%	13.26%	17.53%	16.95%	11.49%	10.87%	9.54%

WESTBURY UNION FREE SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
Last Seven Fiscal Years

ERS Pension Plan

	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0276183%	0.0303495%	0.0289311%	0.0266364%	0.0274966%	0.0278647%	0.0278647%
District's proportionate share of the net pension liability	\$ 7,313,473	\$ 2,150,355	\$ 933,735	\$ 2,502,816	\$ 4,413,284	\$ 941,338	\$ 1,259,167
District's covered-employee payroll	\$ 10,657,981	\$ 9,642,256	\$ 10,031,798	\$ 9,544,997	\$ 8,799,681	\$ 8,358,199	\$ 8,399,486
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.62%	22.30%	9.31%	26.22%	50.15%	11.26%	14.99%
Plan fiduciary net position as a percentage of total pension liability	86.39%	96.30%	98.20%	94.70%	90.68%	97.95%	97.20%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

TRS Pension Plan

	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the net pension asset/(liability)	0.337216%	0.341798%	0.342664%	0.327654%	0.329289%	0.309589%	0.313039%
District's proportionate share of the net pension asset/(liability)	\$ 8,760,891	\$ 6,180,604	\$ 2,604,584	\$ (3,509,310)	\$ 34,202,601	\$ 34,870,628	\$ 2,037,879
District's covered-employee payroll	\$ 56,961,421	\$ 56,416,841	\$ 54,301,476	\$ 50,560,294	\$ 49,463,628	\$ 43,690,454	\$ 46,017,271
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	15.38%	10.96%	4.80%	6.94%	69.15%	79.81%	4.43%
Plan fiduciary net position as a percentage of total pension (liability)	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

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

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical information is available.

WESTBURY UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2020

Change from Adopted Budget to Final Budget

Adopted Budget	\$ 155,908,977
Add: Prior Year's Encumbrances	<u>583,045</u>
Original Budget	156,492,022
Add: State Grant-in-Aid	<u>435,000</u>
Final Budget	<u><u>\$ 156,927,022</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2020-21 voter-approved expenditure budget	<u>\$ 157,064,147</u>
Maximum allowed (4% of 2020-21 budget)	<u>\$ 6,282,566</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:	
Assigned fund balance	\$ 11,491,001
Unassigned fund balance	<u>9,498,437</u>
Total unrestricted fund balance	<u>20,989,438</u>

Less:

Appropriated fund balance	10,800,000
Encumbrances	<u>691,001</u>
Total adjustments	<u>11,491,001</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 9,498,437</u></u>
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Actual percentage	6.05%
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[illegible]

WESTBURY UNION FREE SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
June 30, 2020

Capital Assets Not Being Depreciated	\$ 28,588,331
Capital Assets Being Depreciated, Net of Accumulated Depreciation	<u>34,242,939</u>
	<u>62,831,270</u>
 Bond Anticipation Note Payable	 (53,949,000)
Short-term portion of Serial Bonds Payable	(2,075,000)
Long-term portion of Serial Bonds Payable	(1,095,000)
Unamortized discount on bonds payable	32,379
Short-term Portion of Energy Performance Contract Payable	(295,978)
Long-term Portion of Energy Performance Contract Payable	(627,551)
Plus: Unspent Proceeds from Bonds, BAN, and Energy Performance Contract	<u>27,176,836</u>
	<u>(30,833,314)</u>
 Net Investment in Capital Assets	 <u><u>\$ 31,997,956</u></u>



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(1950 – 2013)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Westbury Union Free School District (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 December 17, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We noted certain other matters that we have reported to the Board of Education, Audit Committee and management of the Westbury Union Free School District in a separate letter dated December 17, 2020.

District's Response to Findings

Westbury Union Free School District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. Westbury Union Free School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

Cullen & Danowski, LLP

December 17, 2020

WESTBURY UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2020

FINANCIAL STATEMENTS FINDING

Material Weakness

2020-001. Year End Closing of the Books

Criteria: The District's internal control over financial reporting must include controls over the year end accounting close process.

Condition: The District did not prepare all of the adjusting journal entries to close the books at year end. As a result, auditors had to propose a number of audit adjustments to correct misstatements in the District's books.

Cause: The District's business office experienced turnovers in a number of key positions during the fiscal year; the existing staffing structure of the business office and resources allocated to the year-end process were inadequate.

Effect: The District's books and records required a number of audit adjustments to correct misstatements during the annual audit. Without these audit adjustments, the District's financial statements would have been materially misstated.

Recommendation: The District should review the staffing structure of the business office and resources allocated to the year end closing process, and implement necessary changes to ensure that all journal entries needed to close the books at year end are done before the external audit begins and minimize the number of material audit adjustments needed going forward.

Management's Response: The Board is in discussion regarding the recommendation and a decision to engage the services of an external accounting agency to assist with the year-end closing process and minimize the number of material audit adjustments, will be made shortly. The District thanks the External Auditor for the recommendation and will take the steps necessary to ensure that proper and sufficient resources are allocated to the year-end closing process.

