

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS
June 30, 2020

SYOSSET CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Syosset Central School District
Syosset, 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 Syosset Central 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 Syosset Central 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 the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios pages 3 through 16 and 56 through 60, 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 Syosset Central School District's basic financial statements. The other supplementary information on pages 61 through 64 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 October 13, 2020 on our consideration of the Syosset Central 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 Syosset Central 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 Syosset Central School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 13, 2020

**SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Syosset Central School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

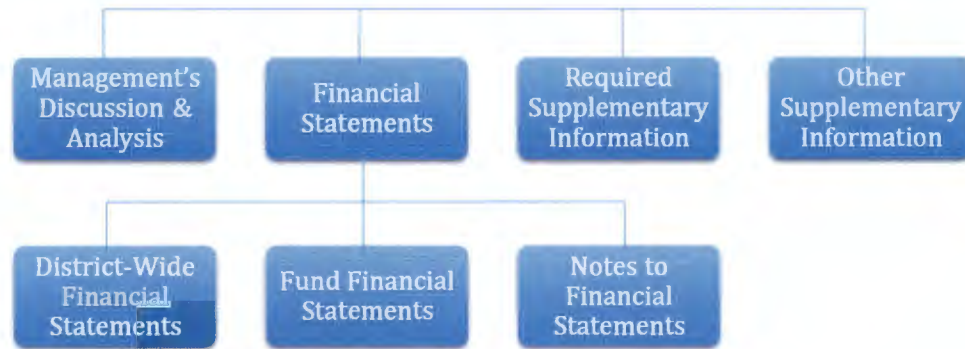
Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position, was a deficit of \$214,575,056 in the district-wide financial statements at June 30, 2020, compared to a deficit of \$193,266,547 at June 30, 2019. The deficit increased by \$21,308,509 over the prior year due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$257,529,057. Of this amount, \$4,861,977 was offset by program charges for services, operating grants, and capital grants. General revenues of \$231,358,571 amount to 97.9% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$7,421,027. This was due to an excess of revenues over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting.
- On February 13, 2018, the voters approved capital improvement projects – Phase II for district-wide improvements more specifically described in the architect and engineers prepared document. The estimated cost of the work is \$45,810,000. \$11,464,500 of the existing capital reserve was used for initial funding. The balance of \$34,345,500 to be obtained through issuing debt as authorized by the voters. The District has issued debt in the amount of \$30,180,000 and a total of \$28,195,839 has been expended as of June 30, 2020. On July 15, 2020, the District issued the remaining authorized debt of \$4,165,000.
- On September 4, 2019, the District issued bonds in the amount of \$30,180,000, which are payable semi-annually through December 15, 2038. The District received premiums of \$250,214 with the borrowing to yield an effective interest rate of 1.99%. The proceeds of the bonds will be used to provide funding for the authorized Phase II district-wide capital improvement projects.
- On February 13, 2018, the voters authorized the District to make energy efficient improvements to various District buildings and facilities at a maximum estimated cost of \$19,989,248. On July 15, 2020 the District issued bonds in the amount of \$19,985,000 to fund these improvements which had not yet begun as of June 30, 2020.
- On June 9, 2020, the voters approved the capital reserve known as the "2020 Construction Capital Reserve Fund." The reserve has a funding cap of \$20,000,000 plus investment income over a probable term of 10 years and provides for funding of annual amounts not exceeding \$5,000,000 from the general fund or transfers from other reserves. This reserve has been funded by the District in the amount of \$5,000,000 through June 30, 2020.
- The District's 2020 property tax levy of \$200,830,319 was a 2.49% increase over the 2019 tax levy. The District's property tax cap was 3.43%.

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



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.

The Statement of Activities

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

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 when they become measurable and available. It recognizes expenditures in the period when 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.

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, the reader 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 Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds: general fund, special aid fund, school food service 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 economic resources measurement focus and 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-wide financial statements because the District cannot use these assets to finance its operations.

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position (deficit) increased by \$21,308,509 between fiscal year 2019 and 2020. The deficit increase is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2020	2019	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 98,495,161	\$ 72,536,205	\$ 25,958,956	35.79 %
Capital Assets, Net	114,098,510	90,858,782	23,239,728	25.58 %
Net Pension Asset - Proportionate Share	16,384,076	11,526,035	4,858,041	42.15 %
Total Assets	<u>228,977,747</u>	<u>174,921,022</u>	<u>54,056,725</u>	30.90 %
Deferred Outflows of Resources	<u>139,688,148</u>	<u>88,327,441</u>	<u>51,360,707</u>	58.15 %
Liabilities				
Current and Other Liabilities	28,151,274	18,949,601	9,201,673	48.56 %
Long-Term Liabilities	53,205,856	25,200,336	28,005,520	111.13 %
Net Pension Liability - Proportionate Share	15,916,856	4,284,202	11,632,654	271.52 %
Total OPEB Obligation	<u>418,217,069</u>	<u>337,820,548</u>	<u>80,396,521</u>	23.80 %
Total Liabilities	<u>515,491,055</u>	<u>386,254,687</u>	<u>129,236,368</u>	33.46 %
Deferred Inflows of Resources	<u>67,749,896</u>	<u>70,260,323</u>	<u>(2,510,427)</u>	(3.57)%
Net Position (Deficit)				
Net Investment in Capital Assets	84,016,842	73,998,782	10,018,060	13.54 %
Restricted	37,792,803	37,860,242	(67,439)	(0.18)%
Unrestricted (Deficit)	<u>(336,384,701)</u>	<u>(305,125,571)</u>	<u>(31,259,130)</u>	10.24 %
Total Net Position (Deficit)	<u>\$ (214,575,056)</u>	<u>\$ (193,266,547)</u>	<u>\$ (21,308,509)</u>	11.03 %

The increase in current and other assets is primarily related to increases in the overall cash position of the District and taxes receivable.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds.

The increase in current and other liabilities is primarily the result of increases in the District's accounts payable and due to fiduciary funds, offset by a decrease in the District's liability to the teachers' retirement system for the current year's contribution.

The increase in long-term liabilities is primarily the result of the issuance of bonds for authorized capital improvement projects.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) obligation increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits," provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Supplementary Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves. This number decreased from the prior year primarily as a result of the current year expenditures on the District's capital improvement projects that were funded by the District's capital reserves, offset by transfers into reserves.

The unrestricted deficit amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB obligation. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2020	2019	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 2,080,769	\$ 2,252,536	\$ (171,767)	(7.63)%
Operating Grants	2,531,537	2,529,030	2,507	0.10 %
Capital Grants	249,671		249,671	100 %
General Revenues				
Property Taxes and STAR	200,737,235	195,866,582	4,870,653	2.49 %
State Sources	17,738,495	17,146,117	592,378	3.45 %
Other	12,882,841	12,024,175	858,666	7.14 %
Total Revenues	<u>236,220,548</u>	<u>229,818,440</u>	<u>6,402,108</u>	2.79 %
Expenses				
General Support	32,209,003	28,894,285	3,314,718	11.47 %
Instruction	213,125,159	192,356,022	20,769,137	10.80 %
Pupil Transportation	8,748,211	10,265,686	(1,517,475)	(14.78)%
Community Service	388,883	422,625	(33,742)	(7.98)%
Debt Service - Interest	1,392,990	1,220,999	171,991	14.09 %
Food Service Program	1,664,811	1,486,483	178,328	12.00 %
Total Expenses	<u>257,529,057</u>	<u>234,646,100</u>	<u>22,882,957</u>	9.75 %
Decrease in Net Position	<u>\$ (21,308,509)</u>	<u>\$ (4,827,660)</u>	<u>\$ (16,480,849)</u>	341.38 %

The District's net position decreased by \$21,308,509 and \$4,827,660 for the years ended June 30, 2020 and 2019, respectively.

The District's revenues increased by \$6,402,108 or 2.79%. The major factors that contributed to the increase were:

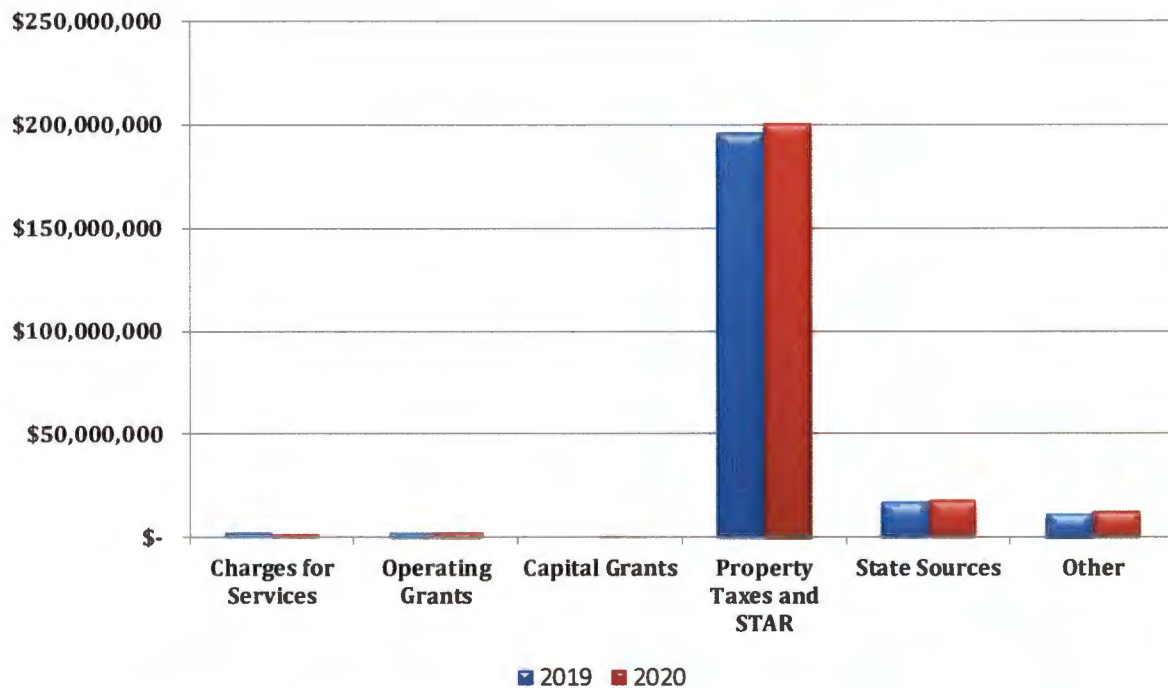
- Property taxes and STAR revenues increased by \$4,870,653.
- The District received more state aid in the current year than during the prior year.
- Other revenues increased primarily due to the receipt of a donation to the District of \$1,000,000.

The District's total expenses for the year increased by \$22,882,957 or 9.75%. The increase in expense is primarily due to increases in instruction, and general support offset by a decrease in pupil transportation. The primary reason for the increases in instruction, and general support is the impact of the net change in pension and other postemployment benefits costs allocated. Pupil transportation expenses decreased due to remote instruction as a result of the COVID-19 pandemic.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 85.0% and 85.2% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.8% and 82.0% of the total for the years 2020 and 2019, respectively).

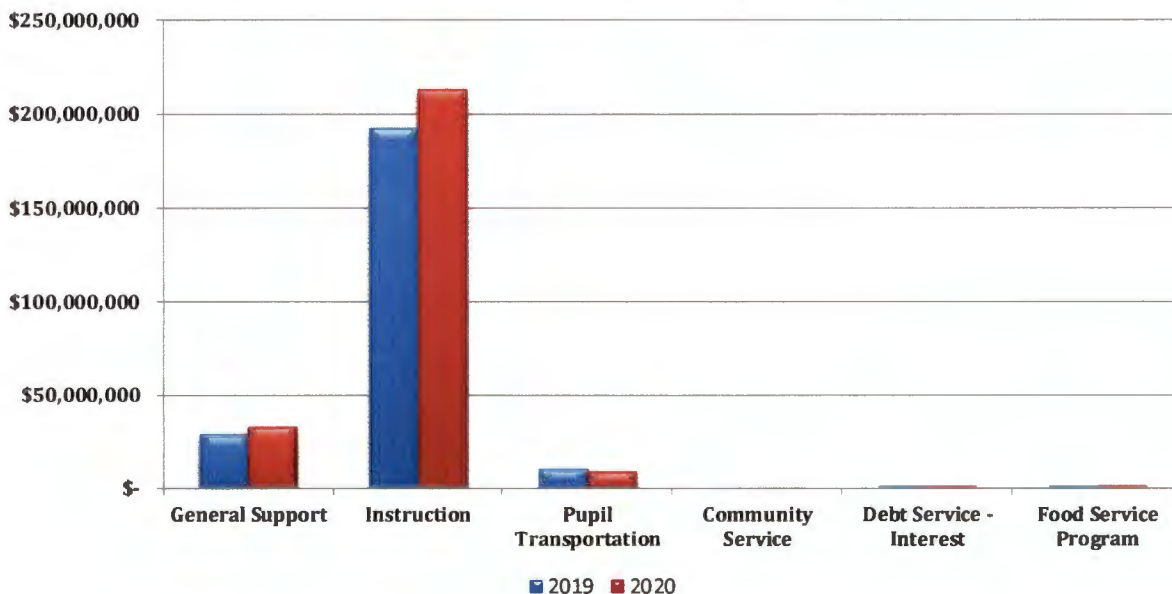
SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2019	1.0%	1.1%	0.0%	85.2%	7.5%	5.2%
2020	0.9%	1.1%	0.1%	85.0%	7.5%	5.4%

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



	General Support	Instruction	Pupil Transportation	Community Service	Debt Service - Interest	Food Service Program
2019	12.3%	82.0%	4.4%	0.2%	0.5%	0.6%
2020	12.5%	82.8%	3.4%	0.2%	0.5%	0.6%

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$70,093,780, which is an increase of \$16,345,303 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2020	2019	Increase (Decrease)
General Fund			
Nonspendable: Prepaids	\$ 5,050	\$	\$ 5,050
Restricted			
Workers' compensation	3,275,338	3,438,156	(162,818)
Unemployment insurance	737,238	775,564	(38,326)
Retirement contribution			
Teachers' retirement system	4,213,043	2,076,535	2,136,508
Employees' retirement system	14,161,842	15,860,129	(1,698,287)
Insurance	313,740	309,087	4,653
Employee benefit accrued liability	3,466,195	3,513,346	(47,151)
Capital	5,036,757	36,229	5,000,528
Repairs	171,348	170,067	1,281
Assigned:			
Appropriated fund balance	4,967,274	3,400,000	1,567,274
Unappropriated fund balance	744,574	278,749	465,825
Unassigned: Fund balance	9,665,569	9,479,079	186,490
	<u>46,757,968</u>	<u>39,336,941</u>	<u>7,421,027</u>
School Food Service Fund			
Nonspendable: Inventory	6,761	239	6,522
Assigned: Unappropriated fund balance	94,089	703,024	(608,935)
	<u>100,850</u>	<u>703,263</u>	<u>(602,413)</u>
Debt Service Fund			
Restricted: Debt service	672,357	45	672,312
Capital Projects Fund			
Restricted:			
Capital	5,744,945	11,681,084	(5,936,139)
Unspent bond proceeds	13,698,332		13,698,332
Assigned: Unappropriated fund balance	3,119,328	2,027,144	1,092,184
	<u>22,562,605</u>	<u>13,708,228</u>	<u>8,854,377</u>
Total Fund Balance	<u>\$ 70,093,780</u>	<u>\$ 53,748,477</u>	<u>\$ 16,345,303</u>

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. General Fund

The net change in the general fund – fund balance is an increase of \$7,421,027, compared to a decrease of \$472,821 in 2019. This resulted from revenues in excess of expenditures and other financing uses.

The District's revenues increased by \$4,677,737 or 2.07%, as compared to the prior year. This increase is primarily attributable to increases in property taxes and miscellaneous revenues, offset by a decrease in STAR. The increase in property taxes is due to an increase in the tax levy in accordance with the 2019-2020 budget. The increase in miscellaneous is the result of the receipt of a donation of \$1,000,000. The decrease in STAR is the result of changes in the eligibility requirements for property tax reduction.

Expenditures and other financing uses decreased by \$3,216,111 or 1.42% from the prior year. This decrease was primarily due to decreases in pupil transportation, employee benefits, and operating transfers out, offset by an increases in general support.

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2019	Use of Reserves	Interest	Funding	Balance @ June 30, 2020	Appropriated for June 30, 2021
Workers' compensation	\$ 3,438,156	\$ (730,000)	\$ 51,718	\$ 515,464	\$ 3,275,338	\$ 730,000
Unemployment insurance	775,564	(50,000)	11,674		737,238	50,000
Retirement contribution						
TRS	2,076,535		31,225	2,105,283	4,213,043	
ERS	15,860,129	(2,866,399)	231,947	936,165	14,161,842	3,000,000
Insurance	309,087		4,653		313,740	
EBALR	3,513,346	(100,000)	52,849		3,466,195	100,000
Capital	36,229		528	5,000,000	5,036,757	
Repairs	170,067		1,281		171,348	
	<u>\$ 26,179,113</u>	<u>\$ (3,746,399)</u>	<u>\$ 385,875</u>	<u>\$ 8,556,912</u>	<u>\$ 31,375,501</u>	<u>\$ 3,880,000</u>

Additional detail regarding capital reserves can be found in Note 20 "Restricted for Capital Reserve."

B. School Food Service Fund

The net change in the school food service fund - fund balance is a decrease of \$602,413, which was the operating loss of the food service program. The loss was primarily the result of equipment expenditures needed as the District expanded the food service program in the elementary schools.

C. Debt Service Fund

The net change in the debt service fund – fund balance is an increase of \$672,312, primarily due to the premium recognized from the issuance of bonds and the timing of when payments on the new debt begin.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$8,854,377, due to issuance of bonds of \$30,180,000, operating transfers in of \$3,397,042, and capital grants recognized of \$249,671, which were offset by expenditures incurred during the year on capital projects of \$24,972,336.

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of the District's capital projects fund restricted fund balance activity:

	Balance @ <u>June 30, 2019</u>	Use of <u>Reserves</u>	<u>Funding</u>	Balance @ <u>June 30, 2020</u>
Reserve I	\$ 9,681,084	\$ (5,936,139)	\$	\$ 3,744,945
Reserve II	<u>2,000,000</u>			<u>2,000,000</u>
	<u>\$ 11,681,084</u>	<u>\$ (5,936,139)</u>	<u>\$ -</u>	<u>\$ 5,744,945</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$236,977,020. This amount was increased by encumbrances carried forward from the prior year in the amount of \$278,749, and budget revisions of \$1,197,042, for a total final budget of \$238,452,811.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$200,830,319 in estimated property taxes and STAR.

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, appropriations to fund the subsequent year's budget and encumbrances. 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	\$ 9,479,079
Fund Balance Appropriated for Budget Revision	(1,197,042)
Revenues Over Budget	901,256
Expenditures and Encumbrances Under Budget	14,530,988
Change in Nonspendable Fund Balance	(5,050)
Unused Appropriated Reserves	(133,601)
Allocation to Reserves	(8,942,787)
Appropriated to Fund the June 30, 2021 Budget	<u>(4,967,274)</u>
Closing, Unassigned Fund Balance	<u>\$ 9,665,569</u>

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Opening, Unassigned Fund Balance

The \$9,479,079 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The District increased appropriations by \$1,197,042, funded by unassigned fund balance and transferred to the capital projects fund for the installation of district-wide ballistic doors, in accordance with Proposition 2 of the 2019-2020 budget.

Revenues Over Budget

The 2019-2020 final budget for revenues was \$229,697,020. Actual revenues and other sources recognized for the year were \$230,598,276. The excess of actual revenue over estimated or budgeted revenue was \$901,256, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 final budget for expenditures was \$238,452,811. Actual expenditures and other uses as of June 30, 2020 were \$233,177,249 and outstanding encumbrances were \$744,574. Combined, the expenditures plus encumbrances for 2019-2020 were \$233,921,823. The final budget variance was \$14,530,988, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Change in Nonspendable Fund Balance

The District prepaid expenditures at June 30, 2020. The resulting balance sheet asset (prepaids) cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an amount equal of fund balance is classified as Nonspendable. The increase in Nonspendable fund balance reduces unassigned fund balance.

Unused Appropriated Reserves

In the 2019-2020 budget, \$3,880,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated reserve expenditures, \$133,601 from the retirement contribution reserve – employees' retirement system was not needed and, therefore, was required to be returned to the reserve and is available for future use.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$4,967,274 of the available June 30, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the summary table, the unassigned fund balance at June 30, 2020 was \$9,670,619. This amount equals 4.0% of the 2020-2021 budget and is at the statutory limit.

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 of \$27,362,212 in excess of depreciation expense of \$4,122,484 recorded 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:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Land	\$ 1,254,281	\$ 1,254,281	\$ -
Construction work in progress	30,221,269	8,938,077	21,283,192
Buildings and improvements	76,685,976	76,143,253	542,723
Land improvements	142,401	177,178	(34,777)
Furniture, equipment and vehicles	<u>5,794,583</u>	<u>4,345,993</u>	<u>1,448,590</u>
Capital assets, net	<u>\$ 114,098,510</u>	<u>\$ 90,858,782</u>	<u>\$ 23,239,728</u>

The District is continuing to make significant capital expenditures resulting from a February 13, 2018 voter approved \$45,810,000 authorization for capital improvements to District facilities funded by the issuance of bonds of 34,345,500 and capital reserves of \$11,464,500. As of June 30, 2020 the District has expended approximately 61% of the authorization and the construction is ongoing.

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$43,780,000. The bonds were issued for school building improvements and for refunding of bonds originally issued for school building improvements, to generate savings. The increase in outstanding debt represents the issuance of new bonds offset by principal payments. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
2001	4.0-5.0 %	\$ 20,000	\$ 30,000	\$ (10,000)
2002	4.1-5.0 %	40,000	60,000	(20,000)
2013	2.0-5.0 %	5,085,000	6,285,000	(1,200,000)
2013	2.0-5.0 %	4,835,000	5,510,000	(675,000)
2015	2.0-5.0 %	980,000	1,105,000	(125,000)
2017	5.00%	2,640,000	3,870,000	(1,230,000)
2019	2.0-2.25%	30,180,000		30,180,000
		<u>\$ 43,780,000</u>	<u>\$ 16,860,000</u>	<u>\$ 26,920,000</u>

On July 15, 2020, the District issued the remaining \$4,165,500 of the February 13, 2018 voter approved \$34,345,500 bond authorization.

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1.

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 and obligations. 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 payable	\$ 5,961,850	\$ 5,383,049	\$ 578,801
Workers' compensation liabilities	2,735,757	2,026,929	708,828
Net pension liability - proportionate share	15,916,856	4,284,202	11,632,654
Total OPEB obligation	<u>418,217,069</u>	<u>337,820,548</u>	<u>80,396,521</u>
	<u>\$ 442,831,532</u>	<u>\$ 349,514,728</u>	<u>\$ 93,316,804</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent 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 \$241,639,245. This is an increase of \$4,662,225 or 1.97% over the previous year's budget. The increase is principally in the instructional program and maintenance operations areas of the budget.

SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District budgeted revenues other than property taxes and STAR at a \$310,895 decrease from the prior year's estimate, which is principally due to an estimated decrease in state aid and PILOT revenue offset by revenue from the debt service fund. The assigned, appropriated fund balance applied to the budget in the amount of \$4,967,274 (\$1,200,000 for general purpose, \$1,767,274 for capital work, and \$2,000,000 for potential COVID expenditures) is a \$1,567,274 increase over the previous year. Additionally, the District has elected to appropriate \$3,880,000 of reserves towards the next year's budget, which is the same amount as in the previous year. A property tax increase of \$3,405,846 (1.70%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

The property tax cap and uncertainty in state aid and federal funds, as well as operating adjustments attributed to COVID-19, may impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% 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. Based on the law, the District's tax levy cap for 2020-2021 is 3.23%. The District's 2020-2021 property tax increase of 1.70% was less than the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Dr. Patricia M. Rufo
Assistant Superintendent for Business
Syosset Central School District
99 Pell Lane
Syosset, New York 11791

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

ASSETS

Cash	
Unrestricted	\$ 34,362,196
Restricted	51,491,135
Receivables	
Accounts receivable	4,547
Taxes receivable	7,395,424
Due from state and federal	4,820,198
Due from other governments	409,850
Inventory	6,761
Prepays	5,050
Capital assets:	
Not being depreciated	31,475,550
Being depreciated, net of accumulated depreciation	82,622,960
Net pension asset - proportionate share	16,384,076
	<hr/>
Total Assets	228,977,747

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	15,348
Pensions	63,874,740
Other postemployment benefits	75,798,060
	<hr/>
Total Deferred Outflows of Resources	139,688,148

LIABILITIES

Payables	
Accounts payable	12,327,357
Accrued liabilities	1,631,495
Due to fiduciary funds	2,542,720
Due to other governments	568,051
Due to teachers' retirement system	10,021,851
Due to employees' retirement system	808,839
Unearned credits	
Collections in advance	250,961
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	4,870,969
Compensated absences payable	100,000
Due and payable after one year	
Bonds payable, net	39,637,280
Compensated absences payable	5,861,850
Workers' compensation liabilities	2,735,757
Net pension liability - proportionate share	15,916,856
Total other postemployment benefits obligation	418,217,069
	<hr/>
Total Liabilities	515,491,055

DEFERRED INFLOWS OF RESOURCES

Pensions	22,341,135
Other postemployment benefits	45,408,761
	<hr/>
Total Deferred Inflows of Resources	67,749,896

NET POSITION (DEFICIT)

Net investment in capital assets	84,016,842
	<hr/>
Restricted:	
Workers' compensation	3,275,338
Unemployment insurance	737,238
Retirement contribution	
Teachers' retirement system	4,213,043
Employees' retirement system	14,161,842
Insurance	313,740
Employee benefit accrued liability	3,466,195
Capital	10,781,702
Repairs	171,348
Debt service	672,357
	<hr/>
	37,792,803
	<hr/>
Unrestricted (deficit)	(336,384,701)
	<hr/>
Total Net Position (Deficit)	\$ (214,575,056)

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2020

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 32,209,003	\$	\$	\$	\$ (32,209,003)
Instruction	213,125,159	893,015	2,141,716	249,671	(209,840,757)
Pupil transportation	8,748,211				(8,748,211)
Community service	388,883				(388,883)
Debt service - interest	1,392,990				(1,392,990)
Food service program	1,664,811	1,187,754	389,821		(87,236)
Total Functions and Programs	<u>\$ 257,529,057</u>	<u>\$ 2,080,769</u>	<u>\$ 2,531,537</u>	<u>\$ 249,671</u>	<u>(252,667,080)</u>
GENERAL REVENUES					
Real property taxes					192,360,109
Other tax items					17,209,735
Use of money and property					823,844
Sale of property and compensation for loss					99,440
Miscellaneous					2,173,547
State sources					17,738,495
Intergovernmental revenue					923,200
Medicaid reimbursement					30,201
Total General Revenues					<u>231,358,571</u>
Change in Net Position					(21,308,509)
Total Net Position (Deficit) - Beginning of Year					<u>(193,266,547)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (214,575,056)</u>

SYOSSET CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 28,214,733	\$ 221	\$ 323,160	\$	\$ 5,824,082	\$ 34,362,196
Restricted	31,375,501			672,357	19,443,277	51,491,135
Receivables						
Accounts receivable	4,547					4,547
Taxes receivable	7,395,424					7,395,424
Due from other funds	1,218,743		72,094		1,194,584	2,485,421
Due from state and federal	3,532,787	1,259,506	27,905			4,820,198
Due from other governments	409,850					409,850
Inventory			6,761			6,761
Prepays	5,050					5,050
Total Assets	<u>\$ 72,156,635</u>	<u>\$ 1,259,727</u>	<u>\$ 429,920</u>	<u>\$ 672,357</u>	<u>\$ 26,461,943</u>	<u>\$ 100,980,582</u>
LIABILITIES						
Payables						
Accounts payable	\$ 8,312,696	\$ 36,355	\$ 78,968	\$	\$ 3,899,338	\$ 12,327,357
Accrued liabilities	1,396,545	4,136	8,902			1,409,583
Due to other funds	3,809,398	1,218,743				5,028,141
Due to other governments	568,051					568,051
Due to teachers' retirement system	10,021,851					10,021,851
Due to employees' retirement system	808,839					808,839
Unearned credits						
Collections in advance	9,268	493	241,200			250,961
Total Liabilities	<u>24,926,648</u>	<u>1,259,727</u>	<u>329,070</u>	<u>-</u>	<u>3,899,338</u>	<u>30,414,783</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	<u>472,019</u>					<u>472,019</u>
FUND BALANCES						
Nonspendable: Inventory						
Prepays	5,050					5,050
Inventory			6,761			6,761
Restricted:						
Workers' compensation	3,275,338					3,275,338
Unemployment insurance	737,238					737,238
Retirement contribution						
Teachers' retirement system	4,213,043					4,213,043
Employees' retirement system	14,161,842					14,161,842
Insurance	313,740					313,740
Employee benefit accrued liability	3,466,195					3,466,195
Capital	5,036,757				5,744,945	10,781,702
Repairs	171,348					171,348
Debt service				672,357		672,357
Unspent bond proceeds					13,698,332	13,698,332
Assigned:						
Appropriated fund balance	4,967,274					4,967,274
Unappropriated fund balance	744,574		94,089		3,119,328	3,957,991
Unassigned: Fund balance	<u>9,665,569</u>					<u>9,665,569</u>
Total Fund Balances	<u>46,757,968</u>	<u>-</u>	<u>100,850</u>	<u>672,357</u>	<u>22,562,605</u>	<u>70,093,780</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 72,156,635</u>	<u>\$ 1,259,727</u>	<u>\$ 429,920</u>	<u>\$ 672,357</u>	<u>\$ 26,461,943</u>	<u>\$ 100,980,582</u>

SYOSSET CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances \$ 70,093,780

Amounts reported for governmental activities in the Statement of Net Position are different because:

The costs of building and acquiring capital assets (land, construction in progress, buildings and improvements, land improvements, and furniture, equipment and vehicles) 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	\$ 191,566,139	
Less: Accumulated depreciation	<u>(77,467,629)</u>	114,098,510

Proportionate share of long-term asset and liability and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net pension assets - teachers' retirement system	16,384,076	
Deferred outflows of resources	63,874,740	
Net pension liability - employees' retirement system	(15,916,856)	
Deferred inflows of resources	<u>(22,341,135)</u>	42,000,825

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.

Deferred charges on advance refunding	88,371	
Accumulated amortization	<u>(73,023)</u>	15,348

Total other postemployment benefits obligation and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or obligations and are not reported in the funds.

Deferred outflows of resources	75,798,060	
Total other postemployment benefits obligation	(418,217,069)	
Deferred inflows of resources	<u>(45,408,761)</u>	(387,827,770)

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, but are not deferred on the Statement of Net Position.

472,019

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

Accrued interest on bonds payable	(221,912)	
Bonds payable, net	(44,508,249)	
Compensated absences payable	(5,961,850)	
Workers' compensation liabilities	<u>(2,735,757)</u>	(53,427,768)

Total Net Position (Deficit)		<u><u>\$ (214,575,056)</u></u>
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SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 192,360,109	\$	\$	\$	\$	\$ 192,360,109
Other tax items	17,209,735					17,209,735
Charges for services	893,015					893,015
Use of money and property	815,967		5,840	2,037		823,844
Sale of property and compensation for loss	99,440					99,440
Miscellaneous	1,923,333		1,129			1,924,462
Intergovernmental revenue				923,200		923,200
State sources	17,266,476	572,663	21,094		249,671	18,109,904
Medicaid reimbursement	30,201					30,201
Federal sources		1,569,053	368,727			1,937,780
Sales			1,186,625			1,186,625
Total Revenues	230,598,276	2,141,716	1,583,415	925,237	249,671	235,498,315
EXPENDITURES						
General support	25,812,078					25,812,078
Instruction	128,863,439	2,388,331				131,251,770
Pupil transportation	8,438,727					8,438,727
Community service	243,110					243,110
Employee benefits	51,902,992					51,902,992
Debt service						
Principal				3,260,000		3,260,000
Interest	323,333			1,193,052		1,516,385
Food service program			2,185,828			2,185,828
Capital outlay					24,972,336	24,972,336
Total Expenditures	215,583,679	2,388,331	2,185,828	4,453,052	24,972,336	249,583,226
Excess (Deficiency) of Revenues Over Expenditures	15,014,597	(246,615)	(602,413)	(3,527,815)	(24,722,665)	(14,084,911)
OTHER FINANCING SOURCES AND (USES)						
Proceeds of debt					30,180,000	30,180,000
Premium on obligation				250,214		250,214
Operating transfers in		246,615		3,949,913	3,397,042	7,593,570
Operating transfers (out)	(7,593,570)					(7,593,570)
Total Other Financing Sources and (Uses)	(7,593,570)	246,615	-	4,200,127	33,577,042	30,430,214
Net Change in Fund Balances	7,421,027	-	(602,413)	672,312	8,854,377	16,345,303
Fund Balances - Beginning of Year	39,336,941		703,263	45	13,708,228	53,748,477
End of Year	\$ 46,757,968	\$ -	\$ 100,850	\$ 672,357	\$ 22,562,605	\$ 70,093,780

SYOSSET CENTRAL 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 \$ 16,345,303

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).

\$ 472,019

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Increase in compensated absences payable
Increase in workers' compensation liabilities

(578,801)
(708,828)

(815,610)

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. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlays and other additions
Depreciation expense

27,362,212
(4,122,484)

23,239,728

Long-Term Debt Transactions Differences

Proceeds from the issuance of bonds are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

(30,180,000)

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities.

183,434

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of bond principal

3,260,000

Interest on long-term debt in the Statement of Activities differs from the amount 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, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest increased from June 30, 2019 to June 30, 2020.

(60,039)

(26,796,605)

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system
Employees' retirement system
Other postemployment benefits

(11,098,535)
(3,001,869)
(19,180,921)

(33,281,325)

Change in Net Position (Deficit) of Governmental Activities

\$ (21,308,509)

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2020

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash		
Unrestricted	\$ 5,513,642	\$
Restricted		4,280
Due from governmental funds	<u>2,542,720</u>	<u></u>
Total Assets	<u><u>\$ 8,056,362</u></u>	<u><u>4,280</u></u>
 LIABILITIES		
Extraclassroom activity balances	\$ 377,729	
Other liabilities	<u>7,678,633</u>	<u></u>
Total Liabilities	<u><u>\$ 8,056,362</u></u>	<u><u>-</u></u>
 NET POSITION		
Restricted for scholarships		<u><u>\$ 4,280</u></u>

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For The Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS	
Investment earnings - interest	\$ 40
DEDUCTIONS	
Scholarships and awards	<u>1,000</u>
Change in Net Position	(960)
Net Position - Beginning of Year	<u>5,240</u>
Net Position - End of Year	<u><u>\$ 4,280</u></u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine 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.

B. Joint Venture

The District is a component 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 §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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

C. Basis of Presentation

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 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 and 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 that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

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

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

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

School Food Service Fund - is used to account for the activities of the food service program.

Debt Service Fund - accounts for the accumulation of resources for, and the payment of, principal and interest on long-term general obligation debt of governmental activities.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital Projects Fund – is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets.

Fiduciary Funds – are used to account for activities in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following are the District's fiduciary funds:

Agency Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

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

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board in August and become a lien on October 1st and April 1st. Taxes are collected by the Town of Oyster Bay (Town) and remitted to the District from December to June.

The District also levies the real property taxes for the Syosset Public Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in installments as received by the Town. These pass-through amounts are not included in the District's real property tax revenues.

Enforcement

Uncollected real property taxes are subsequently enforced by the County of Nassau in June.

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town 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 payments 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 items 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 §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. The District received \$4,985,067 in LIPA PILOT revenue during the 2019-2020 fiscal year.

G. 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net 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, transfers in and transfers out activity is provided subsequently in these Notes to Financial Statements.

I. 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, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures 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.

J. Cash and Cash Equivalents

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

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

K. Receivables

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

L. Inventory and Prepaid Items

Inventory of food in the school food service fund is 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. Inventory is accounted for on the consumption method.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments reflect costs applicable to a future accounting period and are recorded on the Statement of Net Position and Balance Sheet using the consumption method.

Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

M. 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>
Buildings and improvements	\$ 10,000	50 years
Land improvements	10,000	20 years
Furniture, equipment and vehicles	1,000	5-15 years

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on a weighted average basis through June 30, 2022. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

O. Short-Term Debt

The District may issue 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 TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

P. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant 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, such as prepaid lunch amounts and summer program fees. 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.

Q. 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 contractually receive a payment based on unused accumulated sick leave.

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. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R. 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 Section 403(b) and 457.

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare 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 governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. There are three items that may 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. This includes receivables of certain state aid allocations. 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 and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

T. Equity Classifications

District-Wide Statements

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

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

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

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, which is recorded in the school food service fund and prepaids, which are recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

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,

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily 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. The reserve is accounted for in the general fund.

Capital Reserve

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

Repairs Reserve

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

Restricted for Debt Service

Unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted – Unspent Bond Proceeds

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, including earnings and net of awards. These restricted funds are accounted for in the private purpose trust fund.

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

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318 restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

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

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

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

2. FUTURE ACCOUNTING STANDARDS

The Governmental Accounting Standards Board (GASB) Statements are issued to set generally accepted accounting principles (GAAP) for state and local governments. The following is not an all-inclusive list of GASB standards issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Statement	Effective for the Year Ending
GASB No. 84 - <i>Fiduciary Activities</i>	June 30, 2021
GASB No. 87 - <i>Leases</i>	June 30, 2022

GASB Statement No. 84 will require the District to assess activities currently classified as fiduciary and reported in the fiduciary funds to determine if these activities should be considered fiduciary in nature or if these activities should be reported as governmental funds.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

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

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

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

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

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for premiums and other postemployment benefit costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. 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 by 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 balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Transfer to capital projects fund for security	
funded by unassigned fund balance per	
Proposition 2 of the 2019-2020 budget	<u>\$ 1,197,042</u>

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, 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.

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. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. 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.

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year end.

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 \$11,943,678 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,629,672. Financial statements for BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	\$ 510,422
BOCES aid	3,022,365
	<u>3,532,787</u>
Special Aid Fund	
Federal and state grants	1,259,506
School Food Service Fund	
Federal and state food service program reimbursements	<u>27,905</u>
	<u>\$ 4,820,198</u>

District management expects these amounts to be fully collectible.

The general fund receivable includes \$472,019 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

8. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2020 consisted of:

General Fund	
PILOT payments	\$ 158,566
Charges for services	251,284
	<u>\$ 409,850</u>

District management expects these amounts to be fully collectible.

9. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,218,743	\$ 3,809,398	\$	\$ 7,593,570
Special Aid Fund		1,218,743	246,615	
School Food Service Fund	72,094			
Debt Service Fund			3,949,913	
Capital Projects Fund	1,194,584		3,397,042	
Total Governmental Funds	<u>2,485,421</u>	<u>5,028,141</u>	<u>\$ 7,593,570</u>	<u>\$ 7,593,570</u>
Fiduciary Funds	<u>2,542,720</u>			
Total	<u>\$ 5,028,141</u>	<u>\$ 5,028,141</u>		

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District typically transfers from the general fund to the special aid fund, debt service fund and capital projects fund. The transfer to the special aid fund was for the District's share of the costs for summer program for students with disabilities. The transfer to the debt service fund was for the payment of principal and interest on long-term outstanding indebtedness. The transfer to the capital projects fund is \$2,200,000 per the 2019-2020 operating budget and \$1,197,042 per Proposition 2 of the 2019-2020 budget.

10. CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,254,281	\$	\$	\$ 1,254,281
Construction work in progress	8,938,077	24,609,465	(3,326,273)	30,221,269
Total capital assets not being depreciated	10,192,358	24,609,465	(3,326,273)	31,475,550
Capital assets being depreciated:				
Buildings and improvements	139,009,315	3,689,143		142,698,458
Land improvements	3,516,170			3,516,170
Furniture, equipment and vehicles	11,698,807	2,389,877	(212,723)	13,875,961
Total capital assets being depreciated	154,224,292	6,079,020	(212,723)	160,090,589
Less accumulated depreciation for:				
Buildings and improvements	62,866,062	3,146,420		66,012,482
Land improvements	3,338,992	34,777		3,373,769
Furniture, equipment and vehicles	7,352,814	941,287	(212,723)	8,081,378
Total accumulated depreciation	73,557,868	4,122,484	(212,723)	77,467,629
Total capital assets, being depreciated, net	80,666,424	1,956,536	-	82,622,960
Capital assets, net	\$ 90,858,782	\$ 26,566,001	\$ (3,326,273)	\$ 114,098,510

Depreciation expense was charged to governmental functions as follows:

General support	\$ 491,468
Instruction	3,443,578
Pupil transportation	160,676
Food service program	26,762
Total depreciation expense	\$ 4,122,484

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2020</u>
TAN	6/25/2020	2.00%	<u>\$ -</u>	<u>\$ 20,000,000</u>	<u>\$ (20,000,000)</u>	<u>\$ -</u>

Interest on short-term debt for the year was \$323,333. The District received a premium of \$129,004, which is included in miscellaneous revenue in the general fund. The net effective interest rate was 1.20%.

12. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and other postemployment benefits obligations, for the year are summarized below:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Long-term debt:					
Bonds payable	\$ 16,860,000	\$ 30,180,000	\$ (3,260,000)	\$ 43,780,000	\$ 4,705,000
Add: Premiums on refunding	<u>930,358</u>		<u>(202,109)</u>	<u>728,249</u>	<u>165,969</u>
	<u>17,790,358</u>	<u>30,180,000</u>	<u>(3,462,109)</u>	<u>44,508,249</u>	<u>4,870,969</u>
Other long-term liabilities:					
Compensated absences	5,383,049	578,801		5,961,850	100,000
Workers' compensation	<u>2,026,929</u>	<u>1,398,790</u>	<u>(689,962)</u>	<u>2,735,757</u>	
	<u>7,409,978</u>	<u>1,977,591</u>	<u>(689,962)</u>	<u>8,697,607</u>	<u>100,000</u>
	<u>\$ 25,200,336</u>	<u>\$ 32,157,591</u>	<u>\$ (4,152,071)</u>	<u>\$ 53,205,856</u>	<u>\$ 4,970,969</u>

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Serial bonds	7/01	7/2021	4.0-5.0 %	\$ 20,000
Serial bonds	7/02	7/2021	4.1-5.0 %	40,000
Serial bonds (refunding)	10/13	12/2025	2.0-5.0 %	4,835,000
Serial bonds (refunding)	10/13	7/2025	2.0-5.0 %	5,085,000
Serial bonds (refunding)	5/15	7/2026	2.0-5.0 %	980,000
Serial bonds (refunding)	11/17	7/2021	5.00%	2,640,000
Serial bonds	9/19	12/2038	2.0-2.25%	30,180,000
				<u>\$ 43,780,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 4,705,000	\$ 1,168,931	\$ 5,873,931
2022	4,905,000	980,781	5,885,781
2023	3,645,000	811,431	4,456,431
2024	2,740,000	697,319	3,437,319
2025	2,825,000	604,725	3,429,725
2026 - 2030	9,325,000	2,176,544	11,501,544
2031 - 2035	8,460,000	1,287,344	9,747,344
2036 - 2039	7,175,000	393,506	7,568,506
Total	<u>\$ 43,780,000</u>	<u>\$ 8,120,581</u>	<u>\$ 51,900,581</u>

C. Advance Refunding

In the district-wide statements, the District is amortizing deferred charges and refunding bond premiums as a component of interest expense for the October 2013 and May 2015 advance refunding on a straight-line basis and for the November 2017 advance refunding on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase / (Decrease)
2021	\$ 11,461	\$ (165,969)	\$ (154,508)
2022	3,887	(128,032)	(124,145)
2023		(108,561)	(108,561)
2024		(108,561)	(108,561)
2025		(108,561)	(108,561)
2026		(108,565)	(108,565)
Total	<u>\$ 15,348</u>	<u>\$ (728,249)</u>	<u>\$ (712,901)</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interest Expense

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

Interest paid	\$ 1,193,052
Less interest accrued in the prior year	(161,873)
Plus interest accrued in the current year	221,912
Less amortization of advance refunding deferred items	<u>(183,434)</u>
Total interest expense on long-term debt	<u>\$ 1,069,657</u>

E. Library Debt

In 2013, the District advance refunded \$8,035,000 of serial bonds on behalf of the Library. The bonds were used for reconstruction of the Library building. Although the bond issue is an obligation of the District, the Library Board has committed to raise funds through its budget and tax levy sufficient enough to transfer to the District for the ensuing debt service payments. In the year ended June 30, 2020, the Library paid \$923,200 towards the current debt service payments.

F. Unissued Debt

On February 13, 2018, the voters approved a bond issue not to exceed \$34,345,500 to partially fund Phase II of district-wide capital improvements. As of June 30, 2020, debt in the amount of \$30,180,000 has been issued. Work has commenced and expenditures are recorded in the capital fund.

13. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, 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 ERS 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.03% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020 was \$9,390,927 for TRS at the contribution rate of 8.86% and \$2,804,507 for ERS at an average contribution rate of 13.38%.

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

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	\$ 16,384,076	\$ (15,916,856)
District's portion of the Plan's total net pension asset/(liability)	0.630640%	0.0601077%
Change in proportion since the prior measurement date	(0.006769)	(0.0003583)

For the year ended June 30, 2020, the District recognized pension expense of \$20,471,397 for TRS and \$5,868,268 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 11,103,070	\$ 936,771	\$ 1,218,352	\$
Changes of assumptions	30,951,711	320,490	7,546,903	276,738
Net difference between projected and actual earnings on pension plan investments		8,159,754	13,139,184	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,264,946	938,232	74,992	84,966
District contributions subsequent to the measurement date	<u>9,390,927</u>	<u>808,839</u>		
Total	<u>\$ 52,710,654</u>	<u>\$ 11,164,086</u>	<u>\$ 21,979,431</u>	<u>\$ 361,704</u>

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

Year Ending June 30,	TRS	ERS
2021	\$ 7,652,705	\$ 1,877,038
2022	710,651	2,551,924
2023	7,625,838	3,103,525
2024	5,090,893	2,461,056
2025	717,910	
Thereafter	<u>(457,701)</u>	
	<u>\$ 21,340,296</u>	<u>\$ 9,993,543</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
Actuarial valuation date	June 30, 2018	April 1, 2019
Inflation	2.20%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.10%	6.80%
Cost of living adjustments	1.30%	1.30%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018.

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

For TRS, 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.

For ERS, the long-term expected 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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2019		March 31, 2019
Asset type				
Domestic equity	33.0%	6.30%	36.0%	4.05%
International equity	16.0%	7.80%	14.0%	6.15%
Global equity	4.0%	7.20%		
Real estate	11.0%	4.60%	10.0%	4.95%
Private equities	8.0%	9.90%	10.0%	6.75%
Alternative investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

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

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 6.80% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2018, was 7.25% and the discount rate used by the ERS at the prior year's measurement date of March 31, 2019, was 7.00%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 5.80% for ERS) or 1 percentage point higher (8.10% for TRS and 7.80% for ERS) than the current rate:

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease	Current Assumption	1% Increase
TRS	6.10 %	7.10 %	8.10 %
District's proportionate share of the net pension asset (liability)	<u>\$ (73,956,008)</u>	<u>\$ 16,384,076</u>	<u>\$ 92,169,212</u>
ERS	1% Decrease	Current Assumption	1% Increase
	5.80 %	6.80 %	7.80 %
District's proportionate share of the net pension asset (liability)	<u>\$ (29,211,925)</u>	<u>\$ (15,916,856)</u>	<u>\$ (3,672,041)</u>

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2019	March 31, 2020
Employers' total pension liability	\$ (119,879,474)	\$ (194,596,261)
Plan fiduciary net position	<u>122,477,481</u>	<u>168,115,682</u>
Employers' net pension asset/(liability)	<u>\$ 2,598,007</u>	<u>\$ (26,480,579)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	102.17%	86.39%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$9,390,927 of employer contributions and \$630,924 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of 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 \$808,839 of employer contributions. Employee contributions are remitted monthly.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

14. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on contractual agreements. Contributions made by the District and employees for the year ended June 30, 2020, totaled \$20,000 and \$5,880,540, respectively.

B. 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 \$760,377.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,029
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,055</u>
	<u><u>2,084</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$418,217,069 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Inflation	2.60%
Salary increases	2.60% average, including inflation
Discount rate	2.21%
Healthcare cost trend rates	6.10% decreasing to an ultimate rate of 4.10% over 57 years
Retirees' share of benefit-related costs	22.00% Superintendent 0.00% Administrators - first eligible 10.00% Administrators post-eligible and all other employees

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

Mortality rates were based on the RP-2014 adjusted to 2006 total Dataset Mortality Table, generationally projected using Scale MP 2018.

The actuarial assumptions used in the June 30, 2020 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 credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 337,820,548</u>
Changes for the year	
Service cost	12,212,805
Interest	12,073,435
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	66,354,513
Benefit payments	<u>(10,244,232)</u>
	<u>80,396,521</u>
Balance at June 30, 2020	<u>\$ 418,217,069</u>

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

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:

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease	Discount Rate	1% Increase
OPEB	1.21 %	2.21 %	3.21 %
Total OPEB liability	<u>\$ 495,693,389</u>	<u>\$ 418,217,069</u>	<u>\$ 356,754,545</u>

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 (5.10%) or 1 percentage point higher (7.10%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	5.10 %	6.10 %	7.10 %
OPEB	decreasing to 3.10 %	decreasing to 4.10 %	decreasing to 5.10 %
Total OPEB liability	<u>\$ 352,752,965</u>	<u>\$ 418,217,069</u>	<u>\$ 504,751,745</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$29,425,153. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 19,651,934	\$ 896,966
Changes of assumptions or other inputs	<u>56,146,126</u>	<u>44,511,795</u>
Total	<u>\$ 75,798,060</u>	<u>\$ 45,408,761</u>

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

Year Ending June 30,	Amount
2021	\$ 5,138,913
2022	5,138,913
2023	5,138,913
2024	5,138,913
2025	5,216,907
Thereafter	<u>4,616,740</u>
	<u>\$ 30,389,299</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

16. DEFERRED INFLOWS OF RESOURCES

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 \$472,019.

17. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled-claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Risk Retention

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 as provided by the third party administrator in 2019 and an actuary in 2020, do not include an amount for claims which were incurred on or before year end but not reported (IBNR). Claims activity is summarized below:

	<u>2019</u>	<u>2020</u>
Unpaid claims at beginning of year	\$ 1,927,653	\$ 2,026,929
Incurred claims and claim adjustment expenses	600,207	1,398,790
Claim payments	<u>(500,931)</u>	<u>(689,962)</u>
Unpaid claims at year end	<u>\$ 2,026,929</u>	<u>\$ 2,735,757</u>

18. RESTRICTED FUND BALANCE - APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2020 restricted fund balances, to fund the budget for the year ending June 30, 2021:

Workers' Compensation	\$ 730,000
Unemployment Insurance	50,000
Retirement Contribution	3,000,000
Employee Benefit Accrued Liability	<u>100,000</u>
	<u>\$ 3,880,000</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$4,967,274 has been approved to reduce taxes for the year ending June 30, 2021.

20. RESTRICTED FOR CAPITAL RESERVE

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

	Capital Reserve		
	I	II	III
Date Created	May 2014	May 2018	June 2020
Number of Years to Fund	10	10	10
Maximum Funding	<u>\$ 20,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 20,000,000</u>
General Fund			
Funding Provided Since Inception	\$ 20,000,000	\$ 2,000,000	\$ 5,000,000
Interest Earnings Since Inception	146,780	24,988	
Use of Reserve Since Inception	<u>(20,135,011)</u>	<u>(2,000,000)</u>	
Total General Fund	<u>11,769</u>	<u>24,988</u>	<u>5,000,000</u>
Capital Projects Fund			
Funding Provided Since Inception	20,135,012	2,000,000	-
Use of Reserve Since Inception	<u>(16,390,067)</u>		
Total Capital Projects Fund	<u>3,744,945</u>	<u>2,000,000</u>	<u>-</u>
Balance as of June 30, 2020	<u>\$ 3,756,714</u>	<u>\$ 2,024,988</u>	<u>\$ 5,000,000</u>

21. TAX ABATEMENTS

The Nassau County Industrial Development Agency and the Town of Oyster Bay, enter into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced \$7,439,749. The District received payment in lieu of taxes (PILOT) payments totaling \$3,845,703.

22. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted Fund Balance	
Capital Projects Fund	
Capital Projects	<u>\$ 11,517,786</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	443,082
Instruction	<u>301,492</u>
	744,574
Capital Projects Fund	
Capital Projects	<u>371,913</u>
	<u><u>\$ 12,634,273</u></u>

B. 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, would be immaterial.

C. 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.

D. Purchase Agreements

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was \$258,213 for the year ended June 30, 2020. The following is summary of future obligations under these purchase agreements:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 258,552
2022	215,647
2023	1,355
2024	<u>339</u>
	<u><u>\$ 475,893</u></u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

23. 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, except for the following:

A. Issuance of Tax Anticipation Notes

On July 15, 2020, the District issued tax anticipation notes in the amount of \$22,000,000, which are due June 25, 2021 and bear interest at a stated rate of 2.00%. The District received premiums of \$333,300 with the borrowings, to yield an effective interest rate of 0.40%.

B. Issuance of Serial Bonds

On July 15, 2020, the District issued bonds in the amount of \$24,150,000, which are payable semi-annually through July 15, 2035. The District received premiums of \$689,430 with the borrowing to yield an effective interest rate of 1.66%. The proceeds of the bonds will be used to provide the balance of funding for the authorized Phase II district-wide capital improvement projects of \$4,165,500 and funding for energy efficiency improvements district-wide of \$19,989,248.

C. Use of June 2020 Capital Reserve Fund

On October 8, 2020, the Board authorized the use of monies from the June 2020 Capital Reserve Fund to fund for emergency modifications to the District's ventilation systems in response to New York State's requirements resulting from the COVID-19 pandemic.

D. Impact of COVID-19

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.

SYOSSET CENTRAL 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	\$ 200,830,319	\$ 192,454,526	\$ 192,360,109	\$ (94,417)
Other tax items	9,080,555	17,456,348	17,209,735	(246,613)
Charges for services	967,191	967,191	893,015	(74,176)
Use of money and property	325,078	325,078	815,967	490,889
Sale of property and compensation for loss	74,537	74,537	99,440	24,903
Miscellaneous	500,618	500,618	1,923,333	1,422,715
Total Local Sources	211,778,298	211,778,298	213,301,599	1,523,301
State Sources	17,918,722	17,918,722	17,266,476	(652,246)
Medicaid Reimbursement			30,201	30,201
Total Revenues and Other Sources	229,697,020	229,697,020	230,598,276	\$ 901,256
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	3,400,000	4,597,042		
Prior Year's Encumbrances	278,749	278,749		
Appropriated Reserves	3,880,000	3,880,000		
Total Appropriated Fund Balance	7,558,749	8,755,791		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 237,255,769	\$ 238,452,811		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For The Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 125,987	\$ 189,887	\$ 164,732	\$	\$ 25,155
Central administration	422,699	382,799	373,824		8,975
Finance	1,253,271	1,229,271	1,148,896	25,950	54,425
Staff	1,245,657	1,306,092	1,150,887		155,205
Central services	22,549,229	23,196,129	20,994,406	417,132	1,784,591
Special items	2,113,783	2,056,448	1,979,333		77,115
Total General Support	27,710,626	28,360,626	25,812,078	443,082	2,105,466
Instruction					
Administration & improvement	9,529,441	9,976,027	9,864,674		111,353
Teaching - regular school	77,989,626	77,634,613	74,036,512	113,982	3,484,119
Programs for students with disabilities	29,780,481	29,515,077	27,817,781	2,524	1,694,772
Occupational education	400,000	414,200	414,113		87
Teaching - special schools	495,718	576,318	486,760		89,558
Instructional media	6,017,721	5,968,334	5,539,677	60,818	367,839
Pupil services	11,908,128	11,781,546	10,703,922	124,168	953,456
Total Instruction	136,121,115	135,866,115	128,863,439	301,492	6,701,184
Pupil Transportation	10,369,606	10,369,606	8,438,727		1,930,879
Community Services	279,971	279,971	243,110		36,861
Employee Benefits	55,544,538	55,544,538	51,902,992		3,641,546
Debt Service - Interest	720,000	325,000	323,333		1,667
Total Expenditures	230,745,856	230,745,856	215,583,679	744,574	14,417,603
OTHER USES					
Operating Transfers Out	6,509,913	7,706,955	7,593,570		113,385
Total Expenditures and Other Uses	\$ 237,255,769	\$ 238,452,811	223,177,249	\$ 744,574	\$ 14,530,988
Net Change in Fund Balance			7,421,027		
Fund Balance - Beginning of Year			39,336,941		
Fund Balance - End of Year			<u>\$ 46,757,968</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Six Fiscal Years

	<i>Teachers' Retirement System</i>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.630640%	0.637409%	0.642724%	0.646732%	0.656143%	0.663898%
District's proportionate share of the net pension asset/(liability)	\$ 16,384,076	\$ 11,526,035	\$ 4,885,341	\$ (6,926,774)	\$ 68,152,323	\$ 73,954,151
District's covered payroll	\$ 106,308,429	\$ 104,829,796	\$ 102,684,340	\$ 99,797,318	\$ 98,988,756	\$ 98,068,141
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.41 %	10.99 %	4.76 %	(6.94)%	68.85 %	75.41 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

	<i>Employees' Retirement System</i>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0601077%	0.0604660%	0.0624631%	0.0619990%	0.0622257%	0.0608556%
District's proportionate share of the net pension liability	\$ (15,916,856)	\$ (4,284,202)	\$ (2,015,963)	\$ (5,825,569)	\$ (9,987,393)	\$ (2,055,850)
District's covered payroll	\$ 20,056,573	\$ 20,063,465	\$ 19,472,315	\$ 19,756,679	\$ 18,893,119	\$ 18,097,266
District's proportionate share of the net pension liability as a percentage of its covered payroll	(79.36)%	(21.35)%	(10.35)%	(29.49)%	(52.86)%	(11.36)%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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.

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

<i>Teachers' Retirement System</i>										
	<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	\$ 9,390,927	\$ 11,179,049	\$ 10,210,954	\$ 11,934,097	\$ 13,217,181	\$ 17,352,729	\$ 15,936,073	\$ 10,987,130	\$ 10,174,683	\$ 7,947,996
Contributions in relation to the contractually required contribution	<u>9,390,927</u>	<u>11,179,049</u>	<u>10,210,954</u>	<u>11,934,097</u>	<u>13,217,181</u>	<u>17,352,729</u>	<u>15,936,073</u>	<u>10,987,130</u>	<u>10,174,683</u>	<u>7,947,996</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 105,992,404	\$ 106,308,429	\$ 104,829,796	\$ 102,684,340	\$ 99,797,318	\$ 98,988,756	\$ 98,068,141	\$ 92,796,707	\$ 91,581,302	\$ 92,204,130
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	18%	16%	12%	11%	9%
<i>Employees' Retirement System</i>										
	<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	\$ 2,804,507	\$ 2,814,500	\$ 2,953,311	\$ 2,743,880	\$ 3,061,616	\$ 3,863,204	\$ 3,635,039	\$ 3,239,514	\$ 2,750,533	\$ 1,992,092
Contributions in relation to the contractually required contribution	<u>2,804,507</u>	<u>2,814,500</u>	<u>2,953,311</u>	<u>2,743,880</u>	<u>3,061,616</u>	<u>3,863,204</u>	<u>3,635,039</u>	<u>3,239,514</u>	<u>2,750,533</u>	<u>1,992,092</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,955,369	\$ 20,026,091	\$ 19,647,613	\$ 19,180,199	\$ 18,952,012	\$ 18,512,867	\$ 17,480,011	\$ 17,392,116	\$ 17,277,518	\$ 17,212,524
Contributions as a percentage of covered payroll	13%	14%	15%	14%	16%	21%	21%	19%	16%	12%

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Three Fiscal Years

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 12,212,805	\$ 15,914,697	\$ 12,696,778
Interest	12,073,435	10,991,984	10,505,393
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	27,358,576	(1,481,942)
Changes of assumptions or other inputs	66,354,513	(61,967,401)	-
Benefit payments	<u>(10,244,232)</u>	<u>(9,851,342)</u>	<u>(7,602,239)</u>
Net change in total OPEB liability	80,396,521	(17,553,486)	14,117,990
Total OPEB liability, beginning	<u>337,820,548</u>	<u>355,374,034</u>	<u>341,256,044</u>
Total OPEB liability, ending	<u><u>\$ 418,217,069</u></u>	<u><u>\$ 337,820,548</u></u>	<u><u>\$ 355,374,034</u></u>
Covered employee payroll	\$ 113,117,179	\$ 113,117,179	\$ 127,500,612
Total OPEB liability as a percentage of covered employee payroll	369.72%	298.65%	278.72%
Discount rate	2.21%	3.50%	4.10%
Healthcare trend rates	6.10% to 4.10% over 57 years	6.10% to 4.10% over 57 years	7.50% to 4.50% in 2022

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.

Note to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

SYOSSET CENTRAL SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For The Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 236,977,020
Additions:	
Prior year's encumbrances	<u>278,749</u>
Original Budget	237,255,769
Budget revision	<u>1,197,042</u>
Final Budget	<u><u>\$ 238,452,811</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	<u><u>\$ 241,639,245</u></u>
Maximum allowed (4% of 2020-2021 budget)	<u><u>\$ 9,665,570</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 5,711,848
Unassigned fund balance	<u>9,665,569</u>
	\$ 15,377,417
Less:	
Appropriated fund balance	4,967,274
Encumbrances	<u>744,574</u>
Total adjustments	<u>5,711,848</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 9,665,569</u></u>
Actual Percentage	4.00%

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For The Year Ended June 30, 2020

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended	Methods of Financing			Fund
	June 30, 2019	June 30, 2020	Prior Years	Current Year	Total	Balance	Proceeds of Obligations	State Aid	Local Sources	Balance June 30, 2020
2016-17 Capital Reserve 2014 - Phase I										
South Grove Annex V/D/G	\$ 231,174	\$ 231,174	\$ 178,273	\$ 19,738	\$ 198,011	\$ 33,163			\$ 231,174	\$ 33,163
AP Willits V/D/G	200,522	200,522	185,641		185,641	14,881			200,522	14,881
Berry Hill V/D/G	227,925	227,925	210,886	4,560	215,446	12,479			227,925	12,479
South Woods V/D/G	269,603	269,603	208,337	18,018	226,355	43,248			269,603	43,248
Village V/D/G	189,651	189,651	163,663	800	164,463	25,188			189,651	25,188
High School V/D/G	868,745	783,745	469,938	55,993	525,931	257,814			783,745	257,814
South Grove V/D/G	259,252	259,252	237,852	2,119	239,971	19,281			259,252	19,281
Baylis V/D/G	220,635	220,635	207,489	4,207	211,696	8,939			220,635	8,939
W Whitman V/D/G	295,232	295,232	258,343		258,343	36,889			295,232	36,889
Robins Lane V/D/G	105,936	105,936	95,873	3,585	99,458	6,478			105,936	6,478
HBT V/D/G	329,006	329,006	257,432	20,535	277,967	51,039			329,006	51,039
District Wide Fire Alarms	2,053,231	2,053,931	952,024	851,592	1,803,616	250,315			2,053,931	250,315
Baylis Fuel Tanks	132,750	132,750	8,334	639	8,973	123,777			132,750	123,777
Berry Hill Fuel Tanks	140,650	134,650	8,302	85,939	94,241	40,409			134,650	40,409
South Grove Fuel Tanks	131,650	131,650	8,581	94,568	103,149	28,501			131,650	28,501
SG Annex Fuel Tanks	132,750	132,750	8,000	5,713	13,713	119,037			132,750	119,037
Village Fuel Tanks	58,850	143,850	7,992	589	8,581	135,269			143,850	135,269
Whitman Fuel Tanks	137,750	153,750	8,620	7,484	16,104	137,646			153,750	137,646
AP Willits Fuel Tanks	132,750	132,750	8,031	5,713	13,744	119,006			132,750	119,006
S Woods Fuel Tanks	149,750	149,750	9,876	97,413	107,289	42,461			149,750	42,461
HBT Fuel Tanks	132,850	132,850	9,255	6,498	15,753	117,097			132,850	117,097
High School Fuel Tanks	175,150	165,150	21,318	99,579	120,897	44,253			165,150	44,253
High School Temporary Vestibule	44,800	16,227	16,227		16,227	-			16,227	-
Unallocated	4,852,857	6,077,772				6,077,772			6,077,772	6,077,772
	<u>11,473,469</u>	<u>12,670,511</u>	<u>3,540,287</u>	<u>1,385,282</u>	<u>4,925,569</u>	<u>7,744,942</u>	<u>-</u>	<u>-</u>	<u>12,670,511</u>	<u>7,744,942</u>
2017-18 Capital Reserve 2014 Phase II/Bond										
HBT Roof	3,284,776	3,299,551	3,284,776	14,775	3,299,551	-			3,299,551	-
Robins Lane Roof	1,633,556	1,633,556	1,633,556		1,633,556	-			1,633,556	-
South Grove Corridor Addition	66,084	742,935	66,084	597,660	663,744	79,191	54,775		688,160	79,191
HS Site Work	1,038,989	9,245,792	416,988	8,582,922	8,999,910	245,882	5,184,287		4,061,505	245,882
HS Science Research Classroom		344,806		344,806	344,806	-	95,135	249,671		-
HS Fitness Center	172,343	4,888,118	172,342	3,760,221	3,932,563	955,555	4,715,775		172,343	955,555
Walt Whitman Upgrades	312,184	927,733	50,196	868,052	918,248	9,485	615,549		312,184	9,485
Baylis Parking	20,103	145,240	19,323	114,691	134,014	11,226	125,137		20,103	11,226
Berry Hill Parking	156,008	504,922	35,703	438,765	474,468	30,454	348,914		156,008	30,454
Bathrooms - Baylis	17,274	382,570	17,274	42,616	59,890	322,680	365,296		17,274	322,680
Bathrooms - Berry Hill	11,553	291,950	11,553	40,985	52,538	239,412	280,397		11,553	239,412
Bathrooms - Robins Lane	17,975	305,620	17,975	238,440	256,415	49,205	287,645		17,975	49,205
Bathrooms - South Grove	11,018	319,840	11,018	3,190	14,208	305,632	308,822		11,018	305,632
Bathrooms - SG Annex	6,697	135,610	6,697	27,825	34,522	101,088	128,913		6,697	101,088
Bathrooms - Village	11,562	265,650	11,562	228,829	240,391	25,259	254,088		11,562	25,259
Bathrooms - W Whitman	13,052	263,270	13,052	238,679	251,731	11,539	250,218		13,052	11,539
Bathrooms - AP Willits	12,687	323,930	12,687	4,594	17,281	306,649	311,243		12,687	306,649
Bathrooms - South Woods	23,729	255,510	23,728	40,045	63,773	191,737	231,781		23,729	191,737
Bathrooms - HBT	31,650	606,875	31,650	93,760	125,410	481,465	575,225		31,650	481,465
Bathrooms - High School	258,885	936,670	42,920	872,486	915,406	21,264	486,880		449,790	21,264
District Wide Fire Alarms - Phase II		1,428,000	520,452	708,966	1,229,418	198,582	1,428,000			198,582
HS Vestibule Project - Phase II	65,594	1,424,411	65,594	913,341	978,935	445,476	1,358,817		65,594	445,476

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

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)
For The Year Ended June 30, 2020

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance
	June 30, 2019	June 30, 2020	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	June 30, 2020
2017-18 Capital Reserve 2014 Phase II/Bond (Continued)											
HVAC - Baylis	\$ 40,453	\$ 620,745	\$ 40,453	\$ 32,176	\$ 72,629	\$ 548,116	\$ 580,292		\$ 40,453	\$ 620,745	\$ 548,116
HVAC - Berry Hill	27,053	612,601	27,053	317,695	344,748	267,853	585,548		27,053	612,601	267,853
HVAC - Robins Lane	40,305	599,018	40,305	160,274	200,579	398,439	558,713		40,305	599,018	398,439
HVAC - South Grove	26,780	488,822	26,780	314,171	340,951	147,871	462,042		26,780	488,822	147,871
HVAC - SG Annex	15,683	296,313	15,683	172,766	188,449	107,864	280,629		15,684	296,313	107,864
HVAC - Village	26,882	605,400	26,882	390,684	417,566	187,834	578,518		26,882	605,400	187,834
HVAC - W Whitman	26,208	567,395	26,208	136,031	162,239	405,156	541,187		26,208	567,395	405,156
HVAC - AP Willits	29,595	558,190	29,595	108,371	137,966	420,224	528,595		29,595	558,190	420,224
HVAC - South Woods	44,488	726,586	44,488	48,390	92,878	633,708	682,098		44,488	726,586	633,708
HVAC - HBT	65,931	1,655,596	65,931	58,739	124,670	1,530,926	1,589,665		65,931	1,655,596	1,530,926
HVAC - South Woods		781,000		33,960	33,960	747,040	781,000			781,000	747,040
HVAC - High School	105,132	5,709,946	105,132	1,333,294	1,438,426	4,271,520	5,604,814		105,132	5,709,946	4,271,520
Unallocated	38,195,771	4,165,500				4,165,500	4,165,500			4,165,500	4,165,500
	45,810,000	46,059,671	6,913,640	21,282,199	28,195,839	17,863,832	34,345,498	249,671	11,464,502	46,059,671	17,863,832
2018-19											
HB Thompson Floor	288,128	288,128	288,128		288,128	-			288,128	288,128	-
HS Lockers	204,001	160,916	7,392	153,524	160,916	-			160,916	160,916	-
HS Gym Ventilation	851,000	851,000	76,209	678,173	754,382	96,618			851,000	851,000	96,618
SG Emergency Reconstruction	230,020	230,020		229,998	229,998	22			230,020	230,020	22
Unallocated	56,873	99,956				99,956			99,956	99,956	99,956
	1,630,022	1,630,020	371,729	1,061,695	1,433,424	196,596			1,630,020	1,630,020	196,596
2019-20											
South Grove Library		56,663	2,154	54,509	56,663	-			56,663	56,663	-
W Whitman Library		56,471	27,382	29,089	56,471	-			56,471	56,471	-
HS Guard Booth		129,900		3,190	3,190	126,710			129,900	129,900	126,710
HS Pool		115,542	4,569	110,973	115,542	-			115,542	115,542	-
HS Vestibule Project - Ph II		905,620		905,620	905,620	-			905,620	905,620	-
SW Partial Floor Replacement		370,000		139,779	139,779	230,221			370,000	370,000	230,221
Unallocated		565,804				565,804			565,804	565,804	565,804
		2,200,000	34,105	1,243,160	1,277,265	922,735			2,200,000	2,200,000	922,735
Totals	\$ 58,913,491	\$ 62,560,202	\$ 10,859,761	\$ 24,972,336	\$ 35,832,097	\$ 26,728,105	\$ 34,345,498	\$ 249,671	\$ 27,965,033	\$ 62,560,202	26,728,105
											Less unissued debt
											(4,165,500)
											\$ 22,562,605

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2020

Capital assets, net	<u>\$ 114,098,510</u>
Deduct:	
Short-term portion of bonds payable	4,705,000
Long-term portion of bonds payable	39,075,000
Less: Unspent bond proceeds	<u>(13,698,332)</u>
	<u>30,081,668</u>
Net Investment in Capital Assets	<u><u>\$ 84,016,842</u></u>

**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
Syosset Central School District
Syosset, 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 Syosset Central 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 October 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Syosset Central 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 Syosset Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Syosset Central 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the Syosset Central School District in a separate letter dated October 13, 2020.

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

October 13, 2020