

SYOSSET CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2019

SYOSSET CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (MD&A)	3
Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24
Required Supplementary Information other than MD&A:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	51
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	53
Schedule of District Pension Contributions	54
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	55
Other Supplementary Information:	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	56
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	57
Net Investment in Capital Assets	59
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 <i>Government Auditing Standards</i>	60

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, 2019, 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, 2019, 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 15 and 51 through 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Syosset Central School District's basic financial statements. The other supplementary information on pages 56 through 59 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 September 27, 2019 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

September 27, 2019

**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, 2019 in comparison with the year ended June 30, 2018, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

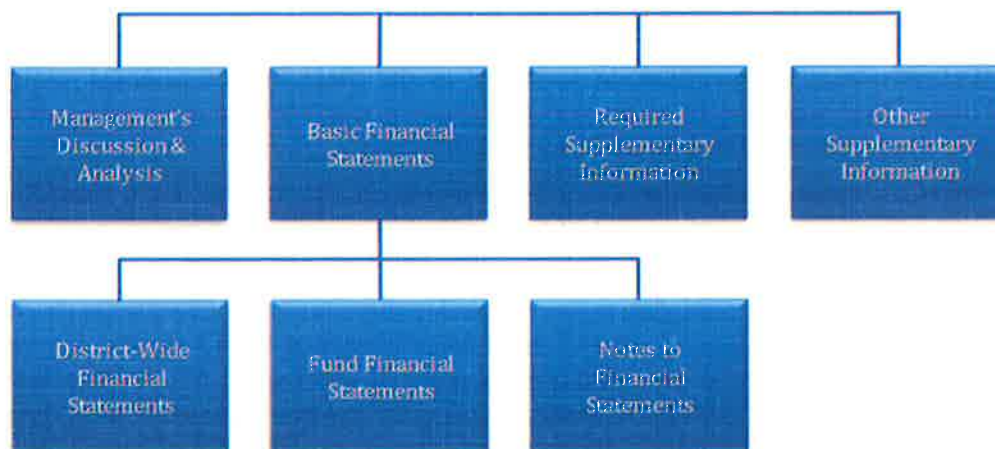
Key financial highlights for fiscal year 2019 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by \$4,827,660. This was due to an excess of expenses over revenues based on 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 \$234,646,100. Of this amount, \$4,781,566 was offset by program charges for services and operating grants. General revenues of \$225,036,874 amount to 97.9% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements, decreased by \$472,821. This was due to an excess of expenditures over revenues based on the current financial resources measurement focus and the modified accrual basis of accounting, and is reflective of the May 21, 2019 voter approved use of \$2,000,000 from the security capital improvement program 2018 reserve and \$942,521 from the 2014 Capital Reserve Fund, as well as \$802,958 of the \$2,000,000 voter authorized amount to fund the Districtwide ballistic doors project. The remaining balance of this authorization, \$1,197,402 has been set aside as a designation of unassigned fund pending the finalization of the District's Smart Bond allocation.
- The District established the teachers' retirement system retirement contribution reserve, which limits the annual contribution to 2% of the prior year's covered TRS salaries. This reserve was funded during the 2018-2019 year in the amount of \$2,076,535.
- 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 will be used for initial funding. The balance of \$34,345,500 may be obtained through issuing debt as authorized by the voters. A total of \$6,393,191 has been expended as of June 30, 2019.
- On February 13, 2018, the voters authorized the District to make energy efficient improvements to various school District buildings and facilities at a maximum estimated cost of \$19,989,248.
- On May 15, 2018, the voters approved the capital reserve known as the "Security Capital Improvement Program 2018 Reserve". The reserve has a funding cap of \$5,000,000 plus investment income over a probable term of 5 years and provides for initial funding of \$2,000,000 from the 2017-2018 budget and annual amounts of not more than \$2,000,000 thereafter. This reserve has been funded by the District in the amount of \$2,000,000 through June 30, 2019.
- The District's 2019 property tax levy of \$195,954,954 was a 2.26% increase over the 2018 tax levy. The District's property tax cap was 2.40%.
- On May 21, 2019, the proposed 2019-2020 budget in the amount of \$236,977,020 was approved by the District's voters. Also approved was a proposition authorizing the installation of Districtwide ballistic doors, to be funded in the aggregate amount of \$2,000,000 from undesignated unreserved fund balance and the District's Smart Bond allocation.
- On September 4, 2019, the District issued bonds in the amount of \$30,180,000, which are payable semi-annually through June 25, 2039. 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.

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 basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



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, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds: general fund, special aid fund, school 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.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position (deficit) increased by \$4,827,660 between fiscal year 2018 and 2019. The deficit increase is due to expenses in excess of revenues based on the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

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

	2019	2018	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 72,536,205	\$ 79,570,427	\$ (7,034,222)	(8.84)%
Capital Assets, Net	90,858,782	82,948,025	7,910,757	9.54 %
Net Pension Asset - Proportionate Share	11,526,035	4,885,341	6,640,694	135.93 %
Total Assets	174,921,022	167,403,793	7,517,229	4.49 %
Deferred Outflows of Resources	88,327,441	71,712,483	16,614,958	23.17 %
Liabilities				
Current and Other Liabilities	18,949,601	20,521,826	(1,572,225)	(7.66)%
Long-Term Liabilities	25,200,336	28,449,265	(3,248,929)	(11.42)%
Net Pension Liability - Proportionate Share	4,284,202	2,015,963	2,268,239	112.51 %
Total OPEB Obligation	337,820,548	355,374,034	(17,553,486)	(4.94)%
Total Liabilities	386,254,687	406,361,088	(20,106,401)	(4.95)%
Deferred Inflows of Resources	70,260,323	21,194,075	49,066,248	231.51 %
Net Position (Deficit)				
Net Investment in Capital Assets	73,998,782	62,983,025	11,015,757	17.49 %
Restricted	37,860,242	43,779,705	(5,919,463)	(13.52)%
Unrestricted (Deficit)	(305,125,571)	(295,201,617)	(9,923,954)	3.36 %
Total Net Position (Deficit)	\$ (193,266,547)	\$ (188,438,887)	\$ (4,827,660)	2.56 %

Current and other assets decreased by \$7,034,222, as compared to the prior year. The decrease is primarily related to decreases in the overall cash position of the District of \$6,004,459 and due from other governments of \$2,869,195, offset by an increase in due from state and federal of \$1,025,464.

Capital assets, net increased by \$7,910,757, as compared to the prior year. This increase is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Net pension asset – proportionate share increased by \$6,640,694, in the current year. This asset represents the District's share of the New York State Teachers' Retirement System net pension asset, at the measurement date of the respective year.

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.

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

Current and other liabilities decreased by \$1,572,225, as compared to the prior year. This decrease is primarily the result of a decrease in the District's accounts payable of \$2,795,379, offset by an increase in the District's liability to the teachers' retirement system for the current year's contribution at an increased contribution rate of \$1,041,821.

Long-term liabilities decreased by \$3,248,929, as compared to the prior year. This decrease is primarily the result of the repayment of the current maturity of the bond indebtedness.

Net pension liability – proportionate share increased by \$2,268,239 in the current year. This liability 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.

Total other postemployment benefits (OPEB) obligation decreased by \$17,553,486 based on the actuarial valuation for the plan. The accompanying Notes to Financial Statements, Note 14 "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 such as land; buildings and improvements; land improvements; and furniture, equipment and vehicles, net of depreciation and related outstanding debt. This number increased over the prior year as a result of asset additions and principal debt reductions offset by depreciation.

	<u>Increase (Decrease)</u>
Capital asset additions - total	\$ 11,768,179
Net principal debt reduction of construction bonds	3,105,000
Depreciation expense	<u>(3,857,422)</u>
	<u>\$ 11,015,757</u>

The restricted amount of \$37,860,242 relates to the District's reserves. This number decreased from the prior year by \$5,919,463, 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.

The unrestricted deficit amount of \$(305,125,571) 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, 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 net OPEB obligation. This deficit increased over the prior year by \$9,923,954.

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

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, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 2,252,536	\$ 2,383,013	\$ (130,477)	(5.48)%
Operating Grants	2,529,030	2,574,047	(45,017)	(1.75)%
General Revenues				
Property Taxes and STAR	195,866,582	191,572,271	4,294,311	2.24 %
State Sources	17,146,117	15,250,863	1,895,254	12.43 %
Other	12,024,175	11,459,905	564,270	4.92 %
Total Revenues	<u>229,818,440</u>	<u>223,240,099</u>	<u>6,578,341</u>	2.95 %
Expenses				
General Support	28,894,285	28,646,302	247,983	0.87 %
Instruction	192,356,022	192,689,841	(333,819)	(0.17)%
Pupil Transportation	10,265,686	9,806,237	459,449	4.69 %
Community Service	422,625	278,539	144,086	51.73 %
Debt Service - Interest	1,220,999	947,050	273,949	28.93 %
Food Service Program	1,486,483	1,775,427	(288,944)	(16.27)%
Total Expenses	<u>234,646,100</u>	<u>234,143,396</u>	<u>502,704</u>	0.21 %
Decrease in Net Position	<u>\$ (4,827,660)</u>	<u>\$ (10,903,297)</u>	<u>\$ 6,075,637</u>	(55.72)%

The District's net position decreased by \$4,827,660 and \$10,903,297 for the years ended June 30, 2019 and 2018, respectively.

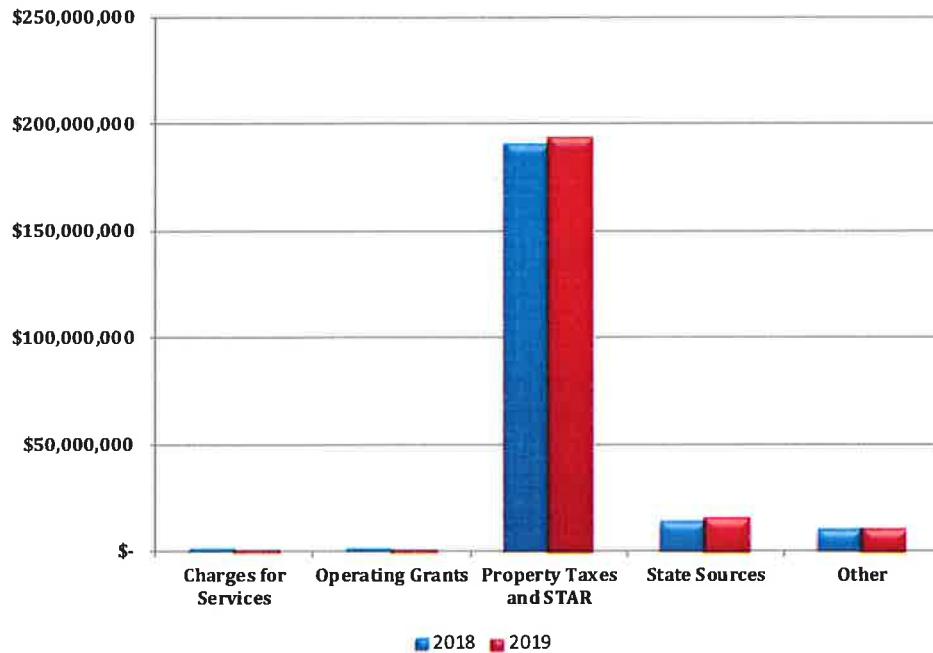
The District's revenues increased by \$6,578,341 or 2.95%. Most of this increase is attributable to increases in property taxes and STAR of \$4,294,311 and state sources of \$1,895,254.

The District's expenses for the year increased by \$502,704 or 0.21%. This is primarily attributable to the offsetting expense impact from the reduction in the OPEB liability resulting from the increase in discount rate from 3.00% to 3.50%.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 85.2% and 85.8% of the total for the years 2019 and 2018, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.0% and 82.3% of the total for the years 2019 and 2018, respectively).

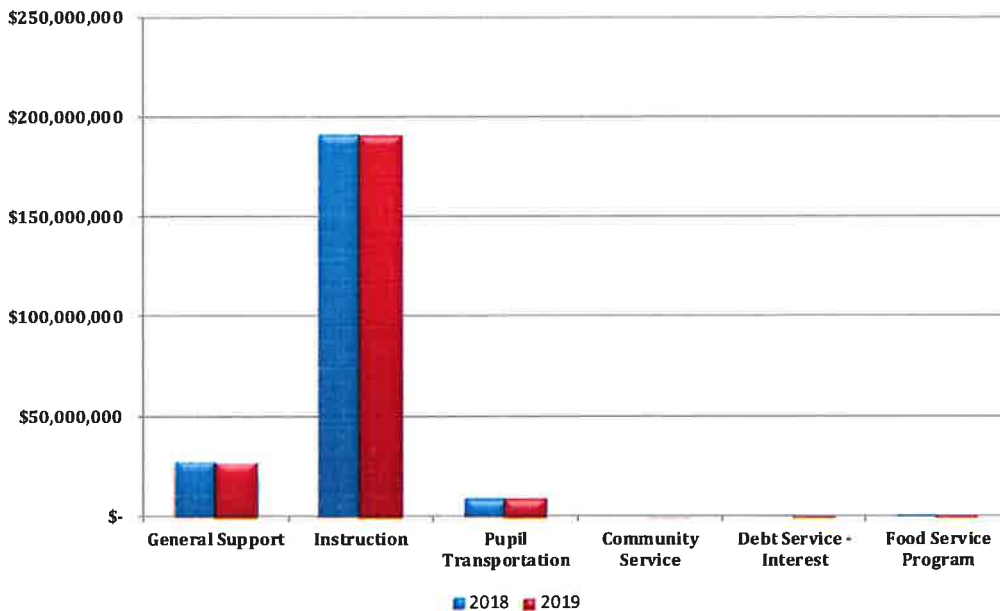
SYOSSET CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2018	1.1%	1.2%	85.8%	6.8%	5.1%
2019	1.0%	1.1%	85.2%	7.5%	5.2%

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
2018	12.2%	82.3%	4.2%	0.1%	0.4%	0.8%
2019	12.3%	82.0%	4.4%	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, 2019, the District's governmental funds reported a combined fund balance of \$53,748,477, which is a decrease of \$5,487,214 from the prior year. This decrease is due to an excess of expenditures over revenues based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2019	2018	Increase (Decrease)
General Fund			
Restricted			
Workers' compensation	\$ 3,438,156	\$ 3,020,358	\$ 417,798
Unemployment insurance	775,564	787,658	(12,094)
Retirement contribution			
Teachers' retirement system	2,076,535		2,076,535
Employees' retirement system	15,860,129	14,991,761	868,368
Insurance	309,087	304,570	4,517
Employee benefit accrued liability	3,513,346	3,560,296	(46,950)
Capital	36,229	2,942,521	(2,906,292)
Repairs	170,067	169,018	1,049
Assigned:			
Appropriated fund balance	3,400,000	4,000,000	(600,000)
Unappropriated fund balance	278,749	819,739	(540,990)
Unassigned: Fund balance	9,479,079	9,213,841	265,238
	<u>39,336,941</u>	<u>39,809,762</u>	<u>(472,821)</u>
School Food Service Fund			
Nonspendable: Inventory	239	1,736	(1,497)
Assigned: Unappropriated fund balance	703,024	713,053	(10,029)
	<u>703,263</u>	<u>714,789</u>	<u>(11,526)</u>
Debt Service Fund			
Restricted: Debt service	45	3,448	(3,403)
Capital Projects Fund			
Restricted: Capital	11,681,084	18,000,075	(6,318,991)
Assigned: Unappropriated fund balance	2,027,144	707,617	1,319,527
	<u>13,708,228</u>	<u>18,707,692</u>	<u>(4,999,464)</u>
 Total Fund Balance	 <u>\$ 53,748,477</u>	 <u>\$ 59,235,691</u>	 <u>\$ (5,487,214)</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$472,821, compared to a decrease of \$9,339,687 in 2018. The District's revenues and other financing sources were \$225,920,539, which is an increase of \$7,570,259 over the prior year. This increase is principally in real property taxes and state sources. The District's expenditures and other uses were \$226,393,360, which is a decrease of \$1,296,607. The decrease in expenditures is mainly attributable to the decrease in operating transfers out of \$9,371,099, related to capital projects authorized by the voters and funded by capital reserves, offset by

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

increases in the other expenditure areas primarily central services of \$1,562,241, instruction – teaching regular school of \$1,794,834 and employee benefits of \$2,539,944.

B. School Food Service Fund

The school food service fund - fund balance decreased by \$11,526, as compared to the prior year. This decrease is the result of an operating deficit in the food service program.

C. Debt Service Fund

The net change in the debt service fund – fund balance is a decrease of \$3,403, as a result of the use of restricted fund balance for the repayment of debt.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$4,999,464, due to expenditures incurred during the year on capital projects of \$9,746,871 and an operating transfer to the general fund from completed capital projects of \$791,192. Revenues of \$5,538,599 consisted of : the budgeted operating transfer of \$1,400,000 for work to be performed at H.B. Thompson Middle School and Syosset High School; the Board approved payment of \$230,020 for emergency gymnasium repairs at South Grove Elementary School; the Board approved payment of a claim with a vendor for \$163,100; the May 2019 voter approved proposition amounts of \$2,000,000 from the Security Capital Improvement Program 2018 Reserve, \$942,521 from the 2014 Capital Reserve Fund and \$802,958 from undesignated unreserved funds (the anticipated balance of the voter approved \$2,000,000 to be provided by the District's Smart Bond allocation) for the Districtwide ballistic doors project.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget

The District's general fund adopted budget for the year ended June 30, 2019 was \$230,346,020. This amount was increased by encumbrances carried forward from the prior year in the amount of \$819,739, and budget revisions of \$4,942,521, for a total final budget of \$236,108,280.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$195,954,954 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:

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

Opening, Unassigned Fund Balance	\$ 9,213,841
Fund Balance Appropriated for Budget Revision	(802,958)
Revenues Over Budget	3,454,519
Expenditures and Encumbrances Under Budget	8,239,129
Unused Appropriated Reserves	(316,505)
Allocation to Reserves	(6,908,947)
Appropriated to Fund the June 30, 2020 Budget	<u>(3,400,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 9,479,079</u>

Opening, Unassigned Fund Balance

The \$9,213,841 shown in the table is the portion of the District's June 30, 2018 fund balance that was retained as unassigned. This was 4% of the District's 2018-2019 approved operating budget of \$230,346,020. It is the maximum unassigned fund balance permitted by law.

Fund Balance Appropriated for Budget Revision

On May 21, 2019, the voters approved the appropriation of \$802,958 of fund balance to be transferred to the capital projects fund to provide additional funding for the installation of districtwide ballistic doors.

Revenues Over Budget

The 2018-2019 final budget for revenues was \$222,466,020. Actual revenues and other sources received for the year were \$225,920,539. The excess of actual revenue over estimated or budgeted revenue was \$3,454,519, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2018 to June 30, 2019.

Expenditures and Encumbrances Under Budget

The 2018-2019 final budget for expenditures was \$234,911,238. Actual expenditures and other uses as of June 30, 2019 were \$226,393,360 and outstanding encumbrances were \$278,749. Combined, the expenditures plus encumbrances for 2018-2019 were \$226,672,109. The final budget was under expended by \$8,239,129. This under expenditure contributes directly to the change to the general fund unassigned fund balance from June 30, 2018 to June 30, 2019.

Unused Appropriated Reserves

In the 2018-2019 budget, \$3,880,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated reserve expenditures, \$103,075 from the reserve for workers' compensation, \$27,931 from the reserve for unemployment and \$185,499 from the retirement contribution reserve – employees' retirement system reserve was not needed and, therefore, was required to be returned to the reserves and is available for future use.

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

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 transfers.

The \$(6,908,947) shown in the previous table is made up of three transfers: \$1,000,000 to the reserve for workers' compensation, \$3,464,998 to the retirement contribution-employees' retirement system reserve and \$2,076,535 to the retirement contribution-teachers' retirement system reserve. Additionally, interest earnings of \$367,414 were allocated to the reserves.

Appropriated Fund Balance

The District has chosen to use \$3,400,000 of the available June 30, 2019 unassigned fund balance to partially fund the 2019-2020 approved operating budget. As such, the June 30, 2019 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, 2019 was \$9,479,079. This amount equals 4.0% of the 2019-2020 budget and is at the statutory limit.

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

A. Capital Assets

At June 30, 2019, 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 \$11,768,179 in excess of depreciation of \$3,857,422 recorded for the year ended June 30, 2019. A summary of the District's capital assets, net of depreciation at June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Land	\$ 1,254,281	\$ 1,254,281	\$ -
Construction work in progress	8,938,077	2,285,666	6,652,411
Buildings and improvements	76,143,253	75,996,814	146,439
Land improvements	177,178	215,295	(38,117)
Furniture, equipment and vehicles	<u>4,345,993</u>	<u>3,195,969</u>	<u>1,150,024</u>
Capital assets, net	<u>\$ 90,858,782</u>	<u>\$ 82,948,025</u>	<u>\$ 7,910,757</u>

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

B. Debt Administration

At June 30, 2019, the District had total bonds payable of \$16,860,000. The bonds were issued for school building improvements and for refunding of bonds originally issued for school building improvements, to generate savings. The decrease in outstanding debt represents principal payments. A summary of the outstanding debt at June 30, 2019 and 2018 is as follows:

Issue Date	Interest Rate	2019	2018	Increase (Decrease)
2001	4.0-5.0 %	\$ 30,000	\$ 40,000	\$ (10,000)
2002	4.1-5.0 %	60,000	80,000	(20,000)
2013	2.0-5.0 %	6,285,000	7,440,000	(1,155,000)
2013	2.0-5.0 %	5,510,000	6,155,000	(645,000)
2015	2.0-5.0 %	1,105,000	1,225,000	(120,000)
2017	5.00%	3,870,000	5,025,000	(1,155,000)
		<u>\$ 16,860,000</u>	<u>\$ 19,965,000</u>	<u>\$ (3,105,000)</u>

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.

	2019	2018	Increase (Decrease)
Compensated absences payable	\$ 5,383,049	\$ 5,389,873	\$ (6,824)
Workers' compensation liabilities	2,026,929	1,927,653	99,276
Net pension liability - proportionate share	4,284,202	2,015,963	2,268,239
Total OPEB obligation	<u>337,820,548</u>	<u>355,374,034</u>	<u>(17,553,486)</u>
	<u>\$ 349,514,728</u>	<u>\$ 364,707,523</u>	<u>\$ (15,192,795)</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 May 21, 2019, for the year ending June 30, 2020, is \$236,977,020. This is an increase of \$6,631,000 or 2.88% 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 \$2,355,635 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$3,400,000 (\$1,200,000 for general purpose and \$2,200,000 for capital work) is a \$600,000 decrease from 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 \$4,875,365 (2.49%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Significant increases in costs of health insurance, the property tax cap, and uncertainty in state aid and federal funds will greatly 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 2019-2020 is 3.34%. The District's 2019-2020 property tax increase of 2.49% 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, 2019

ASSETS

Cash	
Unrestricted	\$ 24,839,881
Restricted	37,860,242
Receivables	
Accounts receivable	813
Taxes receivable	4,150,323
Due from fiduciary funds	86,996
Due from state and federal	5,204,055
Due from other governments	393,656
Inventory	239
Capital assets:	
Not being depreciated	10,192,358
Being depreciated, net of accumulated depreciation	80,666,424
Net pension asset - proportionate share	11,526,035
	<u>174,921,022</u>
Total Assets	

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	34,023
Pensions	64,788,163
Other post employment benefits obligation	23,505,255
	<u>88,327,441</u>
Total Deferred Outflows of Resources	

LIABILITIES

Payables	
Accounts payable	4,809,950
Accrued liabilities	1,223,132
Due to other governments	297,581
Due to teachers' retirement system	11,718,437
Due to employees' retirement system	770,493
Unearned credits	
Collections in advance	130,008
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,462,109
Compensated absences payable	100,000
Due and payable after one year	
Bonds payable, net	14,328,249
Compensated absences payable	5,283,049
Workers' compensation liabilities	2,026,929
Net pension liability - proportionate share	4,284,202
Total other postemployment benefits obligation	337,820,548
	<u>386,254,687</u>
Total Liabilities	

DEFERRED INFLOWS OF RESOURCES

Pensions	15,928,767
Other postemployment benefits obligation	54,331,556
	<u>70,260,323</u>
Total Deferred Inflows of Resources	

NET POSITION (DEFICIT)

Net investment in capital assets	<u>73,998,782</u>
Restricted:	
Workers' compensation	3,438,156
Unemployment insurance	775,564
Retirement contribution	
Teachers' retirement system	2,076,535
Employees' retirement system	15,860,129
Insurance	309,087
Employee benefit accrued liability	3,513,346
Capital	11,717,313
Repairs	170,067
Debt service	45
	<u>37,860,242</u>
Unrestricted (deficit)	<u>(305,125,571)</u>
Total Net Position (Deficit)	<u>\$ (193,266,547)</u>

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2019

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 28,894,285	\$	\$	\$ (28,894,285)
Instruction	192,356,022	1,024,489	2,300,148	(189,031,385)
Pupil transportation	10,265,686			(10,265,686)
Community service	422,625			(422,625)
Debt service - interest	1,220,999			(1,220,999)
Food service program	1,486,483	1,228,047	228,882	(29,554)
Total Functions and Programs	<u>\$ 234,646,100</u>	<u>\$ 2,252,536</u>	<u>\$ 2,529,030</u>	(229,864,534)
GENERAL REVENUES				
Real property taxes				185,039,149
Other tax items				19,842,159
Use of money and property				889,655
Sale of property and compensation for loss				206,485
Miscellaneous				967,088
State sources				17,146,117
Intergovernmental revenue				921,100
Medicaid reimbursement				<u>25,121</u>
Total General Revenues				<u>225,036,874</u>
Change in Net Position				(4,827,660)
Total Net Position (Deficit) - Beginning of Year				<u>(188,438,887)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (193,266,547)</u>

SYOSSET CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 23,921,259	\$ 52	\$ 918,570	\$	\$	\$ 24,839,881
Restricted	27,672,888			45	10,187,309	37,860,242
Receivables						
Accounts receivable	813					813
Taxes receivable	4,150,323					4,150,323
Due from other funds	1,284,002				3,948,654	5,232,656
Due from state and federal	3,922,706	1,268,199	13,150			5,204,055
Due from other governments	393,656					393,656
Inventory			239			239
Total Assets	<u>\$ 61,345,647</u>	<u>\$ 1,268,251</u>	<u>\$ 931,959</u>	<u>\$ 45</u>	<u>\$ 14,135,963</u>	<u>\$ 77,681,865</u>
LIABILITIES						
Payables						
Accounts payable	\$ 4,217,993	\$ 56,828	\$ 107,394	\$	\$ 427,735	\$ 4,809,950
Accrued liabilities	1,053,596	4,226	3,437			1,061,259
Due to other funds	3,948,654	1,197,006				5,145,660
Due to other governments	297,487		94			297,581
Due to teachers' retirement system	11,718,437					11,718,437
Due to employees' retirement system	770,493					770,493
Unearned credits						
Collections in advance	2,046	10,191	117,771			130,008
Total Liabilities	<u>22,008,706</u>	<u>1,268,251</u>	<u>228,696</u>	<u>-</u>	<u>427,735</u>	<u>23,933,388</u>
FUND BALANCES						
Nonspendable: Inventory			239			239
Restricted:						
Workers' compensation	3,438,156					3,438,156
Unemployment insurance	775,564					775,564
Retirement contribution						
Teachers' retirement system	2,076,535					2,076,535
Employees' retirement system	15,860,129					15,860,129
Insurance	309,087					309,087
Employee benefit accrued liability	3,513,346					3,513,346
Capital	36,229				11,681,084	11,717,313
Repairs	170,067					170,067
Debt service				45		45
Assigned:						
Appropriated fund balance	3,400,000					3,400,000
Unappropriated fund balance	278,749		703,024		2,027,144	3,008,917
Unassigned: Fund balance	9,479,079					9,479,079
Total Fund Balances	<u>39,336,941</u>	<u>-</u>	<u>703,263</u>	<u>45</u>	<u>13,708,228</u>	<u>53,748,477</u>
Total Liabilities and Fund Balances	<u>\$ 61,345,647</u>	<u>\$ 1,268,251</u>	<u>\$ 931,959</u>	<u>\$ 45</u>	<u>\$ 14,135,963</u>	<u>\$ 77,681,865</u>

SYOSSET CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total Governmental Fund Balances \$ 53,748,477

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	\$ 164,416,650	
Accumulated depreciation	<u>(73,557,868)</u>	90,858,782

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	11,526,035	
Deferred outflows of resources	64,788,163	
Net pension liability - employees' retirement system	(4,284,202)	
Deferred inflows of resources	<u>(15,928,767)</u>	56,101,229

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>(54,348)</u>	34,023

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

Deferred outflows of resources	23,505,255	
Total other postemployment benefits obligation	(337,820,548)	
Deferred inflows of resources	<u>(54,331,556)</u>	(368,646,849)

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	(161,873)	
Bonds payable, net	(17,790,358)	
Compensated absences payable	(5,383,049)	
Workers' compensation liabilities	<u>(2,026,929)</u>	(25,362,209)

Total Net Position (Deficit)		<u>\$ (193,266,547)</u>
------------------------------	--	-------------------------

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 185,039,149	\$	\$	\$	\$	\$ 185,039,149
Other tax items	19,842,159					19,842,159
Charges for services	1,024,489					1,024,489
Use of money and property	878,739		10,764	152		889,655
Sale of property and compensation for loss	206,485					206,485
Miscellaneous	967,088		2,370			969,458
Intergovernmental revenue				921,100		921,100
State sources	17,146,117	634,954	12,345			17,793,416
Medicaid reimbursement	25,121					25,121
Federal sources		1,665,194	216,537			1,881,731
Sales			1,225,677			1,225,677
Total Revenues	225,129,347	2,300,148	1,467,693	921,252	-	229,818,440
EXPENDITURES						
General support	24,289,003					24,289,003
Instruction	128,973,595	2,503,607				131,477,202
Pupil transportation	9,992,771					9,992,771
Community service	289,573					289,573
Employee benefits	53,468,935					53,468,935
Debt service						
Principal				3,105,000		3,105,000
Interest	603,017			854,063		1,457,080
Food service program			1,479,219			1,479,219
Capital outlay					9,746,871	9,746,871
Total Expenditures	217,616,894	2,503,607	1,479,219	3,959,063	9,746,871	235,305,654
Excess (Deficiency) of Revenues Over Expenditures	7,512,453	(203,459)	(11,526)	(3,037,811)	(9,746,871)	(5,487,214)
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in	791,192	203,459		3,034,408	5,538,599	9,567,658
Operating transfers (out)	(8,776,466)				(791,192)	(9,567,658)
Total Other Financing Sources and (Uses)	(7,985,274)	203,459	-	3,034,408	4,747,407	-
Net Change in Fund Balances	(472,821)	-	(11,526)	(3,403)	(4,999,464)	(5,487,214)
Fund Balances - Beginning of Year	39,809,762		714,789	3,448	18,707,692	59,235,691
End of Year	\$ 39,336,941	\$ -	\$ 703,263	\$ 45	\$ 13,708,228	\$ 53,748,477

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, 2019

Net Change in Fund Balances \$ (5,487,214)

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

Long-Term Revenue and Expense Differences

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable \$ 6,824

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 workers' compensation liabilities (99,276) (92,452)

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 11,768,179
Depreciation expense (3,857,422) 7,910,757

Long-Term Debt Transactions Differences

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. 210,864

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 3,105,000

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 decreased from June 30, 2018 to June 30, 2019.

25,217 3,341,081

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 2,024,629
Employees' retirement system (538,596)
Other postemployment benefits (11,985,865) (10,499,832)

Change in Net Position (Deficit) of Governmental Activities \$ (4,827,660)

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2019

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash		
Unrestricted	\$ 3,279,150	\$
Restricted		<u>5,240</u>
Total Assets	<u>\$ 3,279,150</u>	<u>5,240</u>
 LIABILITIES		
Extraclassroom activity balances	\$ 325,876	
Due to governmental funds	86,996	
Other liabilities	<u>2,866,278</u>	
Total Liabilities	<u>\$ 3,279,150</u>	<u>-</u>
 NET POSITION		
Restricted for scholarships		<u>\$ 5,240</u>

SYOSSET CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For The Year Ended June 30, 2019

	Private Purpose Trust
ADDITIONS	
Investment earnings - interest	\$ 37
DEDUCTIONS	
Scholarships and awards	<u>1,000</u>
Change in Net Position	(963)
Net Position - Beginning of Year	<u>6,203</u>
Net Position - End of Year	<u><u>\$ 5,240</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 Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section §1950(4)(b)(7). 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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, such as equipment.

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

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

The district-wide and fiduciary fund financial statements are reported 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 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 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 during the periods October 1st through November 10th, and April 1st through May 10th without penalty and remitted to the District.

Enforcement

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

F. 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.

G. Interfund Transactions

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

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, 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, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of long-lived assets.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. 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.

J. 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.

K. Inventory

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. 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.

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

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

L. 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

M. 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 four 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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. The third item is the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The fourth item is related to OPEB and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

N. 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.

O. 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) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position 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 second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

P. 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Q. 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 health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. 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. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the 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.

R. Short-Term Debt

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

The District may issue 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.

S. 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

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.

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 Teachers' Retirement System and 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. Effective April 1, 2019, a 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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 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. The reserve is 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

T. New Accounting Standards

The District has adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 88, that is effective for the fiscal year ended June 30, 2019, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement improves the information that is disclosed in notes to government financial statements related to debt.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the 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.

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

3. 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:

May 2019 voter approved transfer from the capital reserve to the capital projects fund	\$ 2,942,521
May 2019 voter approved transfer from unassigned fund balance to the capital projects fund	<u>802,958</u>
	<u><u>\$ 3,745,479</u></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 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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

4. 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.

5. PARTICIPATION IN BOCES

During the year ended June 30, 2019, the District was billed \$11,170,397 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$4,035,480. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

6. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2019 consisted of:

General Fund	
New York State - general aid	\$ 7,658
New York State - excess cost aid	696,328
New York State - software aid	23,503
BOCES aid	3,181,972
Medicaid	<u>13,245</u>
	3,922,706
Special Aid Fund	
Federal and state grants	1,268,199
School Food Service Fund	
Federal and state food service program reimbursements	<u>13,150</u>
	<u>\$ 5,204,055</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2019 consisted of:

General Fund	
PILOT payments	\$ 197,305
Charges for services	<u>196,351</u>
	<u>\$ 393,656</u>

8. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,254,281	\$	\$	\$ 1,254,281
Construction work in progress	2,285,666	7,941,130	(1,288,719)	8,938,077
Total capital assets not being depreciated	<u>3,539,947</u>	<u>7,941,130</u>	<u>(1,288,719)</u>	<u>10,192,358</u>
Capital assets being depreciated				
Buildings and improvements	135,914,856	3,094,459		139,009,315
Land improvements	3,516,170			3,516,170
Furniture, equipment and vehicles	9,964,470	2,021,309	(286,972)	11,698,807
Total capital assets being depreciated	<u>149,395,496</u>	<u>5,115,768</u>	<u>(286,972)</u>	<u>154,224,292</u>
Less accumulated depreciation for:				
Buildings and improvements	59,918,042	2,948,020		62,866,062
Land improvements	3,300,875	38,117		3,338,992
Furniture, equipment and vehicles	6,768,501	871,285	(286,972)	7,352,814
Total accumulated depreciation	<u>69,987,418</u>	<u>3,857,422</u>	<u>(286,972)</u>	<u>73,557,868</u>
Total capital assets, being depreciated, net	<u>79,408,078</u>	<u>1,258,346</u>	<u>-</u>	<u>80,666,424</u>
Capital assets, net	<u>\$ 82,948,025</u>	<u>\$ 9,199,476</u>	<u>\$ (1,288,719)</u>	<u>\$ 90,858,782</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 428,478
Instruction	3,242,400
Pupil transportation	176,280
Food service program	<u>10,264</u>
Total depreciation expense	<u>\$ 3,857,422</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

9. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2019, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,284,002	\$ 3,948,654	\$ 791,192	\$ 8,776,466
Special Aid Fund		1,197,006	203,459	
Debt Service Fund			3,034,408	
Capital Projects Fund	3,948,654		5,538,599	791,192
Total Governmental Funds	5,232,656	5,145,660	\$ 9,567,658	\$ 9,567,658
Fiduciary Funds		86,996		
Total	\$ 5,232,656	\$ 5,232,656		

The District typically transfers from the general fund to: the special aid fund for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools; the debt service fund for annual debt service payments; and the capital projects fund in accordance with the budget in the amount of \$1,400,000. The board approved contingent expenditures in the amount of \$393,120 for emergency repairs and a vendor claim for which a transfer also was made to the capital projects fund. In May, 2019 voters approved utilization of funding for the Districtwide ballistic doors project, whereupon the District transferred from the general fund \$3,745,479 into the capital projects fund. The remainder of the voter authorized spending amount, \$1,197,042 has been designated within the general fund's unassigned fund balance available for appropriation to the extent the District's anticipated Smart Bond allocation is not available. The transfer from the capital projects fund to the general fund was to return unspent monies on completed capital projects.

10. SHORT-TERM DEBT

Short-term debt transactions for the year are summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2018	Issued	Redeemed	Balance June 30, 2019
TAN	6/27/2019	3.00-4.00%	\$ -	\$ 20,400,000	\$ (20,400,000)	\$ -

Interest on short-term debt for the year was \$603,107. The District received a premium of \$294,018, which is included in miscellaneous revenue in the general fund. The net effective interest rate was 1.87%.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 19,965,000	\$	\$ (3,105,000)	\$ 16,860,000	\$ 3,260,000
Add: Premiums on refunding	1,166,739		(236,381)	930,358	202,109
	<u>21,131,739</u>	<u>-</u>	<u>(3,341,381)</u>	<u>17,790,358</u>	<u>3,462,109</u>
Other long-term liabilities					
Compensated absences	5,389,873		(6,824)	5,383,049	100,000
Workers' compensation	1,927,653	600,207	(500,931)	2,026,929	
	<u>7,317,526</u>	<u>600,207</u>	<u>(507,755)</u>	<u>7,409,978</u>	<u>100,000</u>
	<u>\$ 28,449,265</u>	<u>\$ 600,207</u>	<u>\$ (3,849,136)</u>	<u>\$ 25,200,336</u>	<u>\$ 3,562,109</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2019
Serial bonds	7/01	7/2021	4.0-5.0 %	\$ 30,000
Serial bonds	7/02	7/2021	4.1-5.0 %	60,000
Serial bonds (refunding)	10/13	12/2025	2.0-5.0 %	5,510,000
Serial bonds (refunding)	10/13	7/2025	2.0-5.0 %	6,285,000
Serial bonds (refunding)	5/15	7/2026	2.0-5.0 %	1,105,000
Serial bonds (refunding)	11/17	7/2021	5.00%	3,870,000
				<u>\$ 16,860,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 3,260,000	\$ 550,362	\$ 3,810,362
2021	3,395,000	467,288	3,862,288
2022	3,570,000	371,587	3,941,587
2023	2,290,000	263,013	2,553,013
2024	1,330,000	176,550	1,506,550
2025 - 2027	<u>3,015,000</u>	<u>159,456</u>	<u>3,174,456</u>
Total	<u>\$ 16,860,000</u>	<u>\$ 1,988,256</u>	<u>\$ 18,848,256</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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)
2020	\$ 18,675	\$ (202,109)	\$ (183,434)
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 - 2026		(217,126)	(217,126)
Total	<u>\$ 34,023</u>	<u>\$ (930,358)</u>	<u>\$ (896,335)</u>

D. Interest Expense

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

Interest paid	\$ 854,063
Less interest accrued in the prior year	(187,090)
Plus interest accrued in the current year	161,873
Less amortization of advance refunding deferred items	<u>(210,864)</u>
Total interest expense on long-term debt	<u>\$ 617,982</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, 2019, the Library paid \$921,100 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, 2019, no debt has been issued, but work has commenced and expenditures of \$5,947,646 were recorded in the capital fund.

12. 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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 9.8% of covered payroll for the TRS' fiscal year ended June 30, 2018. The District's average contribution rate was 13.77% of covered payroll for the ERS' fiscal year ended March 31, 2019.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2019 was \$11,179,049 for TRS and \$2,814,500 for ERS.

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

At June 30, 2019, 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, 2018, for TRS and March 31, 2019 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.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
District's proportionate share of the net pension asset/(liability)	\$ 11,526,035	\$ (4,284,202)
District's portion of the Plan's total net pension asset/(liability)	0.6374090%	0.0604660%
Change in proportion since the prior measurement date	(0.0053150)	(0.0019971)

For the year ended June 30, 2019, the District recognized pension expense of \$9,158,415 for TRS and \$3,353,097 for ERS. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 8,613,313	\$ 843,649	\$ 1,560,207	\$ 287,590
Changes of assumptions	40,291,053	1,076,874		
Net difference between projected and actual earnings on pension plan investments			12,794,777	1,099,563
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,055,191	958,541	95,823	90,807
District's contributions subsequent to the measurement date	11,179,049	770,493		
Total	<u>\$ 61,138,606</u>	<u>\$ 3,649,557</u>	<u>\$ 14,450,807</u>	<u>\$ 1,477,960</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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending June 30,	TRS	ERS
2020	\$ 11,731,388	\$ 1,253,877
2021	8,022,225	(589,027)
2022	1,005,665	90,380
2023	7,995,070	645,874
2024	5,433,594	
Thereafter	1,320,808	
	\$ 35,508,750	\$ 1,401,104

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, 2018	March 31, 2019
Actuarial valuation date	June 30, 2017	April 1, 2018
Inflation	2.25%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.25%	7.00%
Cost of living adjustments	1.50%	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-2014, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

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.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2018		March 31, 2018
Asset type				
Domestic equity	33.0%	5.80%	36.0%	4.55%
International equity	16.0%	7.30%	14.0%	6.35%
Global equity	4.0%	6.70%		
Real estate	11.0%	4.90%	10.0%	5.55%
Private equities	8.0%	8.90%	10.0%	7.50%
Alternative investments			8.0%	3.75-5.68%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.50%		
Bonds and mortgages	8.0%	2.80-6.80%	17.0%	1.31%
Short-term	1.0%	0.30%		
Cash			1.0%	(0.25)%
Inflation indexed bonds			4.0%	1.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.3% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for TRS and 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension 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 7.25% for TRS and 7.0% 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 (6.25% for TRS and 6.0% for ERS) or 1 percentage point higher (8.25% for TRS and 8.0% for ERS) than the current rate:

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease	Current Assumption	1% Increase
TRS	6.25 %	7.25 %	8.25 %
District's proportionate share of the net pension asset (liability)	<u>\$ (79,185,743)</u>	<u>\$ 11,526,035</u>	<u>\$ 87,517,297</u>
	1% Decrease	Current Assumption	1% Increase
ERS	6.00 %	7.00 %	8.00 %
District's proportionate share of the net pension asset (liability)	<u>\$ (18,731,214)</u>	<u>\$ (4,284,202)</u>	<u>\$ 7,852,313</u>

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2018	March 31, 2019
Employers' total pension liability	\$ (118,107,254)	\$ (189,803,429)
Plan fiduciary net position	<u>119,915,518</u>	<u>182,718,124</u>
Employers' net pension asset/(liability)	<u>\$ 1,808,264</u>	<u>\$ (7,085,305)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	101.53%	96.27%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019, are paid to the system in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019, represent employer and employee contributions for the fiscal year ended June 30, 2019, 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, 2019 amounted to \$11,179,049 of employer contributions and \$539,388 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, 2019, represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$770,493 of employer contributions. Employee contributions are remitted monthly.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

13. 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, 2019, totaled \$20,000 and \$5,550,656 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, 2019, totaled \$658,988.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare benefits for retirees and their survivors. 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, 2019, 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 \$337,820,548 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

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

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Inflation	2.60%
Salary increases	2.60% average, including inflation
Discount rate	3.50%
Healthcare cost trend rates	6.10% for 2019, 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, 2019 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, 2018	<u>\$ 355,374,034</u>
Changes for the year	
Service cost	15,914,697
Interest	10,991,984
Changes of benefit terms	-
Differences between expected and actual experience	27,358,576
Changes in assumptions or other inputs	(61,967,401)
Benefit payments	<u>(9,851,342)</u>
	<u>(17,553,486)</u>
Balance at June 30, 2019	<u><u>\$ 337,820,548</u></u>

Changes in assumptions or other inputs is based on several factors including the higher discount rate, the changes in the medical trend rate, and the change in mortality improvement as per the actuarial valuation report.

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 (2%) or 1 percentage point higher (4%) than the current discount rate:

OPEB	1% Decrease 2.50 %	Discount Rate 3.50 %	1% Increase 4.50 %
Total OPEB liability	<u>\$ 396,350,926</u>	<u>\$ 337,820,548</u>	<u>\$ 291,001,666</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.1%) or 1 percentage point higher (7.1%) than the current healthcare cost trend rate:

	1% Decrease 5.10 % decreasing to 3.10 %	Healthcare Cost Trend Rates 6.10 % decreasing to 4.10 %	1% Increase 7.10 % decreasing to 5.10 %
<u>OPEB</u>			
Total OPEB liability	<u>\$ 284,930,021</u>	<u>\$ 337,820,548</u>	<u>\$ 413,204,333</u>

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$21,837,207. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u>	
	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,505,255	\$ 1,091,958
Changes of assumptions		53,239,598
District's contributions subsequent to the measurement date		-
Total	<u>\$ 23,505,255</u>	<u>\$ 54,331,556</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ (5,069,474)
2021	(5,069,474)
2022	(5,069,474)
2023	(5,069,474)
2024	(5,069,474)
Thereafter	<u>(5,478,931)</u>
	<u>\$ (30,826,301)</u>

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

15. RISK MANAGEMENT

A. General Information

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

B. 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 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>2018</u>	<u>2019</u>
Unpaid claims at beginning of year	\$ 2,791,044	\$ 1,927,653
Incurred claims and claim adjustment expenses	(302,183)	600,207
Claim payments	<u>(561,208)</u>	<u>(500,931)</u>
Unpaid claims at year end	<u>\$ 1,927,653</u>	<u>\$ 2,026,929</u>

16. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2019 restricted fund balances, to fund the budget for the year ending June 30, 2020:

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>

17. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$3,400,000 has been approved to reduce taxes for the year ending June 30, 2020.

18. 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 \$7,156,524. The District received payment in lieu of taxes (PILOT) payments totaling \$3,854,350.

SYOSSET CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2019, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital Projects	<u>\$ 16,199,181</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	124,143
Instruction	<u>154,606</u>
	278,749
Capital Projects Fund	
Capital Projects	<u>1,184,216</u>
	<u><u>\$ 17,662,146</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.

20. SUBSEQUENT EVENTS

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

On September 4, 2019, the District issued tax anticipation notes in the amount of \$20,000,000, which are due June 25, 2020 and bear interest at a stated rate of 2.00%. The District received premiums of \$129,004 with the borrowings, to yield an effective interest rate of 1.20%.

On September 4, 2019, the District issued bonds in the amount of \$30,180,000, which are payable semi-annually through June 25, 2039. 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.

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 195,954,954	\$ 185,128,854	\$ 185,039,149	\$ (89,705)
Other tax items	8,591,699	19,417,799	19,842,159	424,360
Charges for services	879,733	879,733	1,024,489	144,756
Use of money and property	124,619	124,619	878,739	754,120
Sale of property and compensation for loss			206,485	206,485
Miscellaneous	612,084	612,084	967,088	355,004
Total Local Sources	206,163,089	206,163,089	207,958,109	1,795,020
State Sources	16,281,181	16,281,181	17,146,117	864,936
Medicaid Reimbursement	21,750	21,750	25,121	3,371
Total Revenues	222,466,020	222,466,020	225,129,347	2,663,327
OTHER SOURCES				
Operating transfers in	-	-	791,192	791,192
Total Revenues and Other Sources	222,466,020	222,466,020	225,920,539	\$ 3,454,519
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	4,000,000	4,802,958		
Prior Year's Encumbrances	819,739	819,739		
Appropriated Reserves	3,880,000	6,822,521		
Total Appropriated Fund Balance	8,699,739	12,445,218		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 231,165,759	\$ 234,911,238		

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, 2019

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 123,218	\$ 134,459	\$ 125,275	\$	\$ 9,184
Central administration	410,862	422,921	420,542		2,379
Finance	1,175,999	1,167,937	1,116,591	25,575	25,771
Staff	1,111,372	1,246,530	1,204,178		42,352
Central services	20,011,722	20,057,828	19,252,526	98,568	706,734
Special items	2,715,981	2,365,486	2,169,891		195,595
Total General Support	25,549,154	25,395,161	24,289,003	124,143	982,015
Instruction					
Administration & improvement	9,277,007	9,639,534	9,463,494	251	175,789
Teaching - regular school	77,160,990	76,822,601	74,302,545	136,450	2,383,606
Programs for students with disabilities	29,049,073	28,547,193	27,685,463	10,416	851,314
Occupational education	385,000	408,774	408,774		-
Teaching - special schools	489,095	484,970	441,645		43,325
Instructional media	5,295,270	5,587,419	5,578,705	1,284	7,430
Pupil services	11,242,886	11,388,934	11,092,969	6,205	289,760
Total Instruction	132,899,321	132,879,425	128,973,595	154,606	3,751,224
Pupil Transportation	10,167,890	10,133,679	9,992,771		140,908
Community Services	262,102	307,102	289,573		17,529
Employee Benefits	56,926,829	56,812,833	53,468,935		3,343,898
Debt Service - Interest	562,500	603,017	603,017		-
Total Expenditures	226,367,796	226,131,217	217,616,894	278,749	8,235,574
OTHER USES					
Operating Transfers Out	4,797,963	8,780,021	8,776,466		3,555
Total Expenditures and Other Uses	<u>\$ 231,165,759</u>	<u>\$ 234,911,238</u>	<u>226,393,360</u>	<u>\$ 278,749</u>	<u>\$ 8,239,129</u>
Net Change in Fund Balance			(472,821)		
Fund Balance - Beginning of Year			39,809,762		
Fund Balance - End of Year			<u>\$ 39,336,941</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 Five Fiscal Years

Teachers' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.6374090%	0.6427240%	0.6467320%	0.6561430%	0.6638980%
District's proportionate share of the net pension asset/(liability)	\$ 11,526,035	\$ 4,885,341	\$ (6,926,774)	\$ 68,152,323	\$ 73,954,151
District's covered payroll	\$ 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	10.99 %	4.76 %	(6.94)%	68.85 %	75.41 %
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%

Employees' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0604660%	0.0624631%	0.0619990%	0.0622257%	0.0608556%
District's proportionate share of the net pension liability	\$ (4,284,202)	\$ (2,015,963)	\$ (5,825,569)	\$ (9,987,393)	\$ (2,055,850)
District's covered payroll	\$ 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	(21.35)%	(10.35)%	(29.49)%	(52.86)%	(11.36)%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

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

Teachers' Retirement System

The discount rate decreased from 8.0% to 7.5% to 7.25% as reflected in 2016, 2017 and 2018 above.

Employees' Retirement System

The discount rate decreased from 7.5% to 7.0% as reflected in 2015 and 2016 above.

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 15,914,697	\$ 12,696,778
Interest	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	(61,967,401)	-
Benefit payments	<u>(9,851,342)</u>	<u>(7,602,239)</u>
Net change in total OPEB liability	(17,553,486)	14,117,990
Total OPEB liability, beginning	<u>355,374,034</u>	<u>341,256,044</u>
Total OPEB liability, ending	<u><u>\$ 337,820,548</u></u>	<u><u>\$ 355,374,034</u></u>
 Covered employee payroll	 \$ 113,117,179	 \$ 127,500,612
Total OPEB liability as a percentage of covered employee payroll	298.65%	278.72%

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

The discount rate increased from 3.00% to 3.50% as reflected in 2018 and 2019 above.

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

Teachers' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 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	\$ 5,465,724
Contributions in relation to the contractually required contribution	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	5,465,724
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 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	\$88,299,257
Contributions as a percentage of covered payroll	11%	10%	12%	13%	18%	16%	12%	11%	9%	6%

Employees' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 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	\$ 1,274,246
Contributions in relation to the contractually required contribution	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	1,274,246
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 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	\$16,780,615
Contributions as a percentage of covered payroll	14%	15%	14%	16%	21%	21%	19%	16%	12%	8%

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, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 230,346,020
Additions:	
Prior year's encumbrances	<u>819,739</u>
Original Budget	231,165,759
Budget revision	<u>3,745,479</u>
Final Budget	<u><u>\$ 234,911,238</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-2020 voter-approved expenditure budget	<u><u>\$ 236,977,020</u></u>
Maximum allowed (4% of 2019-2020 budget)	<u><u>\$ 9,479,081</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 3,678,749
Unassigned fund balance	<u>9,479,079</u> *
	\$ 13,157,828
Less:	
Appropriated fund balance	3,400,000
Encumbrances	<u>278,749</u>
Total adjustments	<u>3,678,749</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 9,479,079</u></u>
Actual Percentage	4.0%

* Includes \$1,197,042 designated for installation of Districtwide ballistic doors to the extent the Smart Bond allocation is not available as described in the May 21, 2019 budget, proposition no.2, as approved by the voters.

SYOSSET CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For The Year Ended June 30, 2019

PROJECT TITLE	Budget June 30, 2018	Budget June 30, 2019	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2019
			Prior Years	Current Year	Total			State Aid	Local Sources	Total	
2015-16 High School Roof 0010-041	\$ 1,291,325	\$ 1,154,425	\$ 960,419	\$ 194,006	\$ 1,154,425	\$ -	\$ -	\$ -	\$ 1,154,425	1,154,425	\$ -
2016-17 High School Roof Phase II 0001-042	2,133,844	2,108,623	1,783,565		1,783,565	325,058			2,108,623	2,108,623	325,058 *
2016-17 Willits Roof 0004-019	1,238,665	1,238,665	1,238,665		1,238,665	-			1,238,665	1,238,665	-
2016-17 Willits Roof Upgrade 0004-020	364,100	364,100	348,505	(1,685)	346,820	17,280			364,100	364,100	17,280 *
2016-17 Walt Whitman Emergency Work	610,642	635,863	606,728	25,221	631,949	3,914			635,863	635,863	3,914 *
2016-17 Capital Reserve 2014 - Phase I											
South Grove Annex V/D/G	211,835	231,174	30,266	148,006	178,272	52,902			231,174	231,174	52,902
AP Willits V/D/G	218,022	200,522	81,834	103,807	185,641	14,881			200,522	200,522	14,881
Berry Hill V/D/G	147,125	227,925	25,989	184,897	210,886	17,039			227,925	227,925	17,039
South Woods V/D/G	212,527	269,603	92,734	115,603	208,337	61,266			269,603	269,603	61,266
Village V/D/G	235,597	189,651	70,384	93,279	163,663	25,988			189,651	189,651	25,988
High School V/D/G	895,796	868,745	39,209	430,729	469,938	398,807			868,745	868,745	398,807
South Grove V/D/G	269,727	259,252	25,310	212,542	237,852	21,400			259,252	259,252	21,400
Baylis V/D/G	187,795	220,635	136,395	71,094	207,489	13,146			220,635	220,635	13,146
W Whitman V/D/G	288,732	295,232	96,440	161,902	258,342	36,890			295,232	295,232	36,890
Robins Lane V/D/G	101,936	105,936	21,677	74,196	95,873	10,063			105,936	105,936	10,063
HBT V/D/G	321,654	329,006	31,184	226,248	257,432	71,574			329,006	329,006	71,574
District Wide Fire Alarms	1,741,598	2,053,231	95,448	1,377,029	1,472,477	580,754			2,053,231	2,053,231	580,754
Baylis Fuel Tanks		132,750		8,334	8,334	132,416			132,750	132,750	124,416
Berry Hill Fuel Tanks		140,650		8,302	8,302	132,348			140,650	140,650	132,348
South Grove Fuel Tanks		131,650		8,581	8,581	123,069			131,650	131,650	123,069
SG Annex Fuel Tanks		132,750		8,000	8,000	124,750			132,750	132,750	124,750
Village Fuel Tanks		58,850		7,992	7,992	50,858			58,850	58,850	50,858
Whitman Fuel Tanks		137,750		8,620	8,620	129,130			137,750	137,750	129,130
AP Willits Fuel Tanks		132,750		8,031	8,031	124,719			132,750	132,750	124,719
S Woods Fuel Tanks		149,750		9,876	9,876	139,874			149,750	149,750	139,874
HBT Fuel Tanks		132,850		9,255	9,255	123,595			132,850	132,850	123,595
High School Fuel Tanks		175,150		21,318	21,318	153,832			175,150	175,150	153,832
High School Temporary Vestibule		44,800		16,227	16,227	28,573			44,800	44,800	28,573
Unallocated	2,895,646	4,852,857				4,852,857			4,852,857	4,852,857	4,852,857
	7,727,990	11,473,469	746,870	3,313,868	4,060,738	7,412,731	-	-	11,473,469	11,473,469	7,412,731

SYOSSET CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)

For The Year Ended June 30, 2019

PROJECT TITLE	Expenditures					Methods of Financing				Fund	
	Budget June 30, 2018	Budget June 30, 2019	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2019
2017-18 Capital Reserve 2014 - Phase I											
South Grove Annex	211,835	231,174	30,266	148,006	178,272	52,902			231,174	231,174	52,902
AP Willits V/D/G	218,022	200,522	81,834	103,807	185,641	14,881			200,522	200,522	14,881
Berry Hill V/D/G	147,125	227,925	25,989	184,897	210,886	17,039			227,925	227,925	17,039
South Woods V/D/G	212,527	269,603	92,734	115,603	208,337	61,266			269,603	269,603	61,266
Village V/D/G	235,597	189,651	70,384	93,279	163,663	25,988			189,651	189,651	25,988
High School V/D/G	895,796	868,745	39,209	430,729	469,938	398,807			868,745	868,745	398,807
South Grove V/D/G	269,727	259,252	25,310	212,542	237,852	21,400			259,252	259,252	21,400
Baylis V/D/G	187,795	220,635	136,395	71,094	207,489	13,146			220,635	220,635	13,146
W Whitman V/D/G	288,732	295,232	96,440	161,902	258,342	36,890			295,232	295,232	36,890
Robins Lane V/D/G	101,936	105,936	21,677	74,196	95,873	10,063			105,936	105,936	10,063
HBT V/D/G	321,654	329,006	31,184	226,248	257,432	71,574			329,006	329,006	71,574
District Wide Fire Alarms	1,741,598	2,053,231	95,448	1,377,029	1,472,477	580,754			2,053,231	2,053,231	580,754
Baylis Fuel Tanks		132,750		8,334	8,334	124,416			132,750	132,750	124,416
Berry Hill Fuel Tanks		140,650		8,302	8,302	132,348			140,650	140,650	132,348
South Grove Fuel Tanks		131,650		8,581	8,581	123,069			131,650	131,650	123,069
SG Annex Fuel Tanks		132,750		8,000	8,000	124,750			132,750	132,750	124,750
Village Fuel Tanks		58,850		7,992	7,992	50,858			58,850	58,850	50,858
Whitman Fuel Tanks		137,750		8,620	8,620	129,130			137,750	137,750	129,130
AP Willits Fuel Tanks		132,750		8,031	8,031	124,719			132,750	132,750	124,719
S Woods Fuel Tanks		149,750		9,876	9,876	139,874			149,750	149,750	139,874
HBT Fuel Tanks		132,850		9,255	9,255	123,595			132,850	132,850	123,595
High School Fuel Tanks		175,150		21,318	21,318	153,832			175,150	175,150	153,832
High School Temporary Vestibule		44,800		16,227	16,227	28,573			44,800	44,800	28,573
Unallocated	2,895,646	4,852,857				4,852,857			4,852,857	4,852,857	4,852,857
	7,727,990	11,473,469	746,870	3,313,868	4,060,738	7,412,731	-	-	11,473,469	11,473,469	7,412,731
2017-18 Baylis Roof	1,922,213	1,922,212	1,492,588		1,492,588	429,624			1,922,212	1,922,212	429,624 *
2017-18 Berry Hill Roof	1,413,686	1,413,685	1,398,369		1,398,369	15,316			1,413,685	1,413,685	15,316 *
2018-19 HB Thompson Floor		288,128	138,019	150,109	288,128	-			288,128	288,128	-
High School Lockers		204,001		7,392	7,392	196,609			204,001	204,001	196,609
High School Gym Ventilation		851,000		76,209	76,209	774,791			851,000	851,000	774,791
South Grove Emergency Reconstruction		230,020				230,020			230,020	230,020	230,020
South Grove Library				2,154	2,154	(2,154)					(2,154)
W Whitman Library				27,382	27,382	(27,382)					(27,382)
High School Pool				4,569	4,569	(4,569)					(4,569)
Unallocated		56,873				56,873			56,873	56,873	56,873
Totals	\$ 28,166,965	\$ 67,751,064	\$ 9,159,273	\$ 9,746,871	\$ 18,906,144	\$ 48,844,920	\$ 34,345,500	\$ -	\$ 33,405,564	\$ 67,751,064	48,844,920
										Less unissued debt	(34,345,500)
										Transfer to general fund for completed projects	(791,192) *
											\$ 13,708,228

SYOSSET CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets
June 30, 2019

Capital assets, net	<u>\$ 90,858,782</u>
Deduct:	
Short-term portion of bonds payable	3,260,000
Long-term portion of bonds payable	<u>13,600,000</u>
	<u>16,860,000</u>
Net Investment in Capital Assets	<u>\$ 73,998,782</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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 27, 2019.

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 September 27, 2019.

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

September 27, 2019

