

**WYANDANCH UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

WYANDANCH UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Wyandanch Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Wyandanch Union Free School District as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund of the Wyandanch Union Free School District as of June 30, 2020, and the respective changes in financial position for the fiscal 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 the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 15 and 59 through 63, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wyandanch Union Free School District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of the Wyandanch Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wyandanch Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wyandanch Union Free School District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 15, 2020

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The following is a discussion and analysis of the Wyandanch Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The District's total net deficit, as reflected in the District-Wide Financial Statements, decreased by \$1,158,498. This was due to revenues exceeding expenses based on the accrual basis of accounting.
- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$76,616,268. Of this amount, \$5,794,454 was offset by charges for services and operating grants and contributions. General revenues of \$71,980,312 amounted to 92.55% of total revenues.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$8,085,589. This was due to an excess of revenues over expenditures and other financing uses based on the modified accrual basis of accounting.
- Federal and state aid recorded in the District-Wide Financial Statements increased by \$2,375,205 to \$48,085,703 from \$45,710,498.
- The general fund budget for the 2020-21 school year is \$71,723,026. This is an increase of \$2,716,429 or 3.94% from the previous year's budget.
- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic. Schools, along with all but essential businesses, were ordered closed by the State of New York, and remote learning was conducted for the remainder of the school year. The closure of schools resulted in some areas of savings primarily in the area of transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.
- The District received an advance of \$1,000,000 in State Aid in accordance with the provisions of Chapter 18 of the Laws of 2020. These funds are to be used for services and expenses of the school district in support of educational programs. The lottery aid payable to the District, in 2020-21 will be reduced by this payment.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information.

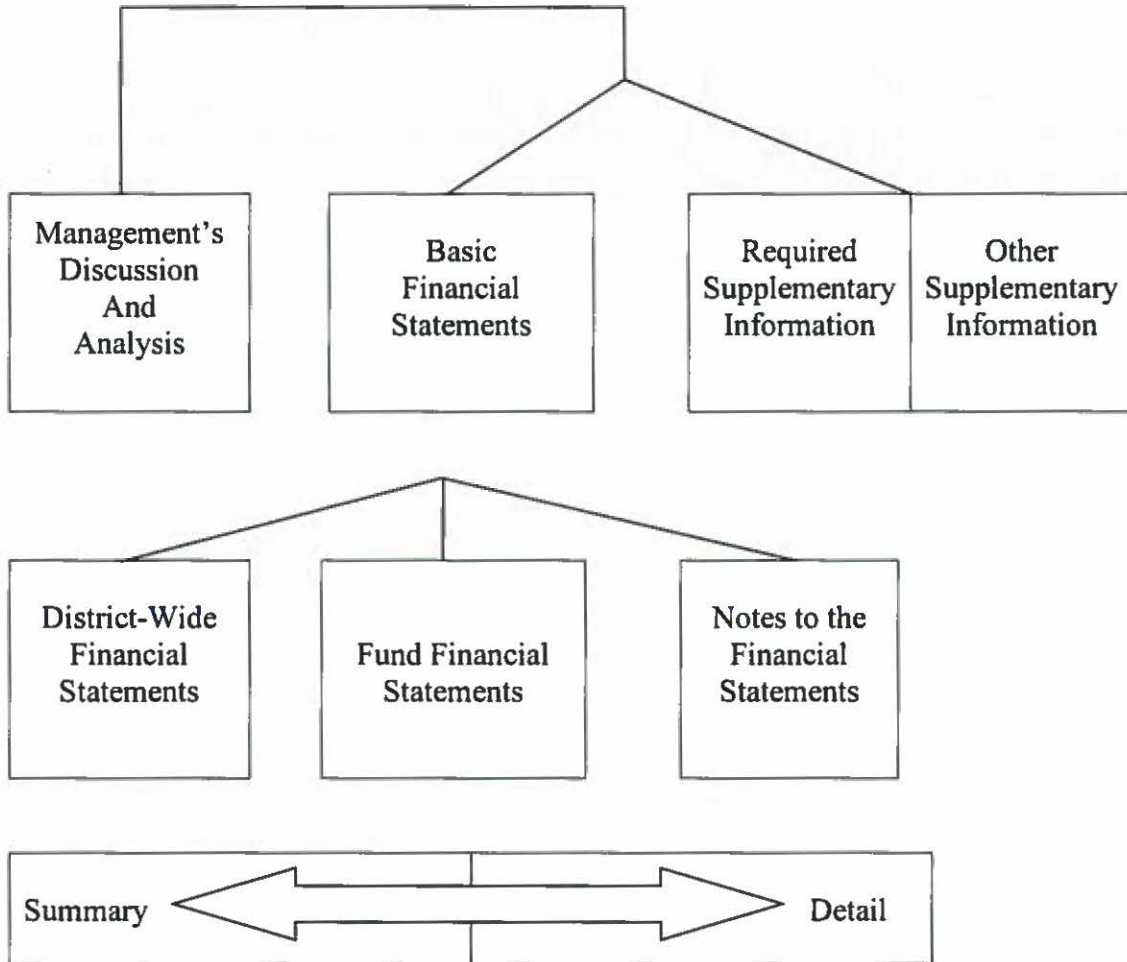
The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary Funds Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information and a section of other supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The table shows how the various parts of this annual report are arranged and related to one another.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Organization of the District’s Annual Financial Report



The table summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as employee benefits
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

A) District-Wide Statements

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources –is one way to measure the District's financial health or *position*.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

In the District-Wide Financial Statements, the District's activities are shown as *Governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
 - *Unrestricted net position* is net position that does not meet any of the above restrictions.

B) Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

i) Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

ii) Fiduciary funds

The District is the trustee or *fiduciary* for assets that belong to others, such as scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position, and is developed using the economic resources measurement focus and the accrual basis of accounting.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District's total net deficit decreased by \$1,158,498 in the fiscal year ended June 30, 2020 as detailed in the table.

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$ 15,936,618	\$ 8,254,251	\$ 7,682,367	93.07%
Capital assets, net	36,584,371	37,752,299	(1,167,928)	(3.09%)
Net pension asset - proportionate share - teachers' retirement system	4,328,628	2,790,656	1,537,972	55.11%
Total assets	56,849,617	48,797,206	8,052,411	16.50%
Deferred outflows of resources	17,475,979	16,132,991	1,342,988	8.32%
Total assets and deferred outflows of resources	74,325,596	64,930,197	9,395,399	14.47%
Other liabilities	7,381,949	8,901,519	(1,519,570)	(17.07%)
Long-term liabilities	135,180,977	136,333,817	(1,152,840)	(0.85%)
Total liabilities	142,562,926	145,235,336	(2,672,410)	(1.84%)
Deferred inflows of resources	24,462,669	13,553,358	10,909,311	80.49%
Total liabilities and deferred inflows of resources	167,025,595	158,788,694	8,236,901	5.19%
Net position				
Net investment in capital assets	22,330,289	21,650,277	680,012	3.14%
Restricted	1,034,032	952,803	81,229	8.53%
Unrestricted (deficit)	(116,064,320)	(116,461,577)	397,257	0.34%
Total net position (deficit)	\$ (92,699,999)	\$ (93,858,497)	\$ 1,158,498	(1.23%)

Current assets and other assets increased by \$7,682,367 from the prior year due primarily to an increase in cash, due from state and federal aid, due from fiduciary funds and accounts receivable offset by a decrease in due from other governments.

Capital assets (net of depreciation) decreased by \$1,167,928. This is primarily due to current depreciation expense in excess of capital asset additions.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The District reported a net pension asset – proportionate share for the teachers' retirement system in the amount of \$4,328,628 as a result of the actuarial valuation provided by the state.

Deferred outflows of resources increased by \$1,342,988. The change in deferred outflows of resources represents amortization of pension related items as discussed in Note 14 and the District's contribution subsequent to the measurement date.

Other liabilities decreased by \$1,519,570. This is primarily attributable to decreases in accrued liabilities, due to fiduciary fund, due to other governments, due to teachers' retirement system and compensated absences payable, partially offset by increases in accounts payable and collections in advance.

Long-term liabilities decreased by \$1,152,840, which was primarily attributable to decreases in bonds payable, energy performance contract and total other post-employment benefit obligations offset by an increase in compensated absences payable, claims payable and net pension liability – proportionate share – employees' retirement system.

Deferred inflows of resources increased by \$10,909,311. The change in deferred inflows of resources represents amortization of pension related items as discussed in Note 14, and deferred inflows of other post-employment benefits obligation, as discussed in Note 16.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by \$680,012 primarily due to the reduction in the principal balance of related debt as well as current year additions, partially offset by current year depreciation expense.

Restricted net position relates to the balance of the District's reserve for workers' compensation as well as restricted funds for use toward athletic programs. Restricted net position increased by \$81,229. Changes to reserves are discussed further in Management's Discussion and Analysis Section 5, General Fund Budgetary Highlights.

The unrestricted net deficit at June 30, 2020 of \$116,064,320 relates to the balance of the District's net position. The unrestricted net deficit decreased by \$397,257. Overall, the net deficit decreased by \$1,158,498.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B) Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2020 and 2019 are as follows:

Change in Net Position from Operating Results Governmental Activities Only

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Increase/ (Decrease)</u>	<u>Total Percentage Change</u>
Revenues				
Program revenues				
Charges for services	\$ 84,848	\$ 157,695	\$ (72,847)	(46.19%)
Operating grants and contributions	5,709,606	5,694,136	15,470	0.27%
General revenues				
Real property taxes and other tax items	23,329,713	23,534,993	(205,280)	(0.87%)
State and federal sources	48,085,703	45,710,498	2,375,205	5.20%
Use of money and property	85,082	74,085	10,997	14.84%
Other	479,814	452,233	27,581	6.10%
Total revenues	<u>77,774,766</u>	<u>75,623,640</u>	<u>2,151,126</u>	<u>2.84%</u>
Expenses				
General support	10,581,278	11,917,198	(1,335,920)	(11.21%)
Instruction	58,520,574	63,229,251	(4,708,677)	(7.45%)
Pupil transportation	4,467,902	6,061,577	(1,593,675)	(26.29%)
Community services	6,091		6,091	
Debt service - interest	871,079	917,752	(46,673)	(5.09%)
Food service program	2,169,344	2,187,645	(18,301)	(0.84%)
Total expenses	<u>76,616,268</u>	<u>84,313,423</u>	<u>(7,697,155)</u>	<u>(9.13%)</u>
Total change in net position	<u>\$ 1,158,498</u>	<u>\$ (8,689,783)</u>	<u>\$ 9,848,281</u>	<u>(113.33%)</u>

The District's fiscal year 2020 revenues totaled \$77,774,766. Real property taxes and other tax items, and state sources accounted for most of the District's revenue by contributing 30.00% and 61.83%, respectively of total revenue. The remainder came from fees charged for services, operating grants and contributions, use of money and property, and other miscellaneous sources.

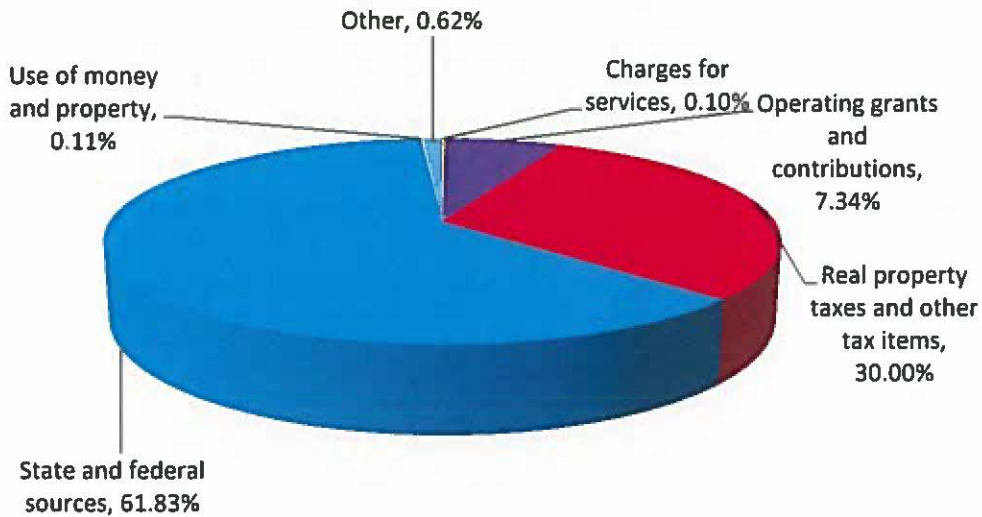
The District's revenues increased by \$2,151,126 or 2.84%. Real property taxes and other tax items decreased by \$205,280, due to a decrease in the property tax levy. State and federal sources increased by \$2,375,205 primarily as a result of an increase in general aid, excess cost aid and BOCES aid.

The total cost of all programs and services totaled \$76,616,268 for fiscal year 2020. These expenses are predominantly related to general instruction, which account for 76.38% of district expenses. The District's general support activities accounted for 13.81% of total costs.

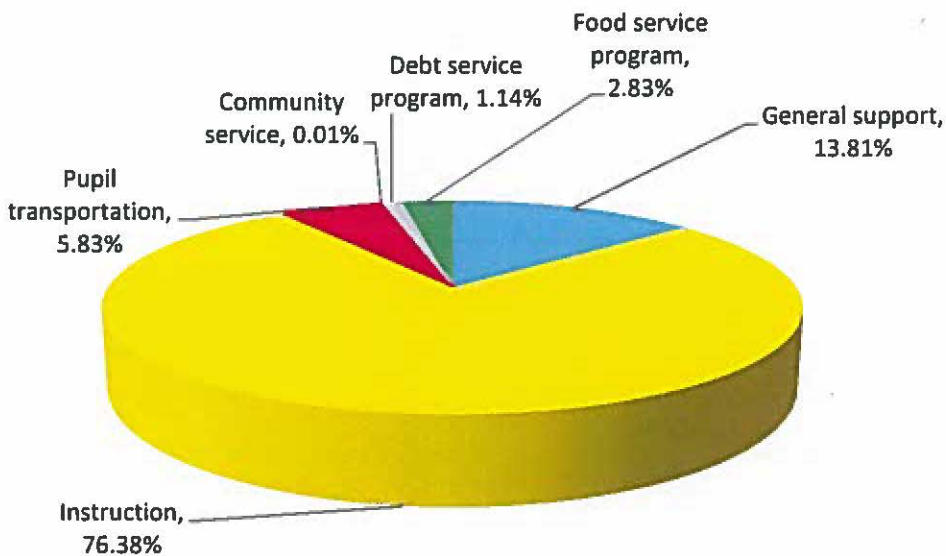
**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The District's expenses for the year decreased \$7,697,155 or 9.13%, which is primarily attributable to decreases in general support, instruction, and pupil transportation.

Revenues for Fiscal Year 2020



Expenses for Fiscal Year 2020



**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Governmental Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the current financial resources' measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2020, the District's combined governmental funds reported a total fund balance of \$7,006,663, which is an increase of \$8,387,363 from the prior year. This increase is primarily due to an increase in the fund balance in both the general fund and school lunch fund.

A summary of the change in fund balance for all funds is as follows:

	Fiscal Year 2020	Fiscal Year 2019	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$ 952,898	\$ 952,803	\$ 95	0.01%
Assigned-general support	68,399	183,058	(114,659)	(62.64%)
Assigned-instruction	44,622	30,859	13,763	44.60%
Assigned-transportation	-	36,589	(36,589)	N/A
Assigned-employee benefits	-	8,179	(8,179)	N/A
Unassigned	5,203,724	(3,027,434)	8,231,158	271.89%
Total fund balance - general fund	6,269,643	(1,815,946)	8,085,589	445.25%
School Lunch Fund				
Nonspendable - inventory	24,380	15,699	8,681	55.30%
Assigned unappropriated	631,506	419,544	211,962	50.52%
Total fund balance - school lunch fund	655,886	435,243	220,643	50.69%
Charitable Fund				
Restricted for athletic programs	81,134		81,134	N/A
Total fund balance - charitable fund	81,134	-	81,134	N/A
Capital Projects Fund				
Assigned unappropriated		3	(3)	(100.00%)
Total fund balance - capital projects fund	-	3	(3)	(100.00%)
Total Fund Balance - All funds	\$ 7,006,663	\$ (1,380,700)	\$ 8,387,363	(607.47%)

The net change in the general fund- fund balance is an increase of \$8,085,589. Revenues increased \$1,154,449 or 1.65% compared to the prior year, primarily due to the increase in state sources offset by a decrease in other tax items and federal sources.

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Expenditures and other financing uses decreased by \$10,313,422 or 14.08% compared to the prior year, primarily due to decreases in general support, instruction, pupil transportation and employee benefits.

The increase in fund balance for the school lunch fund of \$220,643 is the operating surplus of the program for the current year.

The fund balance for the charitable fund of \$81,134 is due to the excess of donations over expenditures for the for the athletic programs in the current year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2019-2020 Budget

The District's contingency fund budget for the year ended June 30, 2020 was \$69,006,597. This amount was increased by encumbrances carried forward from the prior year in the amount of \$258,685, which resulted in a final budget of \$69,265,282. The majority of the funding was from real property taxes and other tax items in the amount of \$23,386,862, and state aid in the amount of \$44,629,735.

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

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

Opening, unassigned fund balance	\$ (3,027,434)
Revenues over budget	2,011,256
Expenditures and other financing uses and encumbrances under budget	6,219,997
Interest allocated to reserves	(95)
Closing, Unassigned Fund Balance	<u>\$ 5,203,724</u>

Opening, Unassigned Fund Balance

The opening, unassigned fund balance represents the fund balance retained by the District as of June 30, 2019 that was not restricted or assigned for subsequent year's taxes.

Revenues Over Budget

The total revenues over budget in the amount of \$2,011,256 were primarily due to a positive variance in state sources and other real property taxes, partially offset by revenues under budget in real property taxes. (see Supplemental Schedule #1).

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Expenditures and Other Financing Sources and Encumbrances Under Budget

The expenditures and other financing uses and encumbrances under budget in the amount of \$6,219,997 were primarily attributable to expenditures under budget in central services of \$759,648, teaching – regular school of \$641,241, instructional media of \$325,860, pupil transportation of \$2,017,130, and employee benefits of \$1,725,252. (see Supplemental Schedule #1).

Interest Allocation to Reserves

Revenues such as interest earned in the general fund are allocated to the reserves and, therefore, decrease the unassigned portion of the fund balance in the general fund. The interest allocated to workers' compensation reserves was \$95.

Closing, Unassigned Fund Balance

The closing, unassigned fund balance was \$5,203,724 as of June 30, 2020. NYS Real Property Tax Law § 1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is 7.26% of the 2020-2021 budget.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment, vehicles and various building additions and renovations during the fiscal year 2020. See Note 8 for more information. A summary of the District's capital assets net of depreciation is as follows:

Capital Assets (Net of Depreciation)

Category	Fiscal Year 2020	Fiscal Year 2019	Increase / (Decrease)	Percentage Change
Land & land improvements	\$ 13,511,418	\$ 13,511,418	\$ -	0.00%
Construction in progress	-	2,300	(2,300)	(100.00%)
Buildings & building improvements	39,515,187	39,512,887	2,300	0.01%
Furniture & equipment	3,365,906	3,285,945	79,961	2.43%
Vehicles	2,362,271	2,362,271	-	0.00%
Subtotal	58,754,782	58,674,821	79,961	0.14%
Less: accumulated depreciation	22,170,411	20,922,522	1,247,889	5.96%
Total net capital assets	\$ 36,584,371	\$ 37,752,299	\$ (1,167,928)	(3.09%)

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

B) Long-Term Debt

At June 30, 2020, the District had total bonds payable of \$12,675,000. The bonds were issued for district-wide projects. The decrease in outstanding debt represents payments of principal.

A summary of outstanding serial bond debt at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Serial Bonds 2011	\$ 450,000	\$ 665,000	\$ (215,000)
Serial Bonds 2012	2,395,000	2,645,000	(250,000)
Serial Bonds 2012	9,830,000	10,870,000	(1,040,000)
Total	<u>\$ 12,675,000</u>	<u>\$ 14,180,000</u>	<u>\$ (1,505,000)</u>

At June 30, 2020, the District had total energy performance contracts payable of \$1,579,082. A decrease in outstanding energy performance contracts payable represents payments of principal of \$342,940. A summary of outstanding energy performance contracts at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Energy Performance -2008	\$ 1,579,082	\$ 1,922,022	\$ (342,940)
Total	<u>\$ 1,579,082</u>	<u>\$ 1,922,022</u>	<u>\$ (342,940)</u>

See Note 12 for further detail on long-term debt disclosures.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2020-21 school year was approved by the voters in the amount of \$71,723,026. This is an increase of \$2,716,429 or 3.94% from the previous year's budget. The property tax cap, discussed below, as well as uncertainty in state aid and federal funds, as well as potential operating adjustments that may be needed due to COVID-19, may impact the District's future budgets.
- B) The national economy continues to have a negative impact on virtually every municipal budget. A result could be that State aid to the District could be negatively impacted in amount and/or timing.
- C) The District has been encountering an increase in student enrollment trend. If this continues the District will require a proportional increase in revenue in order to maintain programs.
- D) The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year which became permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's

**WYANDANCH UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

- E) The District received an advance of \$1,000,000 in State Aid in accordance with the provisions of Chapter 18 of the Laws of 2020. These funds are to be used for services and expenses of the school district in support of educational programs. The lottery aid payable to the District in 2020-21 will be reduced by this payment.
- F) The District issued \$15,000,000 in tax anticipation notes on July 30, 2020, with a stated interest rate of 1.25% maturing on June 25, 2021.
- G) The District issued \$2,535,000 in deficit bonds - 2020 on July 30, 2020, with a stated interest rate of 5.00% maturing on July 15, 2030. It also includes a total premium of \$624,503, which results in a net interest cost of \$132,466.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Wyandanch Union Free School District
Mr. Dan Somaiah
School Business Official
1445 Straight Path Road
Wyandanch, New York 11798-8800
(631) 870-0405

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS**Current Assets**

Cash and cash equivalents	
Unrestricted	\$ 4,734,644
Restricted	974,698
Receivables	
State and federal aid	6,576,169
Due from other governments	2,954,086
Due from fiduciary funds	293,603
Accounts receivable	379,038
Inventories	24,380

Non Current Assets

Capital assets	
Not being depreciated	12,681,917
Being depreciated, net of accumulated depreciation	23,902,454
Net pension asset - proportionate share - teachers' retirement system	4,328,628

TOTAL ASSETS	<u>56,849,617</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>17,475,979</u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>74,325,596</u>
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LIABILITIES**Payables**

Accounts payable	2,841,857
Accrued liabilities	280,090
Accrued interest payable	144,822
Due to other governments	648,686
Due to teachers' retirement system	2,240,942
Due to employees' retirement system	213,617

Unearned credits

Collections in advance	1,011,935
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Long-term liabilities

Due and payable within one year	
Bonds payable	1,560,000
Energy performance contract	362,522
Compensated absences payable	75,000
Due and payable after one year	
Bonds payable	11,115,000
Energy performance contract	1,216,560
Compensated absences payable	3,867,483
Termination benefits payable	100,000
Claims payable	6,353,432
Total other post-employment benefits obligation	104,029,035
Net pension liability - proportionate share - employees' retirement system	6,501,945

TOTAL LIABILITIES	<u>142,562,926</u>
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DEFERRED INFLOWS OF RESOURCES

Pensions	7,467,032
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Other post-employment benefits obligation	<u>16,995,637</u>
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TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,462,669</u>
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NET POSITION

Net investment in capital assets	<u>22,330,289</u>
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Restricted

Workers' compensation	952,898
Athletic programs	81,134
	<u>1,034,032</u>

Unrestricted (deficit)	<u>(116,064,320)</u>
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TOTAL NET POSITION (DEFICIT)	<u>\$ (92,699,999)</u>
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**WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

		<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
FUNCTIONS / PROGRAMS			<u>Contributions</u>	<u>Net Position</u>
General support	\$ (10,581,278)	\$ -	\$ 397,662	\$ (10,183,616)
Instruction	(58,520,574)	38,875	3,078,511	(55,403,188)
Pupil transportation	(4,467,902)		207,972	(4,259,930)
Community services	(6,091)			(6,091)
Debt service-interest	(871,079)			(871,079)
Food service program	(2,169,344)	45,973	2,025,461	(97,910)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (76,616,268)</u>	<u>\$ 84,848</u>	<u>\$ 5,709,606</u>	<u>(70,821,814)</u>
GENERAL REVENUES				
Real property taxes				20,385,088
Other real property tax items				2,944,625
Use of money and property				85,082
Sale of property and compensation for loss				179,639
Miscellaneous				300,175
State and federal sources				48,085,703
TOTAL GENERAL REVENUES				<u>71,980,312</u>
CHANGE IN NET POSITION				1,158,498
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				<u>(93,858,497)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (92,699,999)</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Charitable</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 4,503,443	\$ -	\$ 230,024	\$ -	\$ 1,177	\$ 4,734,644
Restricted	952,898			21,800		974,698
Receivables						
State and federal aid	3,746,705	1,812,487	716,977		300,000	6,576,169
Due from other governments	2,954,021		65			2,954,086
Due from other funds	2,765,741					2,765,741
Accounts receivable	46,487	217,768		114,783		379,038
Inventories			24,380			24,380
TOTAL ASSETS	<u>\$ 14,969,295</u>	<u>\$ 2,030,255</u>	<u>\$ 971,446</u>	<u>\$ 136,583</u>	<u>\$ 301,177</u>	<u>\$ 18,408,756</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Payables						
Accounts payable	\$ 2,688,306	\$ 69,405	\$ 38,570	\$ 45,576	\$ -	\$ 2,841,857
Accrued liabilities	217,216	21,946	31,055	9,873		280,090
Due to other governments	648,686					648,686
Due to other funds		1,926,969	243,992		301,177	2,472,138
Due to teachers' retirement system	2,240,942					2,240,942
Due to employees' retirement system	213,617					213,617
Unearned credits						
Collections in advance	1,000,000	11,935				1,011,935
TOTAL LIABILITIES	<u>7,008,767</u>	<u>2,030,255</u>	<u>313,617</u>	<u>55,449</u>	<u>301,177</u>	<u>9,709,265</u>
DEFERRED INFLOWS OF RESOURCES						
State aid	935,542		1,943			937,485
Tuition due from other districts	755,343					755,343
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,690,885</u>	<u>-</u>	<u>1,943</u>	<u>-</u>	<u>-</u>	<u>1,692,828</u>
FUND BALANCES						
Nonspendable: inventory			24,380			24,380
Restricted						
Workers' compensation	952,898					952,898
Athletic programs				81,134		81,134
Assigned						
Unappropriated fund balance	113,021		631,506		-	744,527
Unassigned (deficit)	5,203,724					5,203,724
TOTAL FUND BALANCES	<u>6,269,643</u>	<u>-</u>	<u>655,886</u>	<u>81,134</u>	<u>-</u>	<u>7,006,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 14,969,295</u>	<u>\$ 2,030,255</u>	<u>\$ 971,446</u>	<u>\$ 136,583</u>	<u>\$ 301,177</u>	<u>\$ 18,408,756</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2020**

Total Governmental Fund Balances	\$	7,006,663
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds.		1,692,828
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The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 58,754,782	
Accumulated depreciation	<u>(22,170,411)</u>	36,584,371

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pension		17,475,979
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Certain disbursements previously expended in the governmental funds and invested with the pension system are treated as long-term assets and increase net position. The teachers' retirement system pension asset-proportionate share amounted to:		4,328,628
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Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pension	\$ (7,467,032)	
Deferred inflows related to other post-employment benefits obligation	<u>(16,995,637)</u>	(24,462,669)

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:

Accrued interest on bonds and energy performance contract		(144,822)
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Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	\$ (12,675,000)	
Energy performance contract	(1,579,082)	
Compensated absences payable	(3,942,483)	
Termination benefits payable	(100,000)	
Claims payable	(6,353,432)	
Total other post-employment benefits obligation	(104,029,035)	
Net pension liability - proportionate share - employees' retirement system	<u>(6,501,945)</u>	(135,180,977)

Total Net Position (Deficit)	\$	<u>(92,699,999)</u>
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WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Lunch	Charitable	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 20,385,088	\$ -	\$ -	\$ -	\$ -	\$ 20,385,088
Other real property tax items	2,944,625					2,944,625
Charges for services	195,784					195,784
Use of money and property	84,845		148	89		85,082
Sale of property and compensation for loss	179,639					179,639
Miscellaneous	77,711	218,464	4,000	397,662		697,837
State and local sources	46,505,036	1,187,827	50,964			47,743,827
Federal sources	645,125	2,098,656	1,972,554			4,716,335
Sales - school lunch			45,973			45,973
TOTAL REVENUES	71,017,853	3,504,947	2,073,639	397,751	-	76,994,190
EXPENDITURES						
General support	7,207,047				3	7,207,050
Instruction	34,062,766	3,436,934		303,869		37,803,569
Pupil transportation	4,040,727	207,972				4,248,699
Employee benefits	14,728,748		306,068	12,748		15,047,564
Debt service - principal	1,847,940					1,847,940
Debt service - interest	905,077					905,077
Cost of sales			1,546,928			1,546,928
Capital outlay						-
TOTAL EXPENDITURES	62,792,305	3,644,906	1,852,996	316,617	3	68,606,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,225,548	(139,959)	220,643	81,134	(3)	8,387,363
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in		139,959				139,959
Operating transfers (out)	(139,959)					(139,959)
TOTAL OTHER FINANCING SOURCES AND (USES)	(139,959)	139,959	-	-	-	-
NET CHANGE IN FUND BALANCES	8,085,589	-	220,643	81,134	(3)	8,387,363
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	(1,815,946)	-	435,243	-	3	(1,380,700)
FUND BALANCES - END OF YEAR	\$ 6,269,643	\$ -	\$ 655,886	\$ 81,134	\$ -	\$ 7,006,663

WYANDANCH UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances \$ 8,387,363

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

Long-Term Revenue and Expense Differences

Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in the revenues recognized under the full accrual method for the year ended June 30, 2020 was 780,576

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Increase in claims payable	\$ (1,333,913)	
Increase in compensated absences payable	(563,601)	
Increase in termination benefits payable	<u>(40,000)</u>	(1,937,514)

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$ (3,040,696)	
Employees' retirement system	(1,239,523)	
Other post-employment benefits obligation	<u>(2,505,718)</u>	(6,785,937)

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.

Depreciation expense	\$ (1,247,889)	
Capital outlays	<u>79,961</u>	(1,167,928)

Long-Term Debt Differences

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2019 to June 30, 2020 changed by 33,998

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,505,000

Repayment of energy performance contract is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 342,940

Change in Net Position \$ 1,158,498

WYANDANCH UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents - restricted	\$ 171,337
Other receivables	263,024
TOTAL ASSETS	<u>\$ 434,361</u>
LIABILITIES	
Due to governmental funds	\$ 293,603
Extraclassroom activity balance	63,185
Other liabilities	77,573
TOTAL LIABILITIES	<u>\$ 434,361</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Wyandanch Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (“GASB”), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

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 (the “Board”) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. The Board has authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. 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 and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. 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 is a brief description of an entity that is included in the District’s reporting entity.

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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The District reports these assets held as an agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position – Fiduciary Fund.

B) Joint venture:

The District is a component district in the Western Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

C) Basis of presentation:

i) District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

Charitable Fund: This fund accounts for the proceeds of specific revenue sources, such as donations, that are restricted to expenditures for specialized purposes by the donors.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those 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. The District has the following fiduciary fund:

Agency fund: This fund is strictly custodial in nature and does not involve the measurement of results of operations. Assets are held by the District as agent for various student groups and for payroll or employee withholding.

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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 transaction 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, grants and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, 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 six months 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, compensated absences, termination benefits payable, claims payable, total other post-employment benefit obligations and net pension liabilities which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Real property taxes:

i) Calendar:

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

ii) Enforcement:

Uncollected real property taxes are subsequently enforced by Suffolk County ("the County") in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than June 30th.

**WYANDANCH UNION FREE SCHOOL DISTRICT
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F) Restricted resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position 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.

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 the transfer of expenditure and revenues to provide financing or other services.

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 fund). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary fund.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be 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.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) 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 contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, termination benefits payable, workers' compensation claims payable, total other post-employment benefits, net pension liability, potential contingent liabilities and useful lives of capital assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits, as well as short-term investments with original maturities of three months or less from the date of acquisition.

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

J) Receivables:

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

K) Inventories and prepaid items:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

A non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2020.

L) Capital assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, for acquisitions subsequent to June 30, 2000. For assets acquired prior to June 30, 2000, estimated historical costs based on professional third-party information are utilized. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

	<u>Threshold</u>	<u>Method</u>	<u>Useful Life</u>
Building & building Improvements	\$500	Straight-line	50 years
Land improvements	\$500	Straight-line	20 years
Furniture & equipment	\$500	Straight-line	5 -8 years
Vehicles	\$500	Straight-line	8 years

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M) Collections in advance:

Collections in advance are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Collections in advance arise when the District receives resources before it has legal claim to them, as when school lunch sales are paid in advance or grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. The District received collections in advance of \$1,000,000 at June 30, 2020 in State Aid in accordance with the provisions of Chapter 18 of the Laws of 2020. These funds are to be used for services and expenses of the school district in support of educational programs in the general fund. The District also had \$11,935 of collections in advance for money received in advance of expenditures being incurred by the special aid fund at June 30, 2020.

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category. The amount relates to pensions reported in the District-Wide Statement of Net Position and is detailed further in Note 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position and are detailed further in Notes 14 and 16, respectively.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflow of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows or resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. See Note 13 for more information.

O) Vested employee benefits:

Compensated absences:

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

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Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements may require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

Termination benefits:

Retirement incentive consist of first year eligible retirement incentive payments as specified in collective bargaining agreements. The liability is calculated in accordance with GASB Statement No. 47 *Accounting for Termination Benefits*. The liability is calculated based on years of service and age as of June 30, 2020.

In the Fund Financial Statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The liability is reported only for payments due for termination benefits for those employees that have obligated themselves to separate from service with the District by June 30th.

P) Other benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) as specified in negotiated labor contracts and individual employee contracts.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as expenditure in the governmental funds as the

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NOTES TO FINANCIAL STATEMENTS
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liabilities for premiums mature (come due for payment). In the District-Wide Financials Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Q) 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 budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

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

The District has issued and redeemed a TAN totaling \$17,000,000 in the fiscal year ended June 30, 2020. See Note 11 for further detail.

R) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences, termination benefits payable, claims payable, total other post-employment benefit obligations and net pension liabilities that will be paid from governmental funds, are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

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S) Equity classifications:

i) District-Wide Financial Statements:

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

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, gain on refunding).

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

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

ii) Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements there are four classifications of fund balance presented:

- 1) Non-spendable fund balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund in the amount of \$24,380 at June 30, 2020.
- 2) Restricted fund balance** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following reserves as restricted:

Workers' Compensation Reserve

Workers' compensation reserve (GML§6-m), must be 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

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applied to appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund under restricted fund balance.

Athletic Programs

This restricted fund balance consists of donations restricted for the purpose of funding athletic programs which were removed from the District general fund budget.

- 3) **Committed fund balance** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e. Board of Education). The District has no committed fund balances as of June 30, 2020.
- 4) **Assigned fund balance** – Includes amounts that subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.
- 5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District's general fund unassigned fund balance exceeded the statutory limit at June 30, 2020.

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 modifications to the applied or transferred fund balance must be approved by formal action of the Board of Education.

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Order of Use of Fund Balance

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

T) Future changes in accounting standards:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported.

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial 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 focus of the Statement of Activities, compared with the current financial resources 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. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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NOTES TO FINANCIAL STATEMENTS
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B) Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the function line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and 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). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not

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determined at the time the budget was adopted. There were no supplemental appropriations in the current year.

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

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

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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities.

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as either:

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

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All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

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

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2020 included \$974,698 within the governmental funds for general reserve purposes and \$171,337 in the fiduciary fund.

B) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2020, the District was billed \$8,843,238 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,045,994. Financial statements for the BOCES are available from the BOCES administrative office located at 507 Deer Park Avenue, Huntington Station, NY, 11746.

**WYANDANCH UNION FREE SCHOOL DISTRICT
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NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2020 consisted of the following:

General Fund	
General aid	\$ 1,510,594
Excess cost aid	2,236,111
Total-General Fund	<u>3,746,705</u>
Special Aid Fund	
Federal and state grants	<u>1,812,487</u>
Capital Projects fund	
State grants	<u>300,000</u>
School Lunch Fund	
Lunch - federal and state	<u>716,977</u>
Total-All Funds	<u>\$ 6,576,169</u>

The general fund general aid and excess cost state aid receivables include \$302,119 and \$447,222 of unavailable revenues, respectively, which are included in deferred inflows of resources on the balance sheet. The school lunch fund federal and state grants receivable include \$1,943 of unavailable revenues which are included in deferred inflows of resources on the balance sheet.

District's management has deemed the amounts to be fully collectible.

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NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

General Fund

BOCES aid	\$ 1,976,755
Tuition & health service billings - other districts	320,080
ERS billings - Wyandanch Library (6/30/15-6/30/20)	438,864
TAN interest billings - Wyandanch Library	18,691
Suffolk County CPSE refund	50,373
Suffolk County IDA PILOT	149,258
Total	<u>2,954,021</u>

School Lunch Fund

New York State sales tax refund	<u>65</u>
Total All Funds	<u><u>\$ 2,954,086</u></u>

The general fund due from other governments for BOCES aid include \$186,201 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District's management has deemed the amounts to be fully collectible.

WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 8 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,681,917	\$ -	\$ -	\$ 12,681,917
Construction in progress	2,300		(2,300)	-
Total capital assets not being depreciated	<u>12,684,217</u>	<u>-</u>	<u>(2,300)</u>	<u>12,681,917</u>
Capital assets being depreciated:				
Building & building improvements	39,512,887		2,300	39,515,187
Land improvements	829,501			829,501
Furniture and equipment	3,285,945	79,961		3,365,906
Vehicles	2,362,271			2,362,271
Total capital assets being depreciated	<u>45,990,604</u>	<u>79,961</u>	<u>2,300</u>	<u>46,072,865</u>
Less accumulated depreciation:				
Building & building improvements	15,357,052	790,212		16,147,264
Land improvements	821,705	7,483		829,188
Furniture and equipment	2,715,090	326,747		3,041,837
Vehicles	2,028,675	123,447		2,152,122
Total accumulated depreciation	<u>20,922,522</u>	<u>1,247,889</u>	<u>-</u>	<u>22,170,411</u>
Total capital assets being depreciated, net	<u>25,068,082</u>	<u>(1,167,928)</u>	<u>2,300</u>	<u>23,902,454</u>
Capital assets, net	<u>\$ 37,752,299</u>	<u>\$ (1,167,928)</u>	<u>\$ -</u>	<u>\$ 36,584,371</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 964,194
General support	174,339
Food service program	35,742
Transportation	73,614
	<u>\$ 1,247,889</u>

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NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 2,765,741	\$ -	\$ -	\$ 139,959
Special aid fund		1,926,969	139,959	
School lunch fund		243,992		
Capital projects fund		301,177		
Total government activities	2,765,741	2,472,138	139,959	139,959
Fiduciary agency fund		293,603		
Totals	<u>\$ 2,765,741</u>	<u>\$ 2,765,741</u>	<u>\$ 139,959</u>	<u>\$ 139,959</u>

The District typically transfers from the general fund to the special aid fund to fund the District's share of summer school handicap expenses required by law.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 10 – DUE TO OTHER GOVERNMENTS:

Due to other governments in the general fund at June 30, 2020 consisted of tuition reimbursements owed to other school districts in the amount of \$648,686.

NOTE 11 – SHORT-TERM LIABILITIES:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/26/2020	2.50%	<u>\$ -</u>	<u>\$ 17,000,000</u>	<u>\$ 17,000,000</u>	<u>\$ -</u>

The District obtained \$17,000,000 in tax anticipation notes for interim financing of general fund operations. Interest on short-term debt for the year amounted to \$272,595.

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NOTE 12 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Serial bonds	\$ 14,180,000	\$ -	\$ 1,505,000	\$ 12,675,000	\$ 1,560,000
Energy performance contract	1,922,022		342,940	1,579,082	362,522
Other long-term liabilities:					
Compensated absences payable	3,378,882	723,681	160,080	3,942,483	75,000
Termination benefits payable	60,000	40,000		100,000	
Claims payable	5,019,519	1,777,546	443,633	6,353,432	
Total other post-employment benefits	109,975,920	9,031,192	14,978,077	104,029,035	
Net pension liability-proportionate share - ERS	1,797,474	5,741,883	1,037,412	6,501,945	
Total long-term liabilities	<u>\$ 136,333,817</u>	<u>\$ 17,314,302</u>	<u>\$ 18,467,142</u>	<u>\$ 135,180,977</u>	<u>\$ 1,997,522</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, energy performance contract, compensated absences, termination benefits payable, claims payable, total other post-employment benefits and net pension liability.

A) Bond payable:

Existing serial bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial bond	8/25/2011	8/25/2022	2.00-3.125%	\$ 450,000
Serial bond	8/25/2012	8/25/2027	2.25-4.18%	2,395,000
Serial bond	12/15/2012	12/15/2027	3.50-4.00%	9,830,000
				<u>\$ 12,675,000</u>

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

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,560,000	\$ 466,254	\$ 2,026,254
2022	1,620,000	407,178	2,027,178
2023	1,440,000	349,422	1,789,422
2024	1,495,000	293,251	1,788,251
2025	1,550,000	233,411	1,783,411
2026-2028	5,010,000	308,527	5,318,527
	<u>\$ 12,675,000</u>	<u>\$ 2,058,043</u>	<u>\$ 14,733,043</u>

Upon default of the payment of principal and interest on the serial bonds, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance and apply the amount withheld to the payment of the defaulted principal or interest.

B) Energy performance contract:

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

<u>Description</u>	<u>Issue</u> <u>Date</u>	<u>Final</u> <u>Maturity</u>	<u>Interest</u> <u>Rate</u>	<u>Outstanding</u> <u>at Year End</u>
Energy performance contract	7/16/2008	7/16/2023	5.71%	<u>\$ 1,579,082</u>

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

<u>Fiscal Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 362,522	\$ 90,166	\$ 452,688
2022	383,222	69,466	452,688
2023	405,104	47,584	452,688
2024	428,234	24,453	452,687
	<u>\$ 1,579,082</u>	<u>\$ 231,669</u>	<u>\$ 1,810,751</u>

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C) Long-term interest:

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

	<u>Total</u>
Interest paid	\$ 632,482
Less interest accrued in the prior year	(178,820)
Plus interest accrued in the current year	<u>144,822</u>
Total expense	<u>\$ 598,484</u>

NOTE 13 – DEFERRED INFLOWS OF RESOURCES:

Unavailable Revenue:

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, includes that portion of the amount due from New York State for local aid payments, including BOCES aid, General and Excess Cost aid and State school lunch reimbursements, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State, in response to revenue losses arising from the lack of federal funding. Unavailable revenues related to state aid, at June 30, 2020, totaled \$935,542 in the general fund and \$1,943 in the school lunch fund. The District also had tuition due from other districts reported as deferred inflows of resources at June 30, 2020 in the general fund in the amount of \$755,343.

NOTE 14 – PENSION PLANS:

A) Plan description and benefits provided:

i) Teachers' Retirement System

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

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enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystsr.org.

ii) Employees' Retirement System

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

B) Funding policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976

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- i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rate for ERS' fiscal year ended March 31, 2020 of covered payroll was 15.8% for Tiers 3 & 4, 13.2% for Tier 5 and 9.3% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2020 was 8.86% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2020	\$ 1,021,732	\$ 2,023,965
2019	\$ 907,296	\$ 2,950,385
2018	\$ 893,306	\$ 2,463,553

C) Pension assets, liabilities, pension expense, and deferred outflows and inflows of resources related to pensions:

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

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	\$ (6,501,945)	\$ 4,328,628
District's portion of the Plan's total net pension asset/(liability)	0.0245536%	0.1666130%
Change in proportion since prior measurement date	(0.0008154%)	0.012285%

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$5,071,075 for TRS and pension expense of \$2,261,254 for ERS. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 382,666	\$ 2,933,401	\$ -	\$ 321,885
Changes of assumptions	130,918	8,177,357	113,046	1,993,871
Net difference between projected and actual earnings on pension plan investments	3,333,213			3,471,336
Changes in proportion and differences between the District's contributions and proportionate share of contributions	153,431	127,411	47,146	1,519,748
District's contributions subsequent to the measurement date	213,617	2,023,965		
	<u>\$ 4,213,845</u>	<u>\$ 13,262,134</u>	<u>\$ 160,192</u>	<u>\$ 7,306,840</u>

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

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	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2020	\$ -	\$ 1,676,314
2021	679,336	(157,757)
2022	970,842	1,669,216
2023	1,215,601	1,071,574
2024	974,257	(40,383)
Thereafter		(287,635)
	<u>\$ 3,840,036</u>	<u>\$ 3,931,329</u>

Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	4.72% - 1.90%
Cost of living adjustments	1.3% Annually	1.3% Annually
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%

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

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For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

For TRS, the long-term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections 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 investment expense and inflation) for each major asset class, as well as historical investment data and plan performance.

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

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2020</u>		<u>June 30, 2019</u>	
<u>Asset type</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>expected real</u> <u>rate of return</u>	<u>Target</u> <u>Allocation</u>	<u>Long-term</u> <u>expected real</u> <u>rate of return</u>
Domestic equity	36%	4.05%	33%	6.3%
International equity	14%	6.15%	16%	7.8%
Global equity			4%	7.2%
Private equity	10%	6.75%	8%	9.9%
Real estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%		
Opportunistic portfolio	3%	4.65%		
Real assets	3%	5.95%		
Bonds and mortgages	17%	0.75%		
Cash	1%	0.00%		
Inflation-indexed bonds	4%	0.50%		
Domestic fixed income			16%	1.3%
Global bonds			2%	0.9%
High-yield bonds			1%	3.6%
Private debt			1%	6.5%
Real estate debt			7%	2.9%
Short-term			1%	0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.5% for ERS, and 2.2% for TRS.

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Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
District's proportionate share of the net pension asset/(liability)	\$ (11,932,905)	\$ (6,501,945)	\$ (1,500,008)
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
District's proportionate share of the net pension asset/(liability)	\$ (19,538,975)	\$ 4,328,628	\$ 24,350,853

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$213,617.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$2,240,942.

NOTE 15 – OTHER RETIREMENT PLANS:

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 termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2020 were \$0 and \$1,131,678, respectively.

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NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

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

Benefits Provided

The Plan provides medical, dental and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 0% and 100% of premiums for retirees, between 0% and 100% of the premiums for family, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2020, the District contributed an estimated \$2,227,703 to the Plan, including \$2,227,703 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	246
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	378
	<u>624</u>

B) Total OPEB Liability:

The District's total OPEB liability of \$104,029,035 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases, including inflation	2.60%
Discount rate	2.21%
Healthcare cost trend rates	6.6% decreasing to 4.10% over 56 years
Retirees' share of benefit-related costs	0% to 100% of projected health and dental insurance premiums for individuals, 0% to 100% for family, and 100% for surviving spouse.

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

The actuarial assumptions used in the July 1, 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:

	<u>Total OPEB Liability</u>
Balance at June 30, 2019	<u>\$ 109,975,920</u>
Changes for the fiscal year:	
Service cost	5,044,140
Interest	3,987,052
Changes of benefit terms	(1,932,169)
Differences between expected and actual experience	(7,571,101)
Changes in assumptions or other inputs	(3,247,104)
Benefit payments	<u>(2,227,703)</u>
Net changes	<u>(5,946,885)</u>
Balance at June 30, 2020	<u><u>\$ 104,029,035</u></u>

Changes in assumptions or other inputs includes:

- The discount rate was changed from 3.50% to 2.21%.
- The salary scale was updated from 3.00% to 2.60%.
- The healthcare cost trend rates were updated from 7.5% decreasing to 4.5 over 7 years to 6.6% decreasing to 4.1% over 56 years.

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- Medicare Part B trend rate was updated from 4.50% to 3.00%.
- The participant rate was changed from 100% to 85%.
- The future implementation of the excise tax on medical benefits is no longer being valued since it has been officially repealed as of December 20, 2019.

Changes in benefit terms include:

- In fiscal year 2020, there was an increase in the Service Employee Unit -Security retirees' share of health insurance premiums from 10% to 15%.
- Wyandanch Administrative Support Association members hired after July 1, 2018 will contribute 15%, while all those hired prior to that date will continue to contribute 10%.
- The Wyandanch Teacher's Association years of service to retirement has increased from 15 years to 20 years.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	<u>\$ 124,435,280</u>	<u>\$ 104,029,035</u>	<u>\$ 87,925,934</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.6%) or 1-percentage-point higher (7.6%) than the current healthcare cost trend rates:

	1% Decrease (5.60% decreasing to 3.10%)	Healthcare Cost Trend Rates (6.60% decreasing to 4.10%)	1% Increase (7.60% decreasing to 5.10%)
Total OPEB liability	<u>\$ 84,542,945</u>	<u>\$ 104,029,035</u>	<u>\$ 130,082,969</u>

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D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$4,733,421. At June 30, 2020, the District reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (6,837,161)
Changes of assumptions or other inputs	(10,158,476)
	<u>\$ (16,995,637)</u>

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

Fiscal Year ended June 30:	
2021	\$ (2,365,602)
2022	(2,365,602)
2023	(2,365,602)
2024	(2,365,602)
2025	(2,365,602)
Thereafter	(5,167,627)
	<u>\$ (16,995,637)</u>

NOTE 17 – TERMINATION BENEFITS PAYABLE:

The District offers a retirement incentive to certain teachers outlined in their employment contract. In general, teachers having served at least 20 years employed by the District and 20 years in the New York State Teachers' Retirement System and who have reached age 55 are entitled to a retirement incentive of \$10,000. The current value of incentive payments earned is \$100,000 and is recorded as a long-term liability on the Statement of Net Position.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 18 – RISK MANAGEMENT:

A) General:

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

B) Risk retention:

The District participated in Solerno Brokerage Corp, a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2020. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probably that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for unpaid claims which were incurred on or before year-end but not reported (IBNR). As of June 30, 2020, the District has recorded potential workers' compensation claims of \$6,353,432, and has a reserve for workers' compensation in the general fund of \$952,898.

Claims activity for the current and preceding year is summarized below:

	2020	2019
Unpaid and unreported claims at beginning of year	\$ 5,019,519	\$ 3,940,003
Incurred claims and claim adjustment expenses	1,777,546	1,491,028
Claims payments	(443,633)	(411,512)
Unpaid and unreported claims at year end	<u>\$ 6,353,432</u>	<u>\$ 5,019,519</u>

NOTE 19 – TAX ABATEMENTS:

Suffolk County Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 911-A, and the Town of Babylon Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 898-b, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the County and Town.

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Related to agreements with the Suffolk County IDA, the District's property tax revenue was reduced by \$149,258 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$149,258 for these programs during the fiscal year.

Related to agreements with the Town of Babylon IDA, the District's property tax revenue was reduced by \$1,373,233 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$1,289,455 for these programs during the fiscal year.

NOTE 20 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

General fund for:

General support	\$ 68,399
Instruction	44,622
Total General fund	<u>\$ 113,021</u>

School lunch fund for:

Goods and services	<u>\$ 5,269</u>
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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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

C) Leases:

The District is committed under non-cancelable operating leases, which are a bus lease and a building lease. Lease expenditures for the fiscal year ending June 30, 2020 were \$250,975. The following is a summary of obligations of government activities under operating lease payments:

<u>Fiscal Year Ending June 30,</u>	<u>Annual Lease Cost</u>
2021	\$ 212,180
2022	218,545
2023	<u>225,101</u>
Total	<u>\$ 655,826</u>

**WYANDANCH UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

D) Litigation:

As of June 30, 2020, litigation has commenced in NYC Supreme Court attempting to recoup \$630,400 for tuition payments of children placed by the New York City foster care system in the District for the 2007-2008 through 2013-2014 school years, pursuant to Education Law 3202(4)(a). At this time, the District's attorneys are in contact with the Defendant's attorney in order to collect additional information and determine to what extent New York City admits monies owed to the District. At this time, there is no receivable recorded in the fund financial statements related to this matter.

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that the following subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements:

- A) The District issued \$15,000,000 in tax anticipation notes on July 30, 2020, with a stated interest rate of 1.25% maturing on June 25, 2021.
- B) The District issued \$2,535,000 in deficit bonds - 2020 on July 30, 2020, with a stated interest rate of 5.00% maturing on July 15, 2030. It also includes a total premium of \$624,503, which results in a net interest cost of \$132,466.
- C) On August 13, 2020, the Division of the Budget (DOB) issued their "FY 2021 First Quarterly State Budget Financial Plan Update" which notes that the DOB approved payment of 80% for accrued General Aid, Excess Cost Aid and BOCES Aid payments. These financial statements reflect revenue at 80% of the accrued amounts for these aids in the general fund. The remaining 20% is included in deferred inflows of resources and will be recognized as revenue upon such time this deferred aid is received.
- D) The District received an advance of \$1,000,000 in State Aid in accordance with the provisions of Chapter 18 of the Laws of 2020. These funds are to be used for services and expenses of the school district in support of educational programs. The lottery aid payable to the District in 2020-21 will be reduced by this payment.

SUPPLEMENTARY INFORMATION

**WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$ 21,890,994	\$ 21,890,994	\$ 20,385,088	\$ (1,505,906)
Other real property tax items	1,495,868	1,495,868	2,944,625	1,448,757
Charges for services	150,000	150,000	195,784	45,784
Use of money and property	20,000	20,000	84,845	64,845
Sale of property and compensation for loss	100,000	100,000	179,639	79,639
Miscellaneous	120,000	120,000	77,711	(42,289)
State sources				
Basic formula	34,369,198	34,369,198	28,836,035	(5,533,163)
Excess cost aid	7,968,757	7,968,757	8,870,591	901,834
Lottery aid	-	-	6,393,495	6,393,495
BOCES aid	1,992,048	1,992,048	2,045,994	53,946
Textbook aid	239,816	239,816	171,838	(67,978)
Computer software/hardware aid	59,916	59,916	99,259	39,343
Library A/V Loan Program Aid			824	824
Other state aid			87,000	87,000
Federal sources				
Medicaid	100,000	100,000	262,355	162,355
QZAP reimbursement of interest on bonds	500,000	500,000	382,770	(117,230)
TOTAL REVENUES	<u>69,006,597</u>	<u>69,006,597</u>	<u>71,017,853</u>	<u>\$ 2,011,256</u>
Appropriated reserves	<u>258,685</u>	<u>258,685</u>		
TOTAL REVENUES, APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 69,265,282</u>	<u>\$ 69,265,282</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.

WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General support					
Board of education	\$ 123,281	\$ 123,281	\$ 94,179	\$ -	\$ 29,102
Central administration	439,876	439,876	435,386		4,490
Finance	762,265	768,031	691,972	23,600	52,459
Staff	1,093,886	976,496	880,613		95,883
Central services	5,228,998	5,235,322	4,430,875	44,799	759,648
Special items	840,590	728,080	674,022		54,058
Total general support	8,488,896	8,271,086	7,207,047	68,399	995,640
Instructional					
Instruction, adm. & imp.	3,331,220	3,074,547	2,958,346		116,201
Teaching - regular school	17,025,487	13,202,304	12,559,043	2,020	641,241
Programs for children with handicapping conditions	11,953,887	14,504,148	14,300,945	40,808	162,395
Occupational education	773,200	964,339	962,339		2,000
Teaching special schools	307,607	321,674	227,692		93,982
Instructional media	1,236,346	1,733,808	1,406,154	1,794	325,860
Pupil services	1,703,439	1,761,137	1,648,247		112,890
Total instructional	36,331,186	35,561,957	34,062,766	44,622	1,454,569
Pupil transportation	3,798,319	6,057,857	4,040,727	-	2,017,130
Employee benefits	17,866,458	16,454,000	14,728,748	-	1,725,252
Debt service					
Debt service principal	1,847,940	1,847,940	1,847,940		-
Debt service interest	932,483	932,483	905,077		27,406
Total debt service	2,780,423	2,780,423	2,753,017	-	27,406
TOTAL EXPENDITURES	69,265,282	69,125,323	62,792,305	113,021	6,219,997
Other Financing Uses					
Transfers to other funds	-	139,959	139,959	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 69,265,282	\$ 69,265,282	62,932,264	\$ 113,021	\$ 6,219,997
NET CHANGE IN FUND BALANCES			8,085,589		
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR			(1,815,946)		
FUND BALANCES - END OF YEAR			\$ 6,269,643		

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.

**WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 5,044,140	\$ 6,188,369	\$ 6,008,125
Interest	3,987,052	3,517,026	3,306,039
Changes of benefit terms	(1,932,169)		
Differences between expected and actual experience	(7,571,101)		(175,030)
Changes of assumptions or other inputs	(3,247,104)	(9,520,471)	
Benefit payments	<u>(2,227,703)</u>	<u>(2,491,172)</u>	<u>(2,084,869)</u>
Net change in total OPEB liability	(5,946,885)	(2,306,248)	7,054,265
Total OPEB liability - beginning	109,975,920	112,282,168	105,227,903
Total OPEB liability - ending	<u>\$ 104,029,035</u>	<u>\$ 109,975,920</u>	<u>\$ 112,282,168</u>
Covered-employee payroll	\$ 28,638,479	\$ 28,788,925	\$ 28,788,925
Total OPEB liability as a percentage of covered-employee payroll	363.25%	382.01%	390.02%

Notes to Schedule:*Trust Assets*

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

Changes of Benefit Terms

For fiscal year 2020, there was an increase in the Service Employee Unit -Security retirees' share of health insurance premiums from 10% to 15%. Wyandanch Administrative Support Association members hired after July 1, 2018 will contribute 15%, while all those hired prior to that date will continue to contribute 10%. The Wyandanch Teacher's Association years of service to retirement has increased from 15 years to 20 years.

Changes of Assumptions

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

2020	2.21%
2019	3.50%
2018	3.00%

For 2020 other changes of assumptions include:

- The salary scale was updated from 3.00% to 2.60%.
- The healthcare cost trend rates were updated from 7.5% decreasing to 4.5 over 7 years to 6.6% decreasing to 4.1% over 56 years.
- Medicare Part B trend rate was updated from 4.50% to 3.00%.
- The participant rate was changed from 100% to 85%.
- The future implementation of the excise tax on medical benefits is no longer being valued since it has been officially repealed as of December 20, 2019.

**WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY)/ASSET
FOR THE SIX FISCAL YEARS ENDED JUNE 30, ***

NYSERS Pension Plan						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension (liability)/asset	0.0245536%	0.0253690%	0.0248931%	0.0226002%	0.0221470%	0.0230620%
District's proportionate share of the net pension (liability)/asset	\$ (6,501,945)	\$ (1,797,474)	\$ (803,410)	\$ (2,123,564)	\$ (3,554,657)	\$ 779,090
District's covered payroll	\$ 7,279,051	\$ 7,145,674	\$ 6,770,675	\$ 6,283,675	\$ 6,019,416	\$ 5,676,813
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	89.32%	25.15%	11.87%	33.79%	59.05%	13.72%
Plan fiduciary net position as a percentage of the total pension (liability)/asset	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
NYSTRS Pension Plan						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension (liability)/asset	0.1666130%	0.154328%	0.146548%	0.143276%	0.136161%	0.143949%
District's proportionate share of the net pension (liability)/asset	\$ 4,328,628	\$ 2,790,656	\$ 1,113,909	\$ (1,534,541)	\$ 14,142,825	\$ 16,035,034
District's covered payroll	\$ 26,991,856	\$ 25,914,142	\$ 24,143,552	\$ 22,779,777	\$ 21,263,526	\$ 20,246,756
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	16.04%	10.77%	4.61%	6.74%	66.51%	79.20%
Plan fiduciary net position as a percentage of the total pension (liability)/asset	102.17%	101.53%	100.66%	99.01%	110.46%	110.46%

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

**WYANDANCH UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,021,732	\$ 907,296	\$ 893,306	\$ 947,518	\$ 719,986	\$ 1,250,413	\$ 1,137,445	\$ 943,217	\$ 888,272	\$ 742,678
Contributions in relation to the contractually required contribution	<u>1,021,732</u>	<u>907,296</u>	<u>893,306</u>	<u>947,518</u>	<u>719,986</u>	<u>1,250,413</u>	<u>1,137,445</u>	<u>943,217</u>	<u>888,272</u>	<u>742,678</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,468,446	\$ 7,085,284	\$ 6,871,536	\$ 6,226,666	\$ 6,031,333	\$ 5,886,995	\$ 5,725,174	\$ 5,849,958	\$ 5,969,122	\$ 5,846,471
Contributions as a percentage of covered payroll	18.68%	12.81%	13.00%	15.22%	11.94%	21.24%	19.87%	16.12%	14.88%	12.70%
NYSTRS Pension Plan										
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,023,965	\$ 2,950,385	\$ 2,463,553	\$ 2,712,843	\$ 2,931,635	\$ 3,763,235	\$ 3,658,839	\$ 2,620,430	\$ 2,257,144	\$ 1,881,797
Contributions in relation to the contractually required contribution	<u>2,023,965</u>	<u>2,950,385</u>	<u>2,463,553</u>	<u>2,712,843</u>	<u>2,931,635</u>	<u>3,763,235</u>	<u>3,658,839</u>	<u>2,620,430</u>	<u>2,257,144</u>	<u>1,881,797</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 22,843,849	\$ 26,991,856	\$ 25,914,142	\$ 24,143,552	\$ 22,779,777	\$ 21,263,526	\$ 20,246,756	\$ 18,317,489	\$ 19,117,974	\$ 20,373,423
Contributions as a percentage of covered payroll	8.86%	10.93%	9.51%	11.24%	12.87%	17.70%	18.07%	14.31%	11.81%	9.24%

**WYANDANCH UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 69,006,597
Add: Prior year's encumbrances	<u>258,685</u>
Original Budget	69,265,282
Add: Budget Revisions	<u>-</u>
Final Budget	<u><u>\$ 69,265,282</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter approved expenditure budget	<u><u>\$ 71,723,026</u></u>
Maximum allowed (4% of 2020-2021 budget)	<u><u>\$ 2,868,921</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	
Assigned fund balance	\$ 113,021
Unassigned fund balance	<u>5,203,724</u>
Total unrestricted fund balance	<u>5,316,745</u>
Less:	
Encumbrances	<u>\$ 113,021</u>
Total adjustments	<u>113,021</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 5,203,724</u></u>
Actual percentage	7.26%

WYANDANCH UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
AS OF JUNE 30, 2020

Project Title	Proj. #	Original Appropriation	Revised Appropriation	Prior Year's	Expenditures and Transfers to Date			Unexpended Balance	Proceeds of Obligations	Methods of Financing		Total	Fund Balance June 30, 2020
					Current Year Capital Outlay	Current Year Transfers	Total			State Aid	Local Sources		
LFH/MLK Playground	000002	\$ 300,000	\$ 300,000	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ 300,000	\$ -

**WYANDANCH UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2020**

Capital assets, net		\$ 36,584,371
Deduct:		
Short-term bonds payable	\$ 1,560,000	
Long-term bonds payable	<u>11,115,000</u>	12,675,000
Short-term energy performance contract payable	\$ 362,522	
Long-term energy performance contract payable	<u>1,216,560</u>	<u>1,579,082</u>
Net investment in capital assets		<u>\$ 22,330,289</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
Wyandanch Union Free School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Wyandanch Union Free School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Wyandanch Union Free School District's basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wyandanch Union Free School District's internal control over financial reporting (internal control) as a basis for designing 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 Wyandanch Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wyandanch Union Free School District's internal control.

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

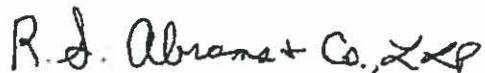
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "R.S. Abrams & Co., LLP". The signature is written in a cursive, flowing style.

R.S. Abrams & Co., LLP
Islandia, NY
October 15, 2020