

WAPPINGERS CENTRAL SCHOOL DISTRICT

**Financial Statements
As of and For the Year Ended
June 30, 2020
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

WAPPINGERS CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 15, 2020

The Board of Education of
Wappingers Central School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Wappingers Central School District (School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School 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 aggregate remaining fund information of Wappingers Central School District as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT (Continued)

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 total OPEB liability and related ratios, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans 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 School District's financial statements as a whole. The supplementary information required by the New York State Education Department is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The supplementary information required by the New York State Education Department has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of the 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 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 School District's internal control over financial reporting and compliance.

WAPPINGERS CENTRAL SCHOOL DISTRICT

MANAGEMENTS DISCUSSION AND ANALYSIS (UNAUDITED)

JUNE 30, 2020

This section of the Wappingers Central District's (School District) annual financial report presents its discussion and analysis of financial performance during the fiscal year ended June 30, 2020. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District's 2020 total revenue per the government-wide financial statements increased by \$2.4 million to \$243.7 million. The majority of the increase was in real property taxes.
- Total net position decreased by \$82 million during 2020. The decrease in net position was primarily caused by the effect of recording depreciation on capital assets, adjusting pension expense to reflect the School District's proportionate participation in ERS and TRS, and the effects of recognizing current year changes in other post-employment benefits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the operation in more detail than the entity-wide 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 statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others, including the employees of the School 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 that further explains and supports the financial statements with a comparison of the School District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-1 Organization of the School District's Annual Financial Report

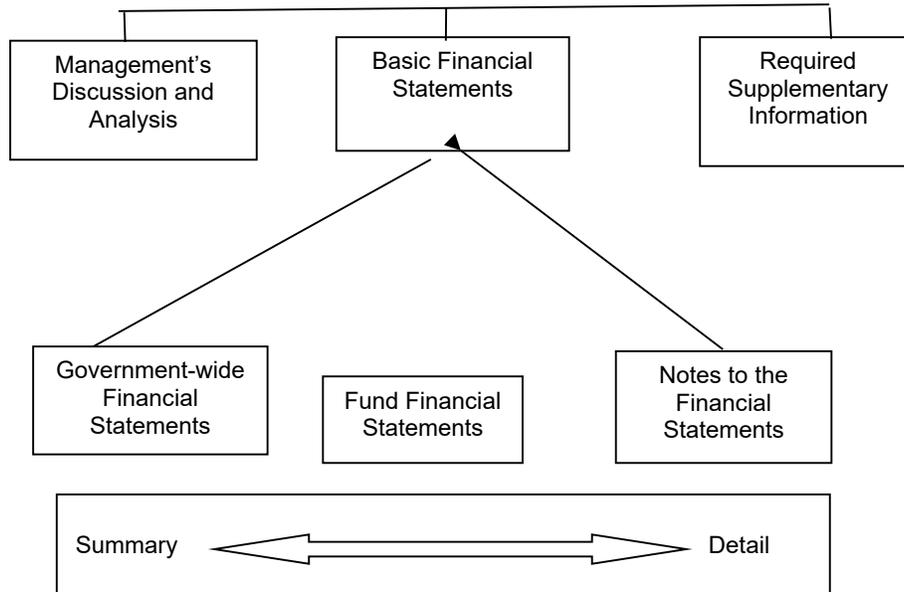


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 Major Features of the Government-wide and Fund Financial Statements

		Fund Financial Statements	
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
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 revenue, expenditures, and change in fund balance 	<ul style="list-style-type: none"> Statement of fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, and deferred inflows both financial and capital, short-term and long-term.	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after year end; 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.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the School District's *net position* and how they have changed. Net position - the difference between the School District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position.

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

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare 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 function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position has constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the long-term focus of the Government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General Fund, Special Aid Fund, School Lunch Fund, Debt Service and the Capital Projects Fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balance.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School 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 School District excludes these activities from the Government-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.

Financial Analysis of the School District as a Whole

The School District's net position as of June 30, 2020, is detailed in Tables A-3 and A-4.

Table A-3 Condensed Statements of Net Position - Governmental Activities (In Millions)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Percent <u>Change</u>
Current assets	\$ 35.0	\$ 41.2	-15%
Non-current assets	<u>141.0</u>	<u>113.4</u>	24%
Total assets	<u>175.9</u>	<u>154.6</u>	14%
Deferred outflows of resources	<u>323.5</u>	<u>95.9</u>	237%
Current liabilities	75.0	53.1	41%
Long-term liabilities	<u>1,099.9</u>	<u>797.1</u>	38%
Total liabilities	<u>1,174.9</u>	<u>850.2</u>	38%
Deferred inflows of resources	<u>21.8</u>	<u>15.6</u>	40%
Net position:			
Net investment in capital assets	38.6	36.9	5%
Restricted	1.50	1.90	-21%
Unrestricted	<u>(737.5)</u>	<u>(654.1)</u>	13%
Total net position	<u>\$ (697.4)</u>	<u>\$ (615.3)</u>	13%

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the School District as a Whole (Continued)

In Table A-3, The School District's total liabilities and deferred inflows of resources exceeded its total assets and deferred outflows of resources by \$697.3 million, indicative of an unfavorable financial position. The deficit is primarily attributable to the postemployment benefits obligation liability of \$1 billion.

Table A-4 Changes in Net Position from Operating Results (In Millions)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	<u>Percent Change</u>
Revenue:			
Charges for services	\$ 1.9	\$ 2.5	-24%
Operating grants	7.0	7.4	-5%
General revenue:			
Real property taxes	157.2	152.0	3%
Other tax items	13.5	15.0	-10%
Use of money and property	0.2	0.3	-33%
Sale of property/compensation for loss	0.2	0.4	-50%
Other	1.7	1.4	21%
State sources	61.2	61.3	0%
Federal sources	0.7	0.9	-22%
Total revenue	<u>\$ 243.6</u>	<u>\$ 241.2</u>	1%
Expenses:			
General support	\$ 34.8	\$ 31.5	11%
Instruction	257.3	224.8	14%
Pupil transportation	25.8	23.2	11%
Debt service	3.3	2.1	59%
Cost of sales	4.4	4.3	3%
Total expenses	<u>\$ 325.7</u>	<u>\$ 285.9</u>	14%
Change in net position	<u>\$ (82.1)</u>	<u>\$ (44.7)</u>	84%

Changes in Net Position

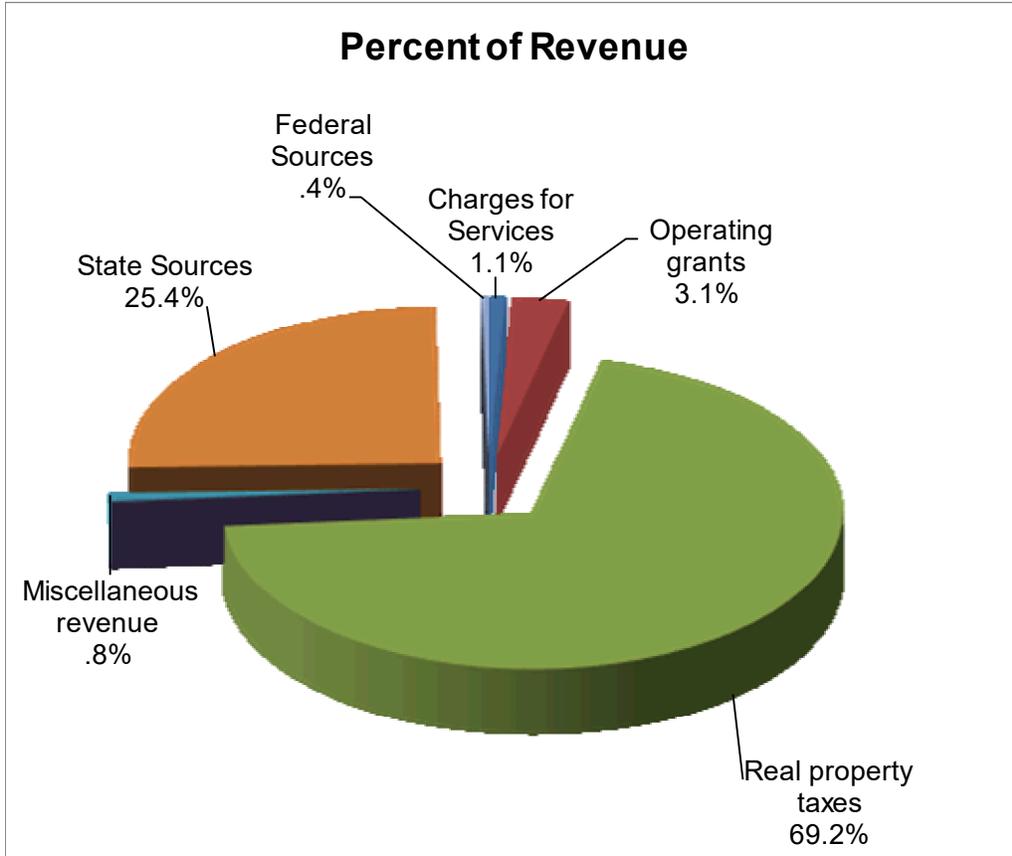
In Table A-4, the School District's fiscal year 2020 revenue totaled \$243.6 million. Property and other tax items, along with state aid accounted for the vast majority of the School District's revenue by contributing 70% and 25%, respectively, of every dollar raised (see Table A-5).

The total cost of all programs and services totaled \$325.7 million for fiscal year 2020. 87% of this amount is used to support general instruction, the provision of services to students with disabilities, and student transportation (see Table A-6). The School District's board of education, administrative, and business activities accounted for 12% of total costs.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Changes in Net position (Continued)

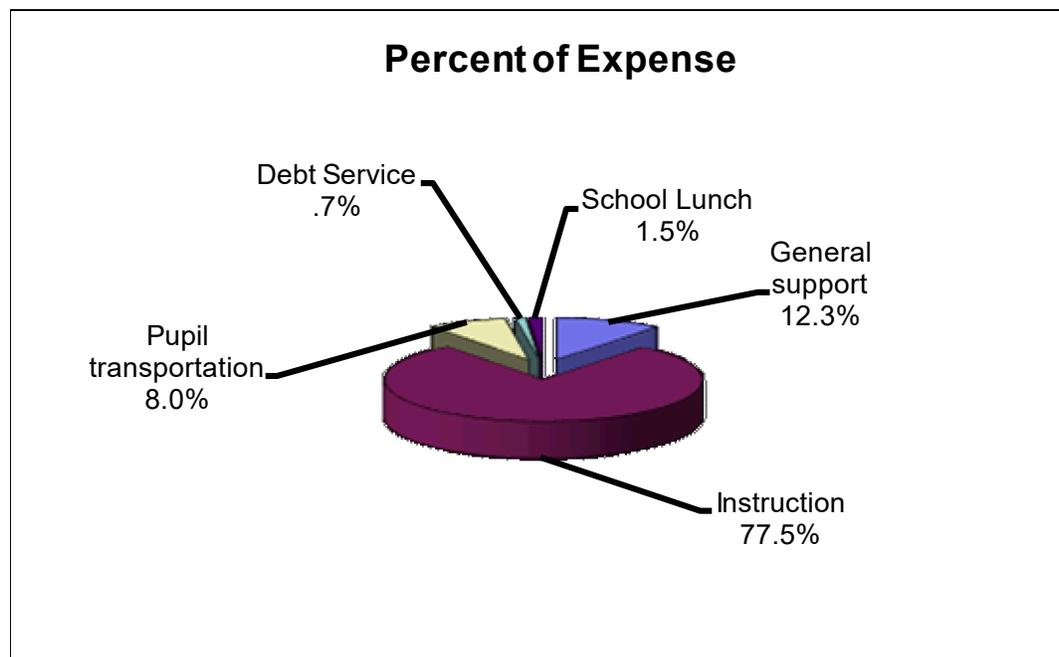
Table A-5 Sources of Revenue for Fiscal Year 2020



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Changes in Net Position (Continued)

Table A-6 Expenditures for Fiscal Year 2020



Governmental Activities

Table A-7 presents the cost of five major School District activities: General support (administration), instruction, transportation, debt service and school lunch. The table also shows each activity's net cost (total cost less fees generated by the activities and aid provided for specific programs). The net cost represents the financial burden the School District funds with general revenue (predominately property taxes and state aid).

Table A-7 Net Cost of Governmental Activities (In Millions)

<u>Category</u>	<u>Total Cost</u> <u>Services</u> <u>2020</u>	<u>Net Cost</u> <u>of Services</u> <u>2020</u>	<u>Total Cost</u> <u>Services</u> <u>2019</u>	<u>Net Cost</u> <u>of Services</u> <u>2019</u>
General support	\$ 34.8	\$ 34.8	\$ 31.5	\$ 31.5
Instruction	257.3	251.1	224.8	218.6
Pupil transportation	25.8	25.8	23.2	23.2
Debt service	3.3	3.3	2.1	2.1
School lunch	4.44	1.7	4.32	0.6
Total	\$ 325.7	\$ 316.8	\$ 286.0	\$ 276.0

As shown in Table A-7, the cost of all governmental activities in 2020 was \$325.7 million, of which charges for services and program operating grants from state and federal sources contributed \$8.9 million while the remainder of the cost was financed primarily by School District taxpayers and general state and federal aid.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Financial Analysis of the School District's Funds

The variances as noted are related to the School District student with special needs increased instructional and support requirements. These expenditures continue to rise from year to year even in the midst of declining overall enrollment. Additionally, the School District has extensive infrastructure needs as confirmed by the five year Building Condition Survey. There are several voter approved financed capital projects in various stages of completion. However, the District also took the opportunity to utilize fund balance to complete additional needed infra-structure work beyond those previously approved projects.

The current year financial performance of the School District is reflected in its governmental funds. The School District completed its year with the governmental funds reporting a combined fund deficit of \$32.9 million, representing a \$28.1 million decrease in fund balance in 2020. It should be noted that a significant factor in the current year deficit is that the capital projects fund has borrowed \$52.6 million in bond anticipation notes (BANs). BANs are not recognized as revenue until they are either converted to long term debt, or are redeemed by appropriations. Accordingly, the capital project fund's current deficit of \$46.5 million will be eliminated when the BANs are converted or redeemed.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

Results vs. Budget (In Thousands of Dollars)

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual/Budget)
Revenue:					
Local sources	\$ 172,708	\$ 173,188	\$ 172,866	\$ -	\$ (322)
State sources	58,043	58,043	60,356	-	2,313
Federal sources	450	450	699	-	249
Total	<u>231,201</u>	<u>231,681</u>	<u>233,920</u>	<u>-</u>	<u>2,240</u>
Expenditures:					
General support	19,199	18,647	17,778	764	105
Instruction	126,852	129,878	130,874	534	(1,530)
Pupil transportation	12,898	13,011	12,937	30	44
Employee benefits	67,651	65,840	66,814	-	(974)
Debt service	1,962	1,157	1,157	-	-
Transfer to other fund	6,388	7,533	7,507	-	25
Total	<u>234,951</u>	<u>236,065</u>	<u>237,067</u>	<u>1,328</u>	<u>(2,330)</u>
Net change in fund balance	<u>\$ (3,750)</u>	<u>\$ (4,385)</u>	<u>\$ (3,147)</u>	<u>\$ (1,328)</u>	<u>\$ (90)</u>

The general fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Capital Assets

At the close of 2020, the School District had an investment of \$125.8 million in a wide range of capital assets.

Table A-8 Capital Assets (net of depreciation) (In Millions)

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Category:			
Land	\$ 0.7	\$ 0.7	0%
Construction in progress	48.5	23.9	103%
Buildings and improvements	66.7	68.7	-3%
Furniture and equipment	9.9	9.6	3%
Total	<u>\$ 125.8</u>	<u>\$ 103.0</u>	<u>22%</u>

Long-Term Liabilities

At year-end, the School District had \$1,106.5 billion in long-term liabilities, of which, \$1,040.6 billion relates to other postemployment benefits obligation. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Liabilities (In Millions)

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Category:			
General obligation bonds	\$ 45.3	\$ 52.3	-13%
Other general obligation debt	1.0	0.9	10%
Other postemployment benefits obligation	1,040.6	745.4	40%
Net pension liability - ERS	19.7	5.4	264%
Total	<u>\$ 1,106.5</u>	<u>\$ 804.0</u>	<u>38%</u>

During 2020, the School District repaid \$6.8 million of outstanding long-term bonds. See footnotes for additional information.

FACTORS BEARING ON THE FUTURE OF THE SCHOOL DISTRICT

At the time these financial statements were prepared, the School District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Increased health insurance, NYS retirement costs, Medicare reimbursements to retirees as well as other postemployment costs will continue to increase and could potentially affect the school district's financial health.
- Currently the School district receives approximately 25% of its funding through state and federal sources. In 2020-2021, this could be reduced significantly (receipt of 80% of total aid due) if NYS makes the proposed temporary aid reductions permanent. While there is an allotment for covid-19 related expenses from the federal government, it is being treated as NYS aid and will subsequently result in a much lower NYS aid amount in the 2021-2022 school year. This is not just a single year concern and future school years could be significantly impacted by the economic trend as a result of NYS operations and covid-19. Monthly updates are provided to the Board of Education and the community on these concerns.
- The covid-19 pandemic has had, and continues to have a financial impact on the operation of the School District. The primary impact is on costs to the School District which poses a serious concern. These unexpected costs began in March 2020 and continue to accrue for cost areas such as free meals for all students, continued payment for all staff while in a remote setting, supplies and materials to maintain a safe environment for students and staff, purchasing additional PPE to meet SED and DOH guidelines, additional personnel needs and accommodations for staff, technology equipment, software programs to support health screening, and various other expenses. We do not see an end to these mandated and unbudgeted expenses in the foreseeable future.

CONTACTING THE SCHOOL 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 School District and to demonstrate the School District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Wappingers Central School District Business Office
25 Corporate Park Drive
Hopewell Junction, NY 12533
(845) 298-5000

WAPPINGERS CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2020****ASSETS**

CURRENT ASSETS:

Cash and cash equivalents - unrestricted	\$ 21,545,239
Cash and cash equivalents - restricted	390,176
Due from fiduciary funds	2,680,619
Due from other governments	185,189
State and federal aid receivable	6,046,342
Other receivables	102,816
Inventory	109,220
Prepaid expenses	<u>3,899,309</u>

Total current assets 34,958,910

NON-CURRENT ASSETS:

Capital assets, net	125,777,262
Net pension asset - TRS	<u>15,179,543</u>

Total non-current assets 140,956,805

Total assets 175,915,715

DEFERRED OUTFLOW OF RESOURCES

Deferred outflows of resources - OPEB	261,334,652
Deferred outflows of resources - TRS pension	48,325,319
Deferred outflows of resources - ERS pension	13,717,044
Deferred amount on bond refundings	<u>99,794</u>

Total deferred outflows of resources 323,476,809

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued liabilities	4,008,870
Due to other governments	14,733
Due to Teachers' Retirement System	9,362,344
Due to Employees' Retirement System	912,712
Unearned revenue	116,611
Accrued interest payable	1,332,588
Bond anticipation note payable	52,621,418
Bonds payable, due within one year	<u>6,605,641</u>

Total current liabilities 74,974,917

LONG-TERM LIABILITIES:

Compensated absences	989,418
Total other postemployment benefits obligation	1,040,605,552
Bonds payable and unamortized premiums	38,677,056
Net pension liability - ERS	<u>19,662,583</u>

Total long-term liabilities 1,099,934,609

Total liabilities 1,174,909,526

DEFERRED INFLOW OF RESOURCES

Deferred inflows of resources - TRS pension	21,300,918
Deferred inflows of resources - ERS pension	<u>525,495</u>

Total deferred inflows of resources 21,826,413

NET POSITION

Net investment in capital assets	38,553,933
Restricted	1,469,256
Unrestricted	<u>(737,366,604)</u>

Total net position \$ (697,343,415)

The accompanying notes are an integral part of these statements.

WAPPINGERS CENTRAL SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
General support	\$ 34,825,890	\$ -	\$ -	\$ (34,825,890)
Instruction	257,296,596	495,347	5,682,449	(251,118,800)
Pupil transportation	25,778,330	-	-	(25,778,330)
Debt service - interest	3,344,007	-	-	(3,344,007)
School lunch program	<u>4,440,448</u>	<u>1,396,319</u>	<u>1,318,996</u>	<u>(1,725,133)</u>
Total functions/programs	<u>\$ 325,685,271</u>	<u>\$ 1,891,666</u>	<u>\$ 7,001,445</u>	<u>(316,792,160)</u>
GENERAL REVENUE:				
Real property taxes				157,165,734
Other tax items				13,525,575
Use of money and property				178,957
Sale of property and compensation for loss				219,106
Miscellaneous				1,809,594
State sources				61,192,913
Federal sources				<u>698,782</u>
Total general revenue				<u>234,790,661</u>
CHANGE IN NET POSITION				(82,001,499)
NET POSITION - beginning of year				<u>(615,341,916)</u>
NET POSITION - end of year				<u>\$ (697,343,415)</u>

The accompanying notes are an integral part of these statements.

WAPPINGERS CENTRAL SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Major Funds		Non-Major Funds	Total Governmental Funds
	General	Capital Projects		
ASSETS				
Cash and cash equivalents - unrestricted	11,318,069	\$ 8,955,786	\$ 1,271,384	\$ 21,545,239
Cash and cash equivalents - restricted	334,910	-	55,266	390,176
Due from other funds	5,760,461	-	1,035,771	6,796,232
Due from other governments	185,189	-	-	185,189
State and federal aid receivable	4,492,992	-	1,553,350	6,046,342
Other receivables	102,696	-	120	102,816
Inventory	-	-	109,220	109,220
Prepaid expenditures	3,899,309	-	-	3,899,309
Total assets	\$ 26,093,626	\$ 8,955,786	\$ 4,025,111	\$ 39,074,523
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 1,763,026	\$ 2,236,386	\$ 9,458	\$ 4,008,870
Due to other funds	447,431	594,036	3,074,146	4,115,613
Due to other governments	-	-	14,733	14,733
Due to Teachers' Retirement System	9,362,344	-	-	9,362,344
Due to Employees' Retirement System	912,712	-	-	912,712
Bond anticipation note payable	-	52,621,418	-	52,621,418
Unearned revenue	5,942	-	110,669	116,611
Total liabilities	12,491,455	55,451,840	3,209,006	71,152,301
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows of resources - deferred revenue	837,103	-	-	837,103
Total deferred inflows of resources	837,103	-	-	837,103
FUND BALANCE:				
Nonspendable:				
Inventory	-	-	109,219	109,219
Prepaid expenditures	3,899,309	-	-	3,899,309
Total nonspendable fund balance	3,899,309	-	109,219	4,008,528
Restricted for:				
Liability claims and property loss	43,309	-	-	43,309
Repairs	334,910	-	-	334,910
Debt service	-	-	1,091,037	1,091,037
Total restricted fund balance	378,219	-	1,091,037	1,469,256
Assigned to:				
Designated for subsequent year's expenditures	3,750,000	-	-	3,750,000
Other	1,327,830	-	-	1,327,830
Total assigned fund balance	5,077,830	-	-	5,077,830
Unassigned	3,409,710	(46,496,054)	(384,151)	(43,470,495)
Total fund balance (deficit)	12,765,068	(46,496,054)	816,105	(32,914,881)
Total liabilities, deferred inflows of resources and fund balance	\$ 26,093,626	\$ 8,955,786	\$ 4,025,111	\$ 39,074,523

WAPPINGERS CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2020

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance (deficit) - Total governmental funds	\$ (32,914,881)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	125,777,262
Deferred amounts on bond refundings at June 30, 2020, in government-wide statements using the full accrual method of accounting, not recognized on the fund financial statements.	99,794
Deferred revenue is not available and therefore, not reported in the governmental funds	837,103
Deferred outflows of resources related to other postemployment benefits are applicable to future periods and therefore, are not reported in the funds	261,334,652
Pension plans' activity required to be recorded in the government-wide statements:	
Deferred outflows of resources	62,042,363
Net pension asset - TRS	15,179,543
Net pension liability - ERS	(19,662,583)
Deferred inflows of resources	(21,826,413)
Accrued liabilities at June 30, 2020, in district-wide statements using the full accrual method of accounting, not recognized on the fund financial statements, as follows:	
Interest payable	(1,332,588)
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(989,418)
Bonds payable	(45,282,697)
Other postemployment benefits obligation	<u>(1,040,605,552)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (697,343,415)</u>

The accompanying notes are an integral part of these statements.

WAPPINGERS CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Major Funds		Non-Major Funds	Total Governmental Funds
	General	Capital Projects		
REVENUE:				
Real property taxes	\$ 157,165,734	\$ -	\$ -	\$ 157,165,734
Other tax items	13,525,575	-	-	13,525,575
Charges for services	495,347	-	1,396,319	1,891,666
Use of money and property	173,433	-	5,524	178,957
Sale of property and compensation for loss	218,948	-	158	219,106
Miscellaneous	1,286,723	-	8,463	1,295,186
State sources	60,355,810	-	1,712,386	62,068,196
Federal sources	698,782	-	5,289,059	5,987,841
Total revenue	<u>233,920,352</u>	<u>-</u>	<u>8,411,909</u>	<u>242,332,261</u>
EXPENDITURES:				
General support	17,777,741	-	-	17,777,741
Instruction	130,873,911	24,012,474	5,589,706	160,476,091
Pupil transportation	12,936,897	-	446,803	13,383,700
Employee benefits	66,814,199	-	647,740	67,461,939
Debt service -				
Principal	1,127,402	-	5,654,515	6,781,917
Interest	30,000	-	2,475,536	2,505,536
Cost of sales	-	-	2,646,350	2,646,350
Total expenditures	<u>229,560,150</u>	<u>24,012,474</u>	<u>17,460,650</u>	<u>271,033,274</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>4,360,202</u>	<u>(24,012,474)</u>	<u>(9,048,741)</u>	<u>(28,701,013)</u>
OTHER SOURCES AND (USES):				
Proceeds from issuance of bonds/bond premiums	-	-	514,408	514,408
Transfers in	25,430	-	7,532,727	7,558,157
Transfers out	(7,532,727)	-	(25,430)	(7,558,157)
Total other financing sources and (uses)	<u>(7,507,297)</u>	<u>-</u>	<u>8,021,705</u>	<u>514,408</u>
CHANGE IN FUND BALANCE	(3,147,095)	(24,012,474)	(1,027,036)	(28,186,605)
FUND BALANCE (DEFICIT) - beginning of year	<u>15,912,163</u>	<u>(22,483,580)</u>	<u>1,843,141</u>	<u>(4,728,276)</u>
FUND BALANCE (DEFICIT) - end of year	<u>\$ 12,765,068</u>	<u>\$ (46,496,054)</u>	<u>\$ 816,105</u>	<u>\$ (32,914,881)</u>

The accompanying notes are an integral part of these statements.

WAPPINGERS CENTRAL SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balance - Total governmental funds	\$ (28,186,605)
Capital outlays are expenditures in governmental funds, net of disposals, but are capitalized in the statement of net position	27,177,856
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities	(4,361,305)
Loss on disposal of fixed assets is not recorded in the governmental funds, but is recorded in the statement of activities	(1,691)
State aid revenue in the statement of activities is recognized as revenue in the government-wide statements but is not recognized as revenue under the modified accrual basis of accounting in the fund financial statements	837,103
Other post employment benefits expense resulting from GASB 75 related OPEB reporting is not recorded as an expenditure in the governmental funds but is recorded in the statement of activities	(70,015,195)
Pension income (expense) resulting from GASB 68 related reporting is not recorded as a revenue (expenditure) in the governmental funds, but is recorded in the statement of activities.	(13,284,326)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position	6,781,917
Amortization of bond premiums and refunding costs, recognized on statement of activities in government-wide financial statements	123,139
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore not reported as expenditures in the governmental funds:	
Accrued interest payable	(961,610)
Compensated absences	<u>(110,782)</u>
Change in net position - Governmental activities	<u>\$ (82,001,499)</u>

WAPPINGERS CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND FOR THE YEAR ENDED JUNE 30, 2020

	Trust and <u>Agency</u>
ASSETS:	
Unrestricted cash	\$ 3,390,613
Restricted cash	<u>360,147</u>
Total assets	<u>\$ 3,750,760</u>
LIABILITIES:	
Payroll taxes and related liabilities	\$ 732,509
Due to governmental funds	2,680,619
Extraclassroom activity balances	<u>337,632</u>
Total liabilities	<u>\$ 3,750,760</u>

The accompanying notes are an integral part of these statements.

WAPPINGERS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wappingers Central School District (School District) provides K-12 public education to students living within its geographic borders.

Reporting Entity

Wappingers Central School District is governed by the Laws of New York State. The School District is an independent entity governed by an elected Board of Education (BOE). The President of the BOE serves as chief fiscal officer and the Superintendent is the chief executive officer. The BOE has authority to make decisions, power to appoint management and accountability for all fiscal matters.

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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School 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 the entity included in the School District's reporting entity.

Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The board of education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School 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 School District's business office. The School District accounts for assets held as an agent for various student organizations in an agency fund.

Joint Venture

The School District is a component school district in Dutchess Board of Cooperative Education Services (BOCES). 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.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture (Continued)

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.

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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 school districts pay tuition or a service fee for programs in which its students participate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Significant accounting principles and policies utilized by the School District are described below.

Basis of Presentation

Government-wide Statements

The statement of net position and the statement of activities present financial information about the School 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 revenue, 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.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenue includes 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 of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation – Continued

Fund Financial Statements

The fund financial statements provide information about the School 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 determined based on criteria established by GASB, each displayed in a separate column.

The School District reports the following governmental funds:

- **General Fund** This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Special Revenue Funds** These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, school lunch operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The School District uses two special revenue type funds - special aid and school lunch.
- **Capital Projects Fund:** This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.
- **Debt Service Fund:** This fund is used to account for the financial resources used to make debt service payments on the School District's outstanding bonds and state loans.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the Government-wide financial statements because their resources do not belong to the School District and are not available to be used.

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions in which the School District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations. On an accrual basis, revenue from 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 governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The School District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year.

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

Cash and Cash Equivalents

The School District's cash consists of cash on hand, demand, and non-demand deposits. New York State law governs the School 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.

The School District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$788,580 in investments consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' by S&P Global Ratings. The investments are highly liquid and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYCLASS, including the annual report, can be found on its website as www.newyorkclass.org.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 1. Taxes are collected during the period September 1 to early November each year.

Uncollected real property taxes are subsequently enforced by the Counties of Putnam and Dutchess, in which the School District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the School District no later than the following April 1.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

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

Prepaid items represent payments made by the School District for which benefits extend beyond year-end.

Interfund Transactions

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School 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 expenditures and revenue to provide financing or other services.

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

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

Capital Assets, net

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market 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 Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	N/A	N/A
Buildings and improvements	\$ 5,000	SL	15-50
Furniture and equipment	\$ 5,000	SL	5-20
Buses and other vehicles	\$ 5,000	SL	8-10

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Vested Employee Benefits

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GAAP, an accrual for accumulated sick leave is included in the accrued liabilities at year-end. The accumulated sick leave liability is calculated based on the contractual rates in effect at year-end.

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The School District pays 0-100% of the cost of premiums to an insurance company that provided health care insurance. There are currently 996 retirees receiving benefits under the plan.

Bond Premiums and Amounts Deferred on Bond Refundings

Bond premiums received and amounts deferred on bond refundings incurred by the School District to issue serial bonds are capitalized and amortized over the term of the related bonds. Amortization expense is included in the expenses of the School District's government-wide financial statements.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund for which legal (appropriated) budgets are adopted:

- The voters of the School District approved the proposed appropriation budget for the general fund.
- Appropriations are adopted at the program line 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 lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board of Education approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the previous year.

Unearned Revenue

Unearned revenue is reported when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the School 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.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Liabilities and Long-Term Obligations

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

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the statement of net position.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the balance sheet and statement of net position will sometimes report a separate financial statement element, *deferred outflows of resources*, which is presented directly after assets and *deferred inflows of resources*, which is presented directly after liabilities. Deferred outflows of resources represent 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. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then.

Net Position/Fund Balance Classifications

Government-wide Statements

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

Net Investment in capital assets - consists of net capital assets (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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 and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted net position consists of the nonspendable and restricted fund balance components of the School District at year end.

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 School District.

Governmental Fund Statements

In the fund basis statements there are five classifications of fund balance:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or is legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund and prepaid expenditures recorded in the general fund.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position/Fund Balance Classifications (Continued)

Governmental Fund Statements (Continued)

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

The School District has available the following restricted fund balances:

Capital

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

Repair

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

Workers' Compensation

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

Unemployment Insurance

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position/Fund Balance Classifications (Continued)
Governmental Fund Statements (Continued)

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the debt service fund under the restricted fund category.

Insurance

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

Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by Districts, except city Districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position/Fund Balance Classifications (Continued)
Governmental Fund Statements (Continued)

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted, committed, or assigned fund balance based on the constraints on the use of these funds.

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

Assigned fund balance – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. As of June 30, 2020, the School District’s encumbrances were classified as follows:

Assigned fund balance:

General Support	\$ 764,287
Instruction	533,713
Transportation	<u>29,830</u>
Total encumbrances	<u>\$ 1,327,830</u>

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the School District can retain to no more than 4% of the School 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 are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

The School District’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance Classifications (Continued)

Governmental Fund Statements (Continued)

Order of Fund Balance Spending Policy (Continued)

In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Fund deficits

The capital projects fund has a fund deficit of \$46,496,054. The majority of this deficit relates to the purchases of buses and ongoing capital projects, financed by bond anticipation notes (BANs). The intent is to fund the repayment of these BANs and the deficit with appropriations from the general fund over the next five years. The school lunch fund has a deficit of \$274,932. This deficit was caused by poor operating results during 2020 due to the School District shut down as a result of the COVID-19 pandemic. It is the School District's intent to eliminate this deficit through improved operating results and/or interfund transfers.

Explanation of Certain Differences Between Governmental Fund Statements and Government-wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-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.

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

Total fund balances of the School District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities

The excess (deficiency) of revenues and other sources over expenditures and other uses of the School District's governmental funds differ from the change in net position of governmental activities reported on the statement of activities. The differences result primarily from the economic focus of the statement of activities, compared with the current financial resources focus on the governmental funds.

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Statement of Revenue, Expenditures, and Change in Fund Balance vs. Statement of Activities (Continued)

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

The School 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 School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures, (and encumbrances), that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget, (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the School 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.

3. CASH

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies.

Custodial Credit Risk - Deposits

As of June 30, 2020, the carrying amount of the School District's cash was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash, including trust funds	\$ 35,314,418	\$ 24,897,595
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 33,923,434	
Covered by FDIC insurance	<u>1,390,984</u>	
Total	<u>\$ 35,314,418</u>	

Collateral is required for time deposits and certificates of deposit at 102% of all deposits not covered by the federal deposit 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 towns.

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

Restricted Cash

Restricted cash consists of the following:

General Fund	\$ 334,910
Debt Service Fund	55,266
Fiduciary Fund	<u>360,147</u>
Total Restricted Cash	<u>\$ 750,323</u>

4. PARTICIPATION IN BOCES

During the year, the School District was billed \$17,192,269 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$2,669,378. Financial statements for BOCES are available from the BOCES administrative office.

5. CAPITAL ASSETS, NET

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

	July 1, 2019 <u>Balance</u>	Additions/ <u>Transfers In</u>	Disposals/ <u>Transfers Out</u>	June 30, 2020 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 698,418	\$ -	\$ -	\$ 698,418
Construction in progress	<u>23,945,055</u>	<u>24,540,845</u>	<u>-</u>	<u>48,485,900</u>
Total nondepreciable cost	<u>24,643,473</u>	<u>24,540,845</u>	<u>-</u>	<u>49,184,318</u>
Capital assets that are depreciated:				
Buildings and improvements	119,147,403	-	-	119,147,403
Furniture and equipment	<u>28,671,830</u>	<u>2,637,011</u>	<u>2,846,606</u>	<u>28,462,235</u>
Total depreciable historical cost	<u>147,819,233</u>	<u>2,637,011</u>	<u>2,846,606</u>	<u>147,609,638</u>
Less accumulated depreciation:				
Buildings and improvements	50,415,266	2,075,095	-	52,490,361
Furniture and equipment	<u>19,085,038</u>	<u>2,286,210</u>	<u>2,844,915</u>	<u>18,526,333</u>
Total accumulated depreciation	<u>69,500,304</u>	<u>4,361,305</u>	<u>2,844,915</u>	<u>71,016,694</u>
Total depreciable cost, net	<u>78,318,929</u>	<u>(1,724,294)</u>	<u>(1,691)</u>	<u>76,592,944</u>
Total capital assets, net	<u>\$102,962,402</u>	<u>\$ 22,816,551</u>	<u>\$ (1,691)</u>	<u>\$125,777,262</u>

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

General support	\$ 523,357
Instruction	3,401,818
Pupil transportation	348,904
Cost of sales	<u>87,226</u>
Total depreciation	<u>\$ 4,361,305</u>

6. SHORT-TERM DEBT

The School District may issue revenue anticipation notes (RANs) or tax anticipation notes (TANs), in anticipation of the receipt of revenue. These notes are recorded as a liability in 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 School 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The School District may issue bond anticipation notes (BANs), 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.

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

	Balance <u>07/01/19</u>	<u>New Issues</u>	<u>Redemptions</u>	Balance <u>06/30/20</u>
Bond Anticipation Note - 3.25%, Due 08/14/19	\$ 30,055,779	\$ -	\$ 30,055,779	\$ -
Bond Anticipation Note - 2.00%, Due 07/15/20	-	1,255,050	-	1,255,050
Bond Anticipation Note - 2.25%, Due 08/13/20	-	<u>51,366,368</u>	-	<u>51,366,368</u>
	<u>\$ 30,055,779</u>	<u>\$ 52,621,418</u>	<u>\$ 30,055,779</u>	<u>\$ 52,621,418</u>

7. LONG-TERM DEBT

Interest on all debt for the year was composed of:

Interest paid - long-term debt	\$ 1,528,723
Interest paid - short-term debt	976,813
Less: Interest accrued in the prior year	(370,978)
Amortization on bond premiums	(187,846)
Plus: Interest accrued in the current year	1,332,588
Amortization on loss on refunding	<u>64,707</u>
Total expense	<u>\$ 3,344,007</u>

7. LONG-TERM DEBT (Continued)

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

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Bonds payable:</u>						
2011 Refunding Serial Bonds	\$ 7,945,000	\$ 2,555,000	\$ -	\$ 825,000	\$ 1,730,000	\$ 850,000
2011 Serial Bonds	\$ 3,750,000	835,000	-	410,000	425,000	425,000
2012 Refunding Serial Bonds	\$ 3,780,000	1,325,000	-	430,000	895,000	440,000
2012 Serial Bonds	\$ 2,000,000	635,000	-	205,000	430,000	210,000
2013 Serial Bonds	\$ 2,800,000	1,160,000	-	290,000	870,000	290,000
2016 Refunding Serial Bonds	\$ 4,040,000	2,820,000	-	785,000	2,035,000	825,000
Ameresco Energy Bond	\$ 8,540,634	5,301,860	-	604,515	4,697,345	620,297
2017 Serial Bonds	\$ 4,040,000	33,520,000	-	2,105,000	31,415,000	2,175,000
2018 Serial Bonds	\$ 2,281,723	<u>2,281,723</u>	<u>-</u>	<u>1,127,402</u>	<u>1,154,321</u>	<u>770,344</u>
		50,433,583	-	6,781,917	43,651,666	6,605,641
Plus - unamortized bond premiums		<u>1,818,877</u>	<u>-</u>	<u>187,846</u>	<u>1,631,031</u>	<u>-</u>
Total Bonds Payable		52,252,460	-	6,969,763	45,282,697	6,605,641
Total other postemployment benefits		745,386,248	316,271,167	21,051,863	1,040,605,552	-
Compensated absences		<u>878,636</u>	<u>110,782</u>	<u>-</u>	<u>989,418</u>	<u>-</u>
Total long-term debt obligations		<u>\$798,517,344</u>	<u>\$316,381,949</u>	<u>\$ 28,021,626</u>	<u>\$ 1,086,877,667</u>	<u>\$ 6,605,641</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>June 30, 2020 Balance</u>
\$7.945 Million Serial Bond	2011	2022	4.00%	\$ 1,730,000
\$3.75 Million Serial Bond	2011	2022	2.40%	425,000
\$2.0 Million Serial Bond	2012	2022	3.00%	895,000
\$3.78 Million Serial Bond	2012	2022	2.00%	430,000
\$2.8 Million Serial Bond	2013	2022	2.78%	870,000
\$4.040 Million Serial Bond	2016	2023	5.00%	2,035,000
\$8.54 Million Energy Bond	2013	2027	2.61%	4,697,345
\$37.670 Million Serial Bond	2017	2031	3.00%	31,415,000
\$2.282 Million Serial Bond	2018	2022	2.79%	<u>1,154,321</u>
Total bond issues				<u>\$ 43,651,666</u>

7. LONG-TERM DEBT (Continued)

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 6,605,641	\$ 1,287,354
2022	5,835,468	1,068,428
2023	3,753,108	897,923
2024	3,070,159	776,873
2025	3,167,655	686,177
2026-2030	15,099,635	2,026,026
2031	<u>6,120,000</u>	<u>185,100</u>
Totals	<u>\$ 43,651,666</u>	<u>\$ 6,927,881</u>

During 2017, the School District issued \$4,040,000 of new bonds to advance refund certain maturities of the 2006, 2007, and 2008 bond issues. The refunding transaction, while resulting in a lower estimated future debt service cost, resulted in a loss in the year incurred equivalent to the difference between the carrying amount the bonds refunded and the amount deposited into the irrevocable escrow account. This accounting loss on refunding of approximately \$165,000 has been recorded as a deferred outflow of resources and will be amortized into future interest costs over 3 years in the statement of activities.

8. INTERFUND BALANCES AND ACTIVITY

	<u>Payable</u>	<u>Receivable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ 447,431	\$ 5,760,461	\$ 25,430	\$ 7,532,727
Capital projects	594,036	-	-	-
Special aid fund	2,491,726	-	379,490	25,430
School lunch	582,420	-	-	-
Debt service	-	1,035,771	7,153,237	-
Trust and agency	<u>2,680,619</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total government activities	<u>\$ 6,796,232</u>	<u>\$ 6,796,232</u>	<u>\$ 7,558,157</u>	<u>\$ 7,558,157</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

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

9. PENSION PLANS

New York State Employees' Retirement System

The School District participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing 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), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an 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 School 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.

Contributions

The system is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27th, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 (ERS) who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2020	\$ 3,650,846
2019	\$ 3,554,382
2018	\$ 3,650,453

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the School District reported a liability of \$19,662,583 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2019. The School District's proportion of the net pension liability was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the School District's proportion was 0.0742528%, which was a decrease of 0.0017245% from its proportion measured at June 30, 2019.

9. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2020, the School District recognized pension expense of \$7,047,363. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 1,157,222	\$ -
Changes of Assumptions	395,911	341,863
Net difference between projected and actual earnings on pension plan investments	10,079,996	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,171,203	183,632
Contributions subsequent to the measurement date	912,712	-
	<u>\$ 13,717,044</u>	<u>\$ 525,495</u>

Of the total reported as deferred outflows of resources, \$912,712 related to the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2021	\$ 2,272,396
2022	3,129,825
2023	3,841,476
2024	3,035,140
2025	-
Thereafter	-
	<u>\$ 12,278,837</u>

9. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	4.20%
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	6.8% compounded annually, net of investment expenses

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate</u>
Domestic Equity	36.0%	4.05%
International Equity	14.0%	6.15%
Private Equity	10.0%	6.75%
Real Estate	10.0%	4.95%
Absolute Return Strategies	2.0%	3.25%
Opportunistic Portfolio	3.0%	4.65%
Real Assets	3.0%	5.95%
Bonds & Mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation-indexed Bonds	4.0%	0.50%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

9. PENSION PLANS (Continued)

New York State Employees' Retirement System (Continued)

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (5.80%) or 1 percent higher (7.80%) than the current rate:

	1 % Decrease <u>(5.80%)</u>	Assumption <u>(6.80%)</u>	1% Increase <u>(7.80%)</u>
Proportionate Share of Net Pension liability (asset)	\$ <u>36,086,391</u>	\$ <u>19,662,583</u>	\$ <u>4,536,186</u>

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 194,596,261,000	\$ 144,493,172	0.0742528%
Net position	<u>(168,115,682,000)</u>	<u>(124,830,589)</u>	0.0742528%
Net pension liability (asset)	<u>\$ 26,480,579,000</u>	<u>\$ 19,662,583</u>	0.0742528%
Fiduciary net position as a percentage of total pension liability		86.39%	86.39%

New York State Teachers' Retirement System

The School District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. The system offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The system provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

9. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Contributions

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the System after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School 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 were:

2020	\$ 8,818,647
2019	\$ 10,358,471
2018	\$ 9,217,742

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the School District reported an asset \$15,179,543 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2018. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the School District's proportion was 0.584276%, which was an increase of 0.006753% from its proportion measured at June 30, 2019.

9. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

For the year ended June 30, 2020, the School District recognized pension expense of \$18,336,636. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,286,788	\$ 1,128,780
Changes of Assumptions	28,676,187	6,992,066
Net difference between projected and actual earnings on pension plan investments	-	12,173,210
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	1,006,862
Contributions subsequent to the measurement date	9,362,344	-
	<u>\$ 48,325,319</u>	<u>\$ 21,300,918</u>

Of the total reported as deferred outflows of resources, \$9,362,344 related to the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2021.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:	
2020	\$ 6,642,373
2021	210,689
2022	6,617,481
2023	4,350,205
2024	419,309
Thereafter	<u>(578,000)</u>
	<u>\$ 17,662,057</u>

9. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Actuarial Assumptions

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

Actuarial cost method	Entry age normal										
Inflation	2.20%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	4.72%	15	3.46%	25	2.37%	35	1.90%
<u>Service</u>	<u>Rate</u>										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.5% compounded annually										
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

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

9. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate</u>
Domestic Equity	33.0%	6.3%
International Equity	16.0%	7.8%
Global Equity	4.0%	7.2%
Real Estate Equity	11.0%	4.6%
Private Equity	8.0%	9.9%
Domestic Fixed Income	16.0%	1.3%
Global Bonds	2.0%	0.9%
High-Yield Bonds	1.0%	3.6%
Private Debt	1.0%	6.5%
Real Estate Debt	7.0%	2.9%
Cash Equivalents	1.0%	0.3%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u>1 % Decrease (6.10%)</u>	<u>Assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 68,518,871</u>	<u>\$ (15,179,543)</u>	<u>\$ (85,393,066)</u>

9. PENSION PLANS (Continued)

New York State Teachers' Retirement System (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the employers as June 30, 2019, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 119,879,473,882	\$ 700,426,995	0.5842760%
Net position	122,477,480,654	715,606,538	0.5842760%
Net pension liability (asset)	<u>\$ (2,598,006,772)</u>	<u>\$ (15,179,543)</u>	0.5842760%
 Fiduciary net position as a percentage of total pension asset	 -102.17%	 -102.17%	

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The School District provides for postretirement medical benefits to retiring employees after 10 years of service. When a retiree reaches age 65, Medicare will provide primary coverage, except as otherwise provided by law. The Plan can be amended by action of the School District through agreements with different bargaining units. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The Plan is a single-employer defined benefit OPEB plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The School District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	1,330
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	<u>1,608</u>
Total participants	<u><u>2,938</u></u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The School District's total OPEB liability of \$1,040,605,552 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

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	Year 1 - (4.53%) to 4.00% Year 2 - 9.50% 5.00% by 2030
Payroll Growth	2.00%
Discount Rate	2.21%
Healthcare Cost Trend Rates	9.50% for 2020, decreasing annually to an ultimate rate of 5.00% by 2029
Share of Benefit-Related Costs	The district pays between 80% and 93% of the retiree's and covered spouses medical premium depending on the employee group. For teaching assistants coverage stops at age 65. For all other employee groups coverage is for life. For all employee groups other than teaching assistants the district also reimburses the retiree and covered spouses the full cost of Medicare Part B.

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2020.

Mortality rates were based on SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 745,386,248
Changes for the Year:	
Service cost	38,040,770
Interest cost	21,905,200
Plan change	(22,581,204)
Differences between expected and actual experience	193,978,348
Assumption changes	84,928,053
Benefit payments	<u>(21,051,863)</u>
Balance at June 30, 2020	<u>\$ 1,040,605,552</u>

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

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the School District, as well as what the School 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 (<u>1.21%</u>)	Current Discount (<u>2.21%</u>)	1% Increase (<u>3.21%</u>)
Total OPEB Liability	<u>\$ 1,261,057,522</u>	<u>\$ 1,040,605,552</u>	<u>\$ 868,959,371</u>

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

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

	Healthcare		
	1% Decrease (<u>8.50%</u>)	Current Rate (<u>9.50%</u>)	1% Increase (<u>10.50%</u>)
Total OPEB Liability	<u>\$ 843,767,729</u>	<u>\$ 1,040,605,552</u>	<u>\$ 1,303,431,765</u>

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$70,015,195. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 161,156,293	\$ -
Changes of assumptions	<u>100,178,359</u>	<u>-</u>
Total	<u>\$ 261,334,652</u>	<u>\$ -</u>

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Fiscal year ending June 30:	
2021	\$ 53,702,292
2022	53,702,292
2023	53,702,292
2024	53,702,292
2025	46,525,484
Thereafter	-
	\$ 261,334,652

11. RISK MANAGEMENT

The School 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 are not expected to exceed commercial insurance coverage.

Health Insurance

The School District participates in a health consortium, a non-risk retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 27 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 School District has essentially transferred all related risk to the pool. The School District also offers to its employees and eligible retirees community rated insurance programs through commercial carriers.

Workers Compensation

The School District has chosen to establish a risk financing fund for risks associated with workers compensation coverage for claims prior to July 1, 1998. The risk financing fund is accounted for in the General Fund with any unfunded portions expected to be paid in future years accounted for in the long-term debt of the Government-wide financial statements. A premium is charged to each fund that accounts for part-time and full time employees. During fiscal year 2020, the total costs incurred for these open workers compensation claims amounted to \$94,117. At June 30, 2020, the General Fund reported an accrued liability for future claims including an estimate for claims incurred but not reported of \$84,365.

12. CONTINGENCIES

Litigation

The School District has been named as defendant in several tax certiorari cases. A review by management and the School District's attorneys indicated that the total projected amount of refunds paid during the 2019-2020 fiscal year, or to be paid during the 2018-2019 fiscal years as the result of settlements about which the School District has been notified, is approximately \$500,000. The School District has financed or intends to finance all of these refunds by issuing obligations in accordance with its statutory authority; therefore, it is not anticipated these refunds will have a material, adverse financial impact on the School District.

The School District has been named as a defendant in certain actions. A review by management and the School District's attorneys indicate these actions are either fully covered by insurance or not substantial enough to materially affect the financial position of the School District.

Other Contingencies

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

13. TAX ABATEMENT

All real property in New York is subject to taxation unless specific legal provisions grant it exempt status. Real property tax exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner's ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other such considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the real property tax law, the Agriculture and Markets Law to the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for District, city/town, and school purposes, whereas others pertain only to some of these purposes. Yet another difference involves the extent of local government autonomy: while some exemptions are mandated by state law, others are subject to local option and/or local determination of eligibility criteria.

The School District has six real property tax abatement agreements entered into by the IDA. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) in compliance with Tax Exemption Policy. PILOTs are granted in accordance with various activities such as new construction, purchasing of an existing facility, or the improvement or expansion of an existing facility. There are also policies for recapture of PILOTs should the applicant not meet certain criteria. The amount property tax abated in the School District for the year ended June 30, 2020 was approximately \$2.6 million.

PILOT revenue recognized during the year was \$1,589,310.

14. COVID-19 PANDEMIC

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). The School District was closed effective March 16, 2020 and did not re-open during the 2020 academic year. The School District has developed a re-opening plan for the 2020-2021 school year and will resume educating students in September. Instruction will be a mix of in-person and virtual education.

Businesses throughout NYS remain closed or are operating significantly below their capacity. New York State has publicly stated that COVID-19 will have a significant negative impact on its revenues and its 2020-21 budget. In August 2020 the New York State Department of Education notified all school districts that effective immediately all future payments of state aid will be reduced by a 20% withholding and that this withholding may become a permanent reduction in aid. As a result, at June 30, 2020, the School District has recorded a deferred inflow of resources in the amount of \$837,103 in the General fund.

It is difficult at this time to predict with certainty the full effect this impact may have on future State aid payments to the School District. However, at this time it appears that NYS will be withholding 20% of substantially all aid payments for the foreseeable future. The School District is current analyzing the effects such a reduction will have on its fiscal 2021 operations.

15. SUBSEQUENT EVENTS

The \$1,255,050 BAN outstanding as of June 30, 2020 matured on July 15, 2020. On the maturity date, the School District renewed this BAN and received proceeds of \$6,275,250. The BANs mature on July 14, 2021.

The \$51,366,368 BAN outstanding as of June 30, 2020 matured on August 13, 2020. On the maturity date, the School District renewed this BAN and received proceeds of \$66,062,418. The BANs mature on August 12, 2021.

On July 14, 2020, the School district issued Tax Anticipation Notes (TANs) in the amount of \$6,000,000 to finance cash flow requirements in anticipation of the collection of 2020-21 real property taxes. The TANs mature October 14, 2020.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

WAPPINGERS CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE					
LOCAL SOURCES:					
Real property taxes	\$ 157,241,886	\$ 157,241,886	\$ 157,165,734	\$ -	\$ (76,152)
Other tax items	13,527,099	13,527,099	13,525,575	-	(1,524)
Charges for services	549,000	825,498	495,347	-	(330,151)
Use of money and property	45,000	45,000	173,433	-	128,433
Sale of property and compensation for loss	150,000	209,639	218,948	-	9,309
Miscellaneous	<u>1,195,000</u>	<u>1,338,452</u>	<u>1,286,723</u>	-	<u>(51,729)</u>
Total local sources	172,707,985	173,187,574	172,865,760	-	(321,814)
State sources	58,043,010	58,043,010	60,355,810	-	2,312,800
Federal sources	<u>450,000</u>	<u>450,000</u>	<u>698,782</u>	-	<u>248,782</u>
Total revenue	<u>231,200,995</u>	<u>231,680,584</u>	<u>233,920,352</u>	-	<u>2,239,768</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	131,069	187,781	104,666	73,748	9,367
Central administration	316,295	321,783	319,579	800	1,404
Finance	1,241,310	1,255,360	1,211,060	33,850	10,450
Staff	1,103,869	1,082,728	1,045,365	8,456	28,907
Central services	13,589,399	13,147,799	12,464,045	647,433	36,321
Special items	<u>2,817,445</u>	<u>2,651,490</u>	<u>2,633,026</u>	-	<u>18,464</u>
Total general support	<u>19,199,387</u>	<u>18,646,941</u>	<u>17,777,741</u>	<u>764,287</u>	<u>104,913</u>
INSTRUCTION:					
Instruction, administration, and improvement	8,790,488	9,022,702	8,942,955	45,040	34,707
Teaching - regular school	66,846,903	66,710,446	66,353,852	88,052	268,542
Programs for children with handicapping conditions	34,025,145	36,746,325	38,403,382	347,546	(2,004,603)
Occupational education	1,070,000	1,102,100	1,102,100	-	-
Teaching - special school	1,323,167	1,382,880	1,373,586	4,076	5,218
Instructional media	3,357,327	3,349,223	3,310,611	-	32,056
Pupil services	<u>11,439,136</u>	<u>11,564,041</u>	<u>11,387,425</u>	<u>42,443</u>	<u>134,173</u>
Total instruction	<u>126,852,166</u>	<u>129,877,717</u>	<u>130,873,911</u>	<u>533,713</u>	<u>(1,529,907)</u>
Pupil transportation	12,898,464	13,010,899	12,936,897	29,830	44,172
Employee benefits	67,650,828	65,839,793	66,814,199	-	(974,406)
Debt service	<u>1,961,696</u>	<u>1,157,402</u>	<u>1,157,402</u>	-	-
Total expenditures	<u>228,562,541</u>	<u>228,532,752</u>	<u>229,560,150</u>	<u>1,327,830</u>	<u>(2,355,228)</u>
Excess (deficiency) of revenue over expenditures	<u>2,638,454</u>	<u>3,147,832</u>	<u>4,360,202</u>	<u>(1,327,830)</u>	<u>(115,460)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	25,430	-	25,430
Transfers out	<u>(6,388,454)</u>	<u>(7,532,727)</u>	<u>(7,532,727)</u>	-	-
Total other financing sources (uses)	<u>(6,388,454)</u>	<u>(7,532,727)</u>	<u>(7,507,297)</u>	-	<u>25,430</u>
NET CHANGE IN FUND BALANCE	(3,750,000)	(4,384,895)	(3,147,095)	(1,327,830)	(90,030)
FUND BALANCE - beginning	<u>15,912,163</u>	<u>15,912,163</u>	<u>15,912,163</u>	-	-
FUND BALANCE - ending	<u>\$ 12,162,163</u>	<u>\$ 11,527,268</u>	<u>\$ 12,765,068</u>	<u>\$ (1,327,830)</u>	<u>\$ (90,030)</u>

WAPPINGERS CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

	Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 38,040,770	\$ 27,381,256	\$ 26,434,887							
Interest	21,905,200	23,514,077	22,065,716							
Changes in benefit terms	(22,581,204)	-	-							
Differences between expected and actual experience in the measurement of the total OPEB liability	193,978,348	-	2,063,359							
Changes of assumptions or other inputs	84,928,053	42,640,551	-							
Change in actuarial cost method	-	-	-							
Benefit payments	(21,051,863)	(9,934,839)	(9,934,839)							
Total change in in total OPEB liability	295,219,304	83,601,045	40,629,123							
Total OPEB liability - beginning	745,386,248	661,785,203	621,156,080							
Total OPEB liability - ending	\$ 1,040,605,552	\$ 745,386,248	\$ 661,785,203							
Covered payroll	\$ 118,310,156	\$ 116,298,201	\$ 104,888,601							
Total OPEB liability as a percentage of covered payroll	879.56%	640.93%	630.94%							

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

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

Discount rate	2.21%	3.50%	3.58%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method uses Entry Age Normal, which caused a decrease in liabilities.

The healthcare trend cost rates have been reset to an initial rate of 4.00% for pre-65 and (4.53%) for post-65 single and (3.41%) for two-person for 2019, 9.50% for 2020, decreasing annually to an ultimate rate of 5.00% by 2029, which caused an increase in liabilities.

The mortality assumption was updated to SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base Year 2006).

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the plan administrator and plan members.

WAPPINGERS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.0742528%	0.0759773%	0.0778163%	0.0785213%	0.0812705%	0.0829886%				
Proportionate share of the net pension liability (asset)	\$ 19,662.6	\$ 5,383.2	\$ 2,511.5	\$ 7,378.0	\$ 13,044.1	\$ 2,803.6				
Covered-employee payroll	\$ 25,979.7	\$ 25,305.5	\$ 25,029.8	\$ 24,788.7	\$ 24,681.5	\$ 24,021.5				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	75.68%	21.27%	10.03%	29.76%	52.85%	11.67%				
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%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.5842760%	0.5775230%	0.5742800%	0.5700760%	0.5672650%	0.5580400%				
Proportionate share of the net pension liability (asset)	\$ (15,180)	\$ (10,443)	\$ (4,365.0)	\$ 6,105.8	\$ (58,920.7)	\$ (62,162.1)				
Covered-employee payroll	\$ 99,533.3	\$ 97,537.4	\$ 94,058.6	\$ 91,004.6	\$ 93,553.3	\$ 81,698.4				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.25%	-10.71%	-4.64%	6.71%	-62.98%	-76.09%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

WAPPINGERS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 3,650.8	\$ 3,554.4	\$ 3,650.5	\$ 3,610.1	\$ 3,680.0	\$ 4,456.9				
Contributions in relation to the contractually required contribution	3,650.8	3,554.4	3,650.5	3,610.1	3,680.0	4,456.9				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 25,979.7	\$ 25,305.5	\$ 25,029.8	\$ 24,788.7	\$ 24,681.5	\$ 24,021.5				
Contributions as a percentage of covered-employee payroll	14.05%	14.05%	14.58%	14.56%	14.91%	18.55%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 8,818.6	\$ 10,358.5	\$ 9,217.7	\$ 11,664.6	\$ 14,937.5	\$ 13,276.0				
Contributions in relation to the contractually required contribution	8,818.6	10,358.5	9,217.7	11,664.6	14,937.5	13,276.0				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 99,533.3	\$ 97,537.4	\$ 94,058.6	\$ 91,004.6	\$ 93,553.3	\$ 81,698.4				
Contributions as a percentage of covered-employee payroll	8.86%	10.62%	9.80%	12.82%	15.97%	16.25%				

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION

WAPPINGERS CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2020

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 234,316,117
Add: Prior year's encumbrances	<u>634,878</u>
Original budget	234,950,995
Budget revisions	<u>1,114,484</u>
Final budget	<u>\$ 236,065,479</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 245,041,769
Maximum allowed (4% of 2020-21 budget)	9,801,671

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

Unrestricted fund balance:	
Assigned fund balance	5,077,830
Unassigned fund balance	<u>3,409,710</u>
Total unrestricted fund balance	<u>\$ 8,487,540</u>

Less:	
Appropriated fund balance	3,750,000
Encumbrances included in committed and assigned fund balance	<u>1,327,830</u>
Total adjustments	<u>\$ 5,077,830</u>

General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 3,409,710

Actual percentage 1.39%

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

WAPPINGERS CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years' Expenditures	Current Year's Expenditures	Total	
Bus purchases 2013 - 2014	\$ 1,785,314	\$ 1,785,314	\$ 3,845,880	\$ -	\$ 3,845,880	\$ (2,060,566)
Bus purchases 2017 - 2018	2,066,208	2,066,208	2,060,384	-	2,060,384	5,824
Bus purchases 2018 - 2019	1,974,401	1,974,401	1,968,562	-	1,968,562	5,839
Bus purchases 2019 - 2020	2,302,877	2,302,877	-	2,297,039	2,297,039	5,838
PHASE I:						
Evans Abatement - 0003-019	214,272	214,094	214,094	-	214,094	-
Evans Windows - 0003-020	56,000	39,225	39,225	-	39,225	-
Gayhead Sewer Line - 0016-018	115,300	83,285	83,285	-	83,285	-
Brinckerhoff - 00013-019	75,810	80,494	78,990	-	78,990	1,504
Main Garage - 5011-005	219,100	220,259	219,291	-	219,291	968
Myers - 00019-018	115,235	170,161	166,895	-	166,895	3,266
Fishkill Plains - 0001-013	976,856	967,395	954,091	-	954,091	13,304
Kinry - 0002-015	112,775	-	-	-	-	-
Evans - 0003-021	512,250	506,922	509,613	-	509,613	(2,691)
Fishkill - 0005-015	864,268	863,024	855,058	-	855,058	7,966
Vassar - 0008-020	715,833	705,208	709,665	-	709,665	(4,457)
RCK HS - 0012-028	5,257,769	5,322,092	5,325,635	-	5,325,635	(3,543)
Oak Grove - 0014-018	736,603	736,382	723,118	-	723,118	13,264
Van Wyck JHS - 0017-021	4,071,973	4,102,857	4,070,391	-	4,070,391	32,466
John Jay HS - 0020-029	947,536	1,054,559	1,051,903	-	1,051,903	2,656
Security:						
Fishkill Plains - 0001-014	142,839	149,883	146,173	-	146,173	3,710
Kinry - 0002-016	160,311	167,975	164,102	-	164,102	3,873
Evans - 0003-022	171,506	183,724	172,219	-	172,219	11,505
Wappinger JHS - 0004-029	287,403	268,201	257,734	-	257,734	10,467
Fishkill - 0005-016	166,488	176,031	165,760	-	165,760	10,271
Vassar - 0008-021	154,535	166,316	157,145	-	157,145	9,171
RCK HS - 0012-029	493,687	512,697	576,396	-	576,396	(63,699)
Brinckerhoff - 00013-020	189,976	180,309	176,076	-	176,076	4,233
Oak Grove - 0014-019	177,906	171,982	168,648	-	168,648	3,334
Gayhead - 00016-020	280,954	240,983	235,539	-	235,539	5,444
Van Wyck JHS - 0017-022	323,196	291,991	288,302	-	288,302	3,689
Sheafe - 0018-015	182,286	195,662	185,632	-	185,632	10,030
Myers - 00019-019	228,194	210,384	196,694	-	196,694	13,690
John Jay HS - 0020-030	540,719	517,141	507,519	-	507,519	9,622
PHASE II:						
Fishkill Plains - 0001-015	64,810	71,027	64,237	-	64,237	6,790
Kinry - 0002-017	1,175,630	1,148,306	1,141,171	-	1,141,171	7,135
Evans - 0003-023	2,153,200	2,295,462	2,297,479	-	2,297,479	(2,017)
Wappinger JHS - 0004-030	2,230,450	2,348,432	2,314,516	-	2,314,516	33,916
Fishkill - 0005-017	66,700	73,833	67,458	-	67,458	6,375
Vassar - 0008-022	59,710	72,965	67,016	-	67,016	5,949
RCK HS - 0012-030	197,200	199,975	178,803	-	178,803	21,172
Brinckerhoff - 00013-021	62,760	67,764	66,206	-	66,206	1,558
Oak Grove - 0014-020	67,920	77,479	76,389	-	76,389	1,090
Gayhead - 00016-021	147,100	142,962	139,563	-	139,563	3,399
Van Wyck JHS - 0017-024	2,391,000	2,292,524	2,261,703	-	2,261,703	30,821
Sheafe - 0018-016	115,010	120,707	98,231	-	98,231	22,476
Myers - 00019-020	74,250	83,864	81,909	-	81,909	1,955
John Jay HS - 0020-031	151,090	147,550	130,058	-	130,058	17,492
Fishkill Plains Bus Garage - 5047-001	6,535,696	6,529,866	6,436,668	-	6,436,668	93,198
Trans Driver Check In - 7051-001	622,800	601,238	517,863	-	517,863	83,375
District Office Building - 1031-002	-	-	2,571,122	-	2,571,122	(2,571,122)
RCK HS Press Box - 7026-001	-	-	427,045	-	427,045	(427,045)
John Jay Home Dugout - 7053-001	123,353	123,353	130,957	-	130,957	(7,604)
John Jay Away Dugout - 7054-001	123,353	123,353	126,844	-	126,844	(3,491)
District Wide Locks - 7999SB1	-	-	546,746	-	546,746	(546,746)
Incidental reserve to be allocated	-	85,187	-	-	-	85,187

WAPPINGERS CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED) (Continued)

	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years' Expenditures	Current Year's Expenditures	Total	
District Office Relocation:	-	-	33,000	-	33,000	(33,000)
District Appropriated Project:						
Van Wyck Pump House - 0017-023	95,000	95,000	80,492	-	80,492	14,508
Evans Roof - 0003-024	-	-	597,217	-	597,217	(597,217)
Wappingers JHS Floor - 0004-031	-	-	57,808	-	57,808	(57,808)
Fishkill HVAC - 0005-018	-	-	98,838	-	98,838	(98,838)
District Wide Carbon Monoxide Detectors - 7999-004	-	-	433,231	-	433,231	(433,231)
\$38mil Bond Projects:						
John Jay Water System - 0020-033	-	-	259,360	-	259,360	(259,360)
John Jay Water System - 7021-0002	-	-	309,903	-	309,903	(309,903)
\$26mil Bond Projects - Phase 1						
Kinry Phase 1 - 0002-019	453,125	453,125	379,521	43,232	422,753	30,372
Evans Phase 1 - 0003-026	360,684	360,684	94,948	298	95,246	265,438
WJHS Phase 1 - 0004-033	2,072,900	2,072,900	1,902,416	-	1,902,416	170,484
Vassar Phase 1 - 0008-024	429,918	429,918	409,340	12,050	421,390	8,528
RCK Phase 1 - 0012-034	2,482,102	2,482,102	2,184,718	-	2,184,718	297,384
Gayhead Phase 1 - 0016-023	712,008	712,008	94,692	1,981	96,673	615,335
Myers Corners Phase 1 - 0019-024	376,117	376,117	302,051	11,741	313,792	62,325
John Jay Phase 1 - 0020-035	2,586,753	2,586,753	2,412,245	-	2,412,245	174,508
\$26mil Bond Projects - Phase 2						
Fishkill Plains Phase 2 - 0001-016	5,850	5,850	6,419	4,009	10,428	(4,578)
Kinry Phase 2 - 0002-018	5,265	5,265	5,120	145	5,265	-
Evans Phase 2 - 0003-025	40,950	40,950	664,060	626,162	1,290,222	(1,249,272)
WJHS Phase 2 - 0004-032	161,616	161,616	1,954,302	355,314	2,309,616	(2,148,000)
Fishkill Phase 2 - 0005-019	7,332	7,332	31,702	16,474	48,176	(40,844)
Vassar Phase 2 - 0008-023	4,095	4,095	93,213	32,694	125,907	(121,812)
RCK Phase 2 - 0012-033	350,263	350,263	3,345,485	2,010,208	5,355,693	(5,005,430)
Brinckerhoff Phase 2 - 0013-022	1,248	1,248	90,044	52,875	142,919	(141,671)
Oak Grove Phase 2 - 0014-021	15,759	15,759	172,276	19,135	191,411	(175,652)
Gayhead Phase 2 - 0016-022	28,236	28,236	446,665	126,603	573,268	(545,032)
Van Wyck Phase 2 - 0017-025	12,792	12,792	14,910	4,245	19,155	(6,363)
Sheafe Phase 2 - 0018-017	4,056	4,056	64,281	3,185	67,466	(63,410)
Myers Corners Phase 2 - 0019-023	60,528	60,528	974,359	148,660	1,123,019	(1,062,491)
John Jay Phase 2 - 0020-0034	264,966	264,966	2,927,550	1,903,787	4,831,337	(4,566,371)
RCK Field House - 2057-001	112,500	112,500	158,768	8,462	167,230	(54,730)
Main Garage Phase 2 - 5007-007	3,276	3,276	347,712	21,077	368,789	(365,513)
John Jay Field House Phase 2 - 7026-002	28,500	28,500	59,612	3,137	62,749	(34,249)
\$33mil Bond Projects - Phase 1						
Fishkill Plains Phase 1 - 0001-018	1,598,000	1,598,000	422,670	772,429	1,195,099	402,901
Kinry Phase 1 - 0002-021	450,100	450,100	20,204	28,355	48,559	401,541
Kinry Phase 1 - 002-021W	-	-	18,587	570,189	588,776	(588,776)
Brinckerhoff Phase 1 - 0013-024	794,000	794,000	81,360	941,767	1,023,127	(229,127)
Gayhead Phase 1 - 0016-025	1,447,700	1,447,700	61,824	36,193	98,017	1,349,683
Gayhead Phase 1 - 016-025W	-	-	30,720	1,346,175	1,376,895	(1,376,895)
Sheafe Phase 1 - 0018-020	858,000	858,000	37,393	51,745	89,138	768,862
Sheafe Phase 1 - 018-020W	-	-	25,632	834,107	859,739	(859,739)
Myers Corners Phase 1 - 0019-026	976,800	976,800	70,562	1,052,896	1,123,458	(146,658)
John Jay Phase 1 - 0020-037	120,900	120,900	96,304	1,662,091	1,758,395	(1,637,495)
\$33mil Bond Projects - Phase 2:						
RCK Phase 2 - 0012-036	-	-	230,710	4,354,924	4,585,634	(4,585,634)
Myers Corners Phase 2 - 0019-027	-	-	35,540	1,153,145	1,188,685	(1,188,685)
John Jay Phase 2 - 0020-038	-	-	209,192	1,228,329	1,437,521	(1,437,521)
BOCES Capital Project	10,263,520	10,263,520	-	1,255,050	1,255,050	9,008,470
Smart School Bond Act:						
District Wide Security Vestibules - 7999-005	963,120	963,120	1,575,560	960,329	2,535,889	(1,572,769)
SSBA 2 - 7999-SB2	-	-	29,771	-	29,771	(29,771)
SSBA 3 - 7999-SB3	-	-	468,573	-	468,573	(468,573)
2016-17 District Appropriated Projects:						
Fishkill Plains Draperies - 00001DR	6,085	6,085	6,085	-	6,085	-
Kinry Draperies - 00002DR	7,269	7,269	7,269	-	7,269	-
Evans Paving - 00003PV	235,377	235,377	233,784	11,116	244,900	(9,523)
WJHS Bleachers - 00004BL	83,291	83,291	83,291	-	83,291	-
WJHS Draperies - 00004DR	7,269	7,269	7,269	-	7,269	-
WJHS Gym Floor - 00004FL	14,200	14,200	14,200	-	14,200	-
WJHS Lockers - 00004LO	162,647	162,647	146,697	-	146,697	15,950
Fishkill Draperies - 00005DR	7,045	7,045	7,045	-	7,045	-
Vassar Draperies - 00008DR	7,900	7,900	7,900	-	7,900	-
RCK Chain Link Fence - 00012FE	38,800	38,800	38,800	-	38,800	-
RCK Gym Floor - 00012FL	37,334	37,334	37,334	-	37,334	-
RCK Lockers - 00012LO	296,620	296,620	296,620	-	296,620	-
RCK Sports Field Lighting - 00012SF	110,200	110,200	111,700	-	111,700	(1,500)
Gayhead Paving - 00016PV	525,370	525,370	474,031	51,121	525,152	218

WAPPINGERS CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED) (Continued)

	Original Appropriation	Revised Appropriation	Expenditures		Unexpended Balance	
			Prior Years' Expenditures	Current Year's Expenditures		
Gayhead Shades - 00016SH	31,371	31,371	31,371	-	31,371	-
Van Wyck Gym Floors - 00017FL	26,580	26,580	26,580	-	26,580	-
Van Wyck Lockers - 00017LO	191,312	191,312	191,312	-	191,312	-
Myers Corners Draperies - 00019DR	7,475	7,475	7,475	-	7,475	-
Myers Corners Heating Controls - 00019HC	393,200	393,200	393,200	-	393,200	-
Myers Corners Hot Water - 00019HW	9,309	9,309	9,309	-	9,309	-
Myers Corners Library Roof - 00019RT	7,941	7,941	7,941	-	7,941	-
Myers Corners Shades - 00019SH	22,315	22,315	22,315	-	22,315	-
Myers Corners Unit Ventilators - 00019UV	32,207	32,207	36,062	-	36,062	(3,855)
John Jay Lockers - 00020LO	245,617	245,617	245,617	-	245,617	-
John Jay Sports Field Lighting - 00020SF	4,100	4,100	39,500	-	39,500	(35,400)
John Jay Boys/Girls Locker Shower Dividers - 00020SH	19,504	19,504	15,398	-	15,398	4,106
WJHS Boys Locker Shower Dividers - 0004BLR	53,382	53,382	53,382	-	53,382	-
WJHS Girls Locker Shower Dividers - 0004GSH	5,375	5,375	5,375	-	5,375	-
RCK Boys Locker Shower Dividers - 0012BSH	15,792	15,792	15,792	-	15,792	-
Van Wyck Boys Locker Shower Dividers - 0017BSH	7,428	7,428	7,428	-	7,428	-
Van Wyck Girls Locker Rooms - 0017GLR	71,927	71,927	71,927	-	71,927	-
Van Wyck Girls Locker Shower Dividers - 0017GSH	9,342	9,342	9,342	-	9,342	-
Total	\$ 73,823,975	\$ 74,075,446	\$ 73,098,214	\$ 24,012,474	\$ 97,110,688	\$ (23,035,242)

WAPPINGERS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Capital assets, net	<u>\$ 125,777,262</u>
Deduct:	
Short-term portion of bonds payable	6,605,641
Long-term portion of bonds payable	38,677,056
Bond anticipation notes related to capital assets	<u>52,621,418</u>
	<u>97,904,115</u>
Add:	
Unspent bond anticipation notes proceeds	8,955,786
Debt related to tax certiorari settlements	<u>1,725,000</u>
	<u>10,680,786</u>
Net investment in capital assets	<u><u>\$ 38,553,933</u></u>

See independent auditors report.

WAPPINGERS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Aid	School Lunch	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents - unrestricted	\$ 993,088	\$ 278,296	\$ -	\$ 1,271,384
Cash and cash equivalents - restricted	-	-	55,266	55,266
Due from other funds	-	-	1,035,771	1,035,771
State and federal aid receivable	1,517,791	35,559	-	1,553,350
Other receivables	-	120	-	120
Inventory	-	109,220	-	109,220
TOTAL ASSETS	\$ 2,510,879	\$ 423,195	\$ 1,091,037	\$ 4,025,111
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable and accrued liabilities	\$ 4,420	\$ 5,038	\$ -	\$ 9,458
Due to other funds	2,491,726	582,420	-	3,074,146
Due to other governments	14,733	-	-	14,733
Unearned revenue	-	110,669	-	110,669
TOTAL LIABILITIES	2,510,879	698,127	-	3,209,006
FUND BALANCE:				
Nonspendable				
Inventory	-	109,219	-	109,219
Total nonspendable fund balance	-	109,219	-	109,219
Restricted for:				
Debt Service	-	-	1,091,037	1,091,037
Total restricted fund balance	-	-	1,091,037	1,091,037
Assigned				
Other	-	-	-	-
Total assigned fund balance	-	-	-	-
Unassigned	-	(384,151)	-	(384,151)
TOTAL FUND BALANCE	-	(274,932)	1,091,037	816,105
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,510,879	\$ 423,195	\$ 1,091,037	\$ 4,025,111

WAPPINGERS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Special <u>Aid</u>	School <u>Lunch</u>	Debt <u>Service</u>	Total Governmental <u>Funds</u>
REVENUE:				
Charges for services	-	1,396,319	-	1,396,319
Use of money and property	-	-	5,524	5,524
Sale of property and compensation for loss	-	158	-	158
Miscellaneous	-	8,463	-	8,463
State sources	1,661,437	50,949	-	1,712,386
Federal sources	<u>4,021,012</u>	<u>1,268,047</u>	<u>-</u>	<u>5,289,059</u>
 Total revenue	 <u>5,682,449</u>	 <u>2,723,936</u>	 <u>5,524</u>	 <u>8,411,909</u>
EXPENDITURES:				
Instruction	5,589,706	-	-	5,589,706
Pupil transportation	446,803	-	-	446,803
Employee benefits	-	647,740	-	647,740
Debt service -				
Principal	-	-	5,654,515	5,654,515
Interest	-	-	2,475,536	2,475,536
Cost of sales	<u>-</u>	<u>2,646,350</u>	<u>-</u>	<u>2,646,350</u>
 Total expenditures	 <u>6,036,509</u>	 <u>3,294,090</u>	 <u>8,130,051</u>	 <u>17,460,650</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	 <u>(354,060)</u>	 <u>(570,154)</u>	 <u>(8,124,527)</u>	 <u>(9,048,741)</u>
OTHER SOURCES AND (USES):				
Proceeds from issuance of bonds/bond premiums	-	-	514,408	514,408
Transfers in	379,490	-	7,153,237	7,532,727
Transfers out	<u>(25,430)</u>	<u>-</u>	<u>-</u>	<u>(25,430)</u>
 Total other financing sources and (uses)	 <u>354,060</u>	 <u>-</u>	 <u>7,667,645</u>	 <u>8,021,705</u>
 CHANGE IN FUND BALANCE	 -	 (570,154)	 (456,882)	 (1,027,036)
FUND BALANCE - beginning of year	<u>-</u>	<u>295,222</u>	<u>1,547,919</u>	<u>1,843,141</u>
FUND BALANCE (DEFICIT) - end of year	<u>\$ -</u>	<u>\$ (274,932)</u>	<u>\$ 1,091,037</u>	<u>\$ 816,105</u>

The accompanying notes are an integral part of these statements.

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

October 15, 2020

The Board of Education of
Wappingers Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wappingers Central School District (School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's 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 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

6 Wembley Court
Albany, New York 12205
p (518) 464-4080
f (518) 464-4087

www.bonadio.com

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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.