



FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2020

PLAINEDGE UNION FREE SCHOOL DISTRICT
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (MD&A)	3
Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24
Required Supplementary Information other than MD&A:	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	54
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	56
Schedule of District Pension Contributions	57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	58
Other Supplementary Information:	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	59
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund	60
Schedule of Net Investment in Capital Assets	62
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	63

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Plainedge Union Free School District
North Massapequa, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Plainedge Union Free School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 15 and 54 through 58 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plainedge Union Free School District's basic financial statements. The other supplementary information on pages 59 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of the Plainedge Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plainedge Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plainedge Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 30, 2020

**PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

1. FINANCIAL HIGHLIGHTS

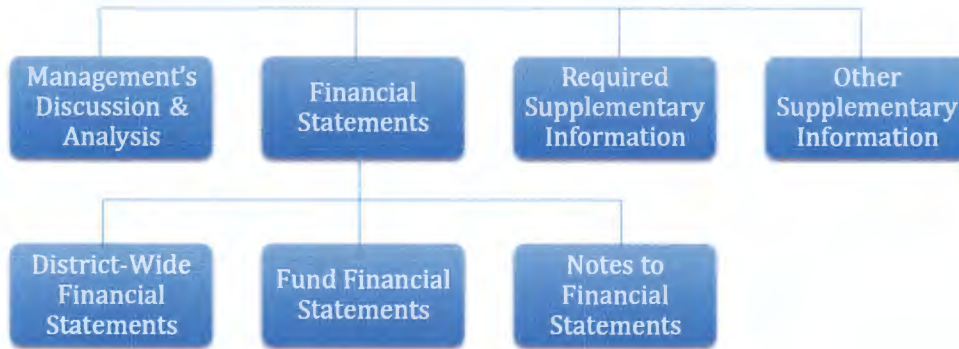
Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by \$1,516,263. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$95,646,723. Of this amount, \$4,184,361 was offset by program charges for services and operating grants. General revenues of \$89,946,099 amount to 95.6% of total revenues, and were not adequate to cover the balance of program expenses.
- On the balance sheet, the general fund total fund balance is \$33,602,935. This represents a \$1,798,970 decrease from the prior year. This decrease was created by expenditures and other financing uses in excess of revenues using the current financial resources measurement focus and the modified accrual basis of accounting.
- On May 19, 2015, the voters approved capital reserve II. The reserve has a funding cap of \$25,000,000 over 10 years, and provides for annual funding of an amount not to exceed \$2,500,000. This reserve has been funded by the District in the amount of \$20,686,404 and has earned interest of \$53,314 through June 30, 2020. To date, the voters approved to expend \$18,228,556 from the reserve for capital projects, including \$3,336,147 for projects as approved by the voters on June 9, 2020 under Proposition 2. The reserve balance in the general fund is \$2,511,162.
- On May 15, 2018, the voters approved capital reserve III. The reserve has a funding cap of \$15,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed \$2,500,000. This reserve has been funded by the District in the amount of \$7,654,881 and has earned interest of \$63,985 through June 30, 2020. The voters on June 9, 2020, under Proposition 3, approved to expend \$598,230 from the reserve for capital projects, for a to date authorized expenditure amount of \$2,833,230. The reserve balance in the general fund is \$4,885,636.
- On May 21, 2019, the voters approved capital reserve IV. The capital reserve – facilities upgrade has a funding cap of \$25,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed \$2,500,000. As part of the voter approval, the reserves will be funded from net proceeds from the liquidation of split dollar life insurance policies owned by the Board of Education not to exceed \$2,500,000, unspent bond proceeds and interest remaining in the debt service fund not to exceed \$1,700,000, and from surplus monies remaining in unreserved undesignated fund balance in the general fund in an annual amount not to exceed \$5,000,000 each year. This reserve has been funded by the District in the amount of \$8,700,000 and has earned interest of \$21,364 through June 30, 2020. The voters on June 9, 2020, under Proposition 2, approved to expend \$5,500,000 from the reserve for capital projects. The reserve balance in the general fund is \$3,221,364.
- The District's 2020 property tax levy of \$66,201,594 was a 1.50% increase over the 2019 tax levy. The District's property tax cap was 2.31%.

**PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Fund Financial Statements

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

Governmental Funds

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

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

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

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

Fiduciary Funds

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$1,516,263 between fiscal year 2019 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2020	2019	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 58,900,683	\$ 52,348,238	\$ 6,552,445	12.52 %
Capital Assets, Net	72,990,624	73,043,387	(52,763)	(0.07)%
Net Pension Asset -				
Proportionate Share	6,026,756	4,274,474	1,752,282	40.99 %
Total Assets	<u>137,918,063</u>	<u>129,666,099</u>	<u>8,251,964</u>	6.36 %
Deferred Outflows of Resources	<u>47,707,324</u>	<u>32,596,398</u>	<u>15,110,926</u>	46.36 %
Liabilities				
Current and Other Liabilities	7,306,949	7,334,525	(27,576)	(0.38)%
Long-Term Liabilities	14,923,296	18,539,693	(3,616,397)	(19.51)%
Net Pension Liability -				
Proportionate Share	6,231,948	1,641,333	4,590,615	279.69 %
Total OPEB Obligation	<u>117,729,920</u>	<u>93,638,980</u>	<u>24,090,940</u>	25.73 %
Total Liabilities	<u>146,192,113</u>	<u>121,154,531</u>	<u>946,642</u>	20.67 %
Deferred Inflows of Resources	<u>22,103,446</u>	<u>22,261,875</u>	<u>(158,429)</u>	(0.71)%
Net Position				
Net Investment in Capital Assets	63,452,457	59,402,025	4,050,432	6.82 %
Restricted	40,518,842	36,843,670	3,675,172	9.98 %
Unrestricted (deficit)	<u>(86,641,471)</u>	<u>(77,399,604)</u>	<u>(9,241,867)</u>	11.94 %
Total Net Position	<u>\$ 17,329,828</u>	<u>\$ 18,846,091</u>	<u>\$ (1,516,263)</u>	(8.05)%

The increase in current and other assets is primarily due to increases in the District's cash, taxes receivable, and due from other governments, offset by decreases in accounts receivable and due from state and federal.

The decrease in capital assets, net is the result of depreciation in excess of ongoing capital improvement projects. The accompanying Notes to Financial Statements, Note 9 "Capital Assets," provides additional information.

Net pension asset - proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans - New York State" provides additional information.

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

The decrease in current and other liabilities is primarily related to decreases in accrued liabilities, due to teachers' retirement system, collections in advance, and compensated absences payable, offset by an increase in accounts payable.

The decrease in long-term liabilities is due to repayments of the current maturities of debt, offset by the increase in compensated absences and workers' compensation liability.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) obligation increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits," provides additional information.

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

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

The restricted amount represents the District's reserves. This number increased over the prior year due to funding of reserves and interest earnings in excess of reserve funds used primarily for capital projects.

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Changes in Net Position

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

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 2,547,180	\$ 3,102,867	\$ (555,687)	(17.91)%
Operating Grants	1,637,181	1,685,095	(47,914)	(2.84)%
Capital Grants		746,268	(746,268)	(100.00)%
General Revenues				
Property Taxes and STAR	66,311,827	65,320,273	991,554	1.52 %
State Sources	21,378,266	20,190,511	1,187,755	5.88%
Other	2,256,006	8,485,577	(6,229,571)	(73.41)%
Total Revenues	<u>94,130,460</u>	<u>99,530,591</u>	<u>(5,400,131)</u>	(5.43)%
Expenses				
General Support	11,828,944	11,450,267	378,677	3.31 %
Instruction	78,780,398	75,291,083	3,489,315	4.63 %
Pupil Transportation	3,309,562	3,477,536	(167,974)	(4.83)%
Community Services	588,586	839,894	(251,308)	(29.92)%
Debt Service - Interest	380,584	477,432	(96,848)	(20.29)%
Food Service Program	758,649	816,728	(58,079)	(7.11)%
Total Expenses	<u>95,646,723</u>	<u>92,352,940</u>	<u>3,293,783</u>	3.57 %
Change in Net Position	<u>\$ (1,516,263)</u>	<u>\$ 7,177,651</u>	<u>\$ (8,693,914)</u>	(121.12)%

Net position decreased by \$1,516,263 for the year ended June 30, 2020 and increased by \$7,177,651 for the year ended June 30, 2019, respectively.

The District's revenues decreased by \$5,400,131 or 5.43%. The major factors that contributed to the decrease were:

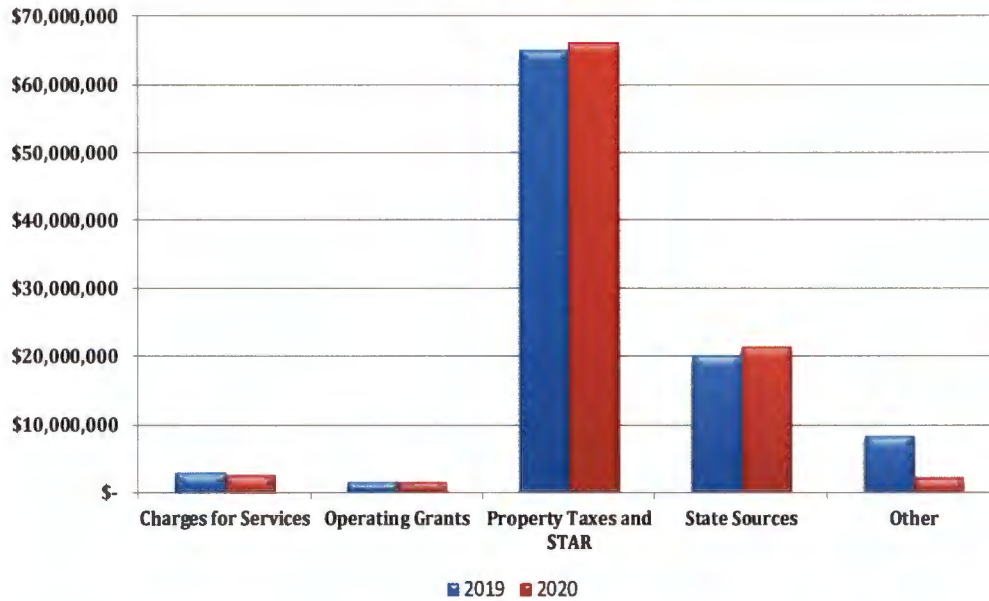
- Other revenues decreased because, in the prior year, the District reflected a non-recurring revenue source of \$5,649,523, proceeds from the liquidation of split dollar life insurance policies.
- Property taxes and STAR revenues increased by \$991,554.
- The District received more state aid in the current year than during the prior year.

The District's total expenses for the year increased by \$3,293,783 or 3.57%. The increase in expense is primarily due to the increase in instruction. The primary reason for the increase in instruction is the impact of the net change in other postemployment benefits costs allocated. Community services and pupil transportation expenses decreased due to the impact of COVID-19 and the implementation of virtual learning.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 70.4% and 65.6% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.3% and 81.5% of the total for the years 2020 and 2019, respectively).

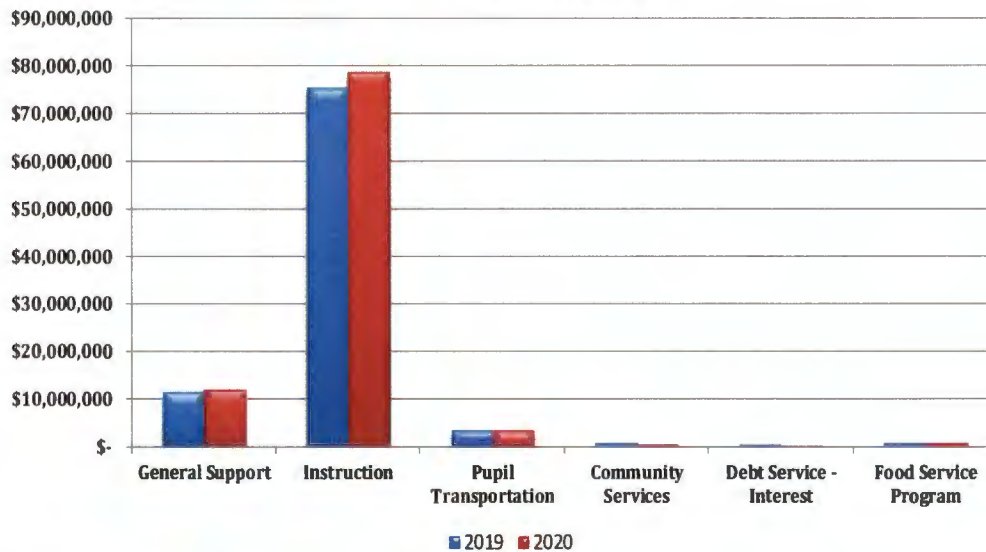
**PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Revenue Distribution



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2019	3.1%	1.7%	65.6%	20.3%	9.3%
2020	2.7%	1.7%	70.4%	22.7%	2.5%

Expense Distribution



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2019	12.4%	81.5%	3.8%	0.9%	0.5%	0.9%
2020	12.4%	82.3%	3.5%	0.6%	0.4%	0.8%

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$51,044,045, which is an increase of \$6,219,357 from the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2020	2019	Increase (Decrease)
General Fund			
Restricted:			
Workers' compensation	\$ 1,077,406	\$ 1,023,899	\$ 53,507
Unemployment insurance	1,183,372	1,129,503	53,869
Retirement contribution			
Teachers' retirement system	676,113	325,000	351,113
Employees' retirement system	6,121,926	6,049,116	72,810
Employee benefit accrued liability	3,826,514	3,741,112	85,402
Capital	10,618,162	15,359,939	(4,741,777)
Assigned:			
Appropriated fund balance	3,546,838	3,261,516	285,322
Unappropriated fund balance	652,432	696,786	(44,354)
Unassigned: Fund balance	5,900,172	3,815,034	2,085,138
	<u>33,602,935</u>	<u>35,401,905</u>	<u>(1,798,970)</u>
School Food Service Fund			
Nonspendable: Inventory	43,685	30,437	13,248
Assigned: Unappropriated fund balance	255,500	268,748	(13,248)
	<u>299,185</u>	<u>299,185</u>	<u>-</u>
Debt Service Fund			
Restricted: Debt service	81,088	80,781	307
Capital Projects Fund			
Restricted: Capital	16,934,261	9,134,320	7,799,941
Assigned: Unappropriated fund balance	126,576		126,576
Unassigned: Fund balance (deficit)		(91,503)	91,503
	<u>17,060,837</u>	<u>9,042,817</u>	<u>8,018,020</u>
Total Fund Balance	<u>\$ 51,044,045</u>	<u>\$ 44,824,688</u>	<u>\$ 6,219,357</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$1,798,970. General fund expenditures and other uses of \$93,499,537 exceeded revenues of \$91,700,567.

General fund revenues and other financing sources decreased by \$6,354,245 or 6.48%. The primary decreases were in sale of property and compensation for loss-split-dollar life insurance proceeds, other tax items-STAR revenues, and a transfer from the debt service fund, offset by increases in real property taxes and state sources.

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

General fund expenditures and other uses decreased by \$2,584,602 or 2.69%. The primary decreases were in employee benefits and general support – central services, offset by the increase in operating transfers out due to the transfer to the capital projects fund for the June 2020 voter approved construction projects. The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2019	Use of Reserves	Interest	Funding	Balance @ June 30, 2020	Appropriated for June 30, 2021
Workers' compensation	\$ 1,023,899	\$ (200,000)	\$ 3,507	\$ 250,000	\$ 1,077,406	\$ 200,000
Unemployment insurance	1,129,503	(19,323)	3,869	69,323	1,183,372	50,000
Retirement contribution						
TRS	325,000		1,113	350,000	676,113	
ERS	6,049,116	(700,000)	20,719	752,091	6,121,926	700,000
EBALR	3,741,112	(88,652)	12,813	161,241	3,826,514	300,000
Capital						
Reserve II	3,694,834	(3,336,147)	12,658	2,139,817	2,511,162	
Reserve III	5,465,105	(598,230)	18,761		4,885,636	
Reserve IV	6,200,000	(5,500,000)	21,364	2,500,000	3,221,364	
	<u>\$ 27,628,569</u>	<u>\$ (10,442,352)</u>	<u>\$ 94,804</u>	<u>\$ 6,222,472</u>	<u>\$ 23,503,493</u>	<u>\$ 1,250,000</u>

Additional detail regarding capital reserves can be found in Note 19 "Restricted for Capital Reserve."

B. School Food Service Fund

There was no net change in the school food service fund – fund balance, as the general fund provided a transfer of \$191,069 to cover the uncollectible meal sales balance and the operating loss.

C. Debt Service Fund

The net change in the debt service fund – fund balance is an increase of \$307, which is the result of interest earnings.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$8,018,020, which is the result of transfers from the general fund of \$9,934,377, \$500,000 from the 2019-2020 budget and \$9,434,377 as approved by the voters on June 9, 2020, in accordance with Propositions 2 and 3. This was offset by expenditures of \$1,916,357 for voter approved capital projects.

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	Balance @ June 30, 2019	Transfer of Reserves	Use of Reserves	Balance @ June 30, 2020
Reserve I	\$ 265,145	\$	\$ (244,187)	\$ 20,958
Reserve II	6,672,078	3,336,147	(1,283,498)	8,724,727
Reserve III	2,197,097	598,230	(106,751)	2,688,576
Reserve IV	-	5,500,000		5,500,000
	<u>\$ 9,134,320</u>	<u>\$ 9,434,377</u>	<u>\$(1,634,436)</u>	<u>\$ 16,934,261</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$95,375,818. This amount was increased by encumbrances carried forward from the prior year in the amount of \$696,786 and budget revisions of \$9,437,383 for a total final budget of \$105,509,987.

The final budget amount was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$67,579,213 in estimated property taxes, PILOT and STAR receipts and \$20,340,089 in estimated state aid.

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

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

Opening, Unassigned Fund Balance	\$ 3,815,034
Revenues Over Budget	833,259
Expenditures and Encumbrances Under Budget	11,358,018
Unused Appropriated Reserves	(242,025)
Allocation to Reserves	(6,317,276)
Appropriated to Fund the June 30, 2021 Budget	<u>(3,546,838)</u>
Closing, Unassigned Fund Balance	<u>\$ 5,900,172</u>

Opening, Unassigned Fund Balance

The \$3,815,034 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Revenues Over Budget

The 2019-2020 original budget for revenues was \$90,864,302; the final budget for revenues was \$90,867,308, which included a budget revision of \$3,006 in miscellaneous revenues. Actual revenues recognized for the year were \$91,700,567. Actual revenues were more than estimated or budgeted revenue by \$833,259. This change contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 original budget for expenditures including prior year encumbrances was \$96,072,604. The budget was increased by budget revisions of \$9,437,383 for a final budget of \$105,509,987. Actual expenditures as of June 30, 2020 were \$93,499,537 and outstanding encumbrances were \$652,432. Combined, the expenditures plus encumbrances for 2019-2020 were \$94,151,969. The final budget variance was \$11,358,018, which contributes directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Unused Appropriated Reserves

In the 2019-2020 budget, \$1,250,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$242,025 of this funding was not needed and, therefore, it was returned to the reserves and is available for future use.

Allocation to Reserves

Monies transferred from budget lines within the general fund operating budget into required restricted fund balances do not affect the combined restricted, assigned and unassigned fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$3,546,838 of the available June 30, 2020 unassigned fund balance to partially fund the 2020-2021 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2020 was \$5,900,172. This amount exceeds the statutory limit of 4.0% of the subsequent years' budget.

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

A. Capital Assets

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the following table. The net decrease in capital assets is due to depreciation expense of \$3,694,297 in excess of capital additions of \$3,641,534 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019 is as follows:

	2020	2019	Increase (Decrease)
Land	\$ 819,000	\$ 819,000	\$ -
Construction in progress	882,573	3,650,935	(2,768,362)
Buildings and improvements	63,357,643	61,121,761	2,235,882
Furniture and equipment	7,931,408	7,451,691	479,717
Capital assets, net	<u>\$ 72,990,624</u>	<u>\$ 73,043,387</u>	<u>\$ (52,763)</u>

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$5,050,000. The bonds were issued in 2012 for the refunding of bonds originally issued for improvements. In July 2014, the District entered into an energy performance contract in the amount of \$6,273,183 with an interest rate of 2.75% and a final maturity in 2029. The decrease in debt is a result of principal payments made during the year. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

Issue Date	Interest Rate	2020	2019	Increase (Decrease)
Bonds Payable				
August 2012	2.00-4.00%	<u>\$ 5,050,000</u>	<u>\$ 8,745,000</u>	<u>\$ (3,695,000)</u>
Energy Performance Contract				
July 2014	2.75%	<u>\$ 4,488,167</u>	<u>\$ 4,896,362</u>	<u>\$ (408,195)</u>

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

C. Other Long-Term Liabilities

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

**PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

	2020	2019	Increase (Decrease)
Compensated absences	\$ 3,826,514	\$ 3,628,852	\$ 197,662
Early retirement annuities	40,000	50,000	(10,000)
Workers' compensation	1,430,350	967,774	462,576
Net pension liability - proportionate share	6,231,948	1,641,333	4,590,615
Total OPEB obligation	117,729,920	93,638,980	24,090,940
	<u>\$ 129,258,732</u>	<u>\$ 99,926,939</u>	<u>\$ 29,331,793</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021, is \$97,504,268. This is an increase of \$2,128,450 or 2.23% over the previous year's budget. The increase is principally in costs of programs for students with disabilities, the addition of enrichment academics and expanded summer enrichment program, and increasing costs of employee benefits.

The District budgeted revenues other than property taxes and STAR at a \$363,947 increase over the prior year's estimate, which is principally due to estimated increases in charges for services. The assigned, appropriated fund balance applied to the budget in the amount of \$3,546,838 is a \$285,322 increase over the previous year. Additionally, the District has elected to appropriate \$1,250,000 of reserves towards the next year's budget, which is equal to the previous year. A property tax increase of \$1,479,181 (2.23%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations in the voter approved budget.

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2020-2021 property tax increase of 2.23% was equal to the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Dr. Edward A. Salina, Jr. - Superintendent of Schools
Plainedge Union Free School District
241 Wyngate Drive
North Massapequa, NY 11758

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

ASSETS

Cash	
Unrestricted	\$ 12,816,544
Restricted	40,518,842
Receivables	
Accounts receivable	552
Taxes receivable	1,659,647
Due from fiduciary fund	10,062
Due from state and federal	1,328,424
Due from other governments	2,522,927
Inventory	43,685
Capital assets not being depreciated	1,701,573
Capital assets being depreciated, net of accumulated depreciation	71,289,051
Net pension asset - proportionate share	6,026,756
	<hr/>
Total Assets	137,918,063

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	45,874
Pensions	24,221,688
Other postemployment benefits	23,439,762
	<hr/>
Total Deferred Outflows of Resources	47,707,324

LIABILITIES

Payables	
Accounts payable	3,044,294
Accrued liabilities	105,956
Due to teachers' retirement system	3,720,241
Due to employees' retirement system	294,572
Compensated absences payable	88,652
Unearned credits	
Collections in advance	53,234
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,924,048
Energy performance contract payable	419,497
Compensated absences payable	220,000
Early retirement annuities payable	10,000
Workers' compensation liability	100,000
Due and payable after one year	
Bonds payable, net	1,214,217
Energy performance contract payable	4,068,670
Compensated absences payable	3,606,514
Early retirement annuities payable	30,000
Workers' compensation liability	1,330,350
Net pension liability - proportionate share	6,231,948
Total other postemployment benefits obligation	117,729,920
	<hr/>
Total Liabilities	146,192,113

DEFERRED INFLOWS OF RESOURCES

Pensions	8,325,467
Other postemployment benefits	13,777,979
	<hr/>
Total Deferred Inflows of Resources	22,103,446

NET POSITION

Net investment in capital assets	63,452,457
	<hr/>
Restricted	
Workers' compensation	1,077,406
Unemployment insurance	1,183,372
Retirement contribution	
Teachers' retirement system	676,113
Employees' retirement system	6,121,926
Employee benefit accrued liability	3,826,514
Capital	27,552,423
Debt service	81,088
	<hr/>
	40,518,842
	<hr/>
Unrestricted (deficit)	(86,641,471)
	<hr/>
Total Net Position	\$ 17,329,828

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
Governmental Activities:				
General support	\$ 11,828,944	\$	\$	\$ (11,828,944)
Instruction	78,780,398	2,114,958	1,482,642	(75,182,798)
Pupil transportation	3,309,562			(3,309,562)
Community services	588,586			(588,586)
Debt service - interest	380,584			(380,584)
Food service program	758,649	432,222	154,539	(171,888)
	<u>758,649</u>	<u>432,222</u>	<u>154,539</u>	<u>(171,888)</u>
Total Governmental Activities	<u>\$ 95,646,723</u>	<u>\$ 2,547,180</u>	<u>\$ 1,637,181</u>	<u>(91,462,362)</u>
GENERAL REVENUES				
Real property taxes				57,366,561
Other tax items				10,328,540
Use of money and property				293,012
Sale of property and compensation for loss				5,889
Miscellaneous				525,533
State sources				21,378,266
Medicaid reimbursement				48,298
				<u>89,946,099</u>
Total General Revenues				<u>89,946,099</u>
Change in Net Position				(1,516,263)
Total Net Position - Beginning of Year				<u>18,846,091</u>
Total Net Position - End of year				<u>\$ 17,329,828</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 11,930,954	\$ 2,901	\$ 314,874	\$	\$ 567,815	\$ 12,816,544
Restricted	23,503,493			81,088	16,934,261	40,518,842
Receivables						
Accounts receivable	552					552
Taxes receivable	1,659,647					1,659,647
Due from other funds	521,906					521,906
Due from state and federal	504,204	599,206	1,154		223,860	1,328,424
Due from other governments	2,505,336	17,591				2,522,927
Inventory			43,685			43,685
Total Assets	\$ 40,626,092	\$ 619,698	\$ 359,713	\$ 81,088	\$ 17,725,936	\$ 59,412,527
LIABILITIES						
Payables						
Accounts payable	\$ 2,486,666	\$ 105,298	\$ 11,367	\$	\$ 440,963	\$ 3,044,294
Accrued liabilities	64,547	2,832	4,223			71,602
Due to other funds		511,568			276	511,844
Due to teachers' retirement system	3,720,241					3,720,241
Due to employees' retirement system	294,572					294,572
Compensated absences payable	88,652					88,652
Unearned credits						
Collections in advance	8,296		44,938			53,234
Total Liabilities	6,662,974	619,698	60,528	-	441,239	7,784,439
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	360,183				223,860	584,043
FUND BALANCES						
Nonspendable: Inventory			43,685			43,685
Restricted:						
Workers' compensation	1,077,406					1,077,406
Unemployment insurance	1,183,372					1,183,372
Retirement contribution						
Teachers' retirement system	676,113					676,113
Employees' retirement system	6,121,926					6,121,926
Employee benefit accrued liability	3,826,514					3,826,514
Capital	10,618,162				16,934,261	27,552,423
Debt service				81,088		81,088
Assigned:						
Appropriated fund balance	3,546,838					3,546,838
Unappropriated fund balance	652,432		255,500		126,576	1,034,508
Unassigned: Fund balance	5,900,172					5,900,172
Total Fund Balances	33,602,935	-	299,185	81,088	17,060,837	51,044,045
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 40,626,092	\$ 619,698	\$ 359,713	\$ 81,088	\$ 17,725,936	\$ 59,412,527

PLAINEDGE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances \$ 51,044,045

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

The costs of building and acquiring capital assets (land, construction in progress, buildings and improvements, furniture and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 106,702,523	
Less: Accumulated depreciation	<u>(33,711,899)</u>	72,990,624

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

Net pension asset - teachers' retirement system	6,026,756	
Deferred outflows of resources	24,221,688	
Net pension liability - employees' retirement system	(6,231,948)	
Deferred inflows of resources	<u>(8,325,467)</u>	15,691,029

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds. 45,874

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

Deferred outflows of resources	23,439,762	
Total other postemployment benefits obligation	(117,729,920)	
Deferred inflows of resources	<u>(13,777,979)</u>	(108,068,137)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 584,043

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

Accrued interest on bonds payable	(34,354)	
Bonds payable, net	(5,138,265)	
Energy performance contract payable	(4,488,167)	
Compensated absences payable	(3,826,514)	
Early retirement annuities payable	(40,000)	
Workers' compensation payable	<u>(1,430,350)</u>	(14,957,650)

Total Net Position \$ 17,329,828

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 57,366,561	\$	\$	\$	\$	\$ 57,366,561
Other tax items	10,328,540					10,328,540
Charges for services	2,114,958					2,114,958
Use of money and property	292,705			307		293,012
Sale of property and compensation for loss	5,889					5,889
Miscellaneous	525,533		816			526,349
State sources	21,018,083	729,159	7,082			21,754,324
Medicaid reimbursement	48,298					48,298
Federal sources		753,483	147,457			900,940
Sales			431,406			431,406
Total Revenues	91,700,567	1,482,642	586,761	307	-	93,770,277
EXPENDITURES						
General support	9,188,332					9,188,332
Instruction	49,414,597	1,434,618				50,849,215
Pupil transportation	2,400,487	186,418				2,586,905
Community services	387,888					387,888
Employee benefits	17,281,636					17,281,636
Debt service						
Principal				4,103,195		4,103,195
Interest				459,562		459,562
Food service program			777,830			777,830
Capital outlay					1,916,357	1,916,357
Total Expenditures	78,672,940	1,621,036	777,830	4,562,757	1,916,357	87,550,920
Excess (Deficiency) of Revenues Over Expenditures	13,027,627	(138,394)	(191,069)	(4,562,450)	(1,916,357)	6,219,357
OTHER FINANCING SOURCES AND USES						
Operating transfers in		138,394	191,069	4,562,757	9,934,377	14,826,597
Operating transfers (out)	(14,826,597)					(14,826,597)
Total Other Sources (Uses)	(14,826,597)	138,394	191,069	4,562,757	9,934,377	-
Net Change in Fund Balances	(1,798,970)	-	-	307	8,018,020	6,219,357
Fund Balances - Beginning of year	35,401,905	-	299,185	80,781	9,042,817	44,824,688
Fund Balances - End of year	\$ 33,602,935	\$ -	\$ 299,185	\$ 81,088	\$ 17,060,837	\$ 51,044,045

PLAINEDGE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For The Year Ended June 30, 2020

Net Change in Fund Balances \$ 6,219,357

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

Long-Term Revenue and Expense Differences

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

\$ 360,183

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

Increase in compensated absences liability	(197,662)	
Increase in workers' compensation payable	(462,576)	

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

Decrease in early retirement annuities payable	10,000	(290,055)
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Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which depreciation exceeded capital outlays in the period.

Capital outlays and other additions	3,641,534	
Depreciation expense	(3,694,297)	(52,763)

Long-Term Debt Transaction Differences

Amortization of bond premiums and deferred charges from advance refunding of bonds do not affect the governmental funds, but are recorded in the Statement of Activities.

Amortization of bond premiums	163,440	
Amortization of deferred charges	(84,943)	

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

Repayment of bond principal	3,695,000	
Repayment of energy performance contract payable principal	408,195	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2019 to June 30, 2020.

	481	4,182,173
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Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	(4,038,441)	
Employees' retirement system	(1,218,024)	
Other postemployment benefits	(6,318,510)	(11,574,975)

Change in Net Position of Governmental Activities	\$ (1,516,263)	
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PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2020

	Agency	Private Purpose Trust
ASSETS		
Cash		
Unrestricted	\$ 139,003	\$
Restricted		14,606
Accounts receivable	2,397	
Total Assets	\$ 141,400	14,606
 LIABILITIES		
Extraclassroom activity balances	\$ 85,230	
Due to governmental funds	10,062	
Other liabilities	46,108	
Total Liabilities	\$ 141,400	-
 NET POSITION		
Restricted for scholarships		\$ 14,606

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For The Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 500
Investment earnings	32
Total Additions	532
DEDUCTIONS	
Scholarships and awards	1,900
Change in Net Position	(1,368)
Net Position - Beginning of year	15,974
Net Position - End of Year	\$ 14,606

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entity is included in the District's financial statements:

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflect capital-specific grants, if applicable.

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

Fund Financial Statements

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

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

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

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

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

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

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes

Calendar

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

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

Enforcement

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

F. Payments in Lieu of Taxes (PILOT)

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

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

The District's PILOT revenues include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,383,273 in LIPA PILOT revenue during the 2019-2020 fiscal year.

G. Restricted Resources

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Interfund Transactions

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

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

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

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

G. Use of Estimates

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

H. Cash and Cash Equivalents

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

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

I. Receivables

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

J. Inventory

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

K. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land improvements	\$ 25,000	50 years
Buildings and improvements	50,000	15-25 years
Furniture and equipment	2,000	5-20 years

L. Deferred Outflows of Resources

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

M. Short-Term Debt

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

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

No short-term borrowings were issued or outstanding during the year ended June 30, 2020.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

N. Collections in Advance

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

O. Employee Benefits – Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination or death.

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

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

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

P. Other Benefits

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

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

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

In prior years, the District offered early retirement incentives to eligible employees. The incentive provided for annual annuity payments in the amount of \$10,000 for ten years starting eight years after retirement. The District records the expenditure as the payments become due. For 2020, the expenditure was \$10,000. The amount outstanding of \$10,000 per year will be paid in full through fiscal year ending 2025.

Q. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the District-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contribution to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB in the District-wide financial statements and represents changes in the total other postemployment benefits obligation not included in OPEB expense.

R. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

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

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Capital Reserve

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

Restricted for Debt Service

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are recorded in the debt service fund and held until appropriated for debt payments. These restricted funds are accounted for in the debt service fund.

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

2. FUTURE ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

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

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year.

Transfer to capital projects fund for school improvements funded by capital reserve funds II and IV as approved by voters on June 9, 2020	\$ 8,836,147
Transfer to capital projects fund for school improvements funded by capital reserve fund III as approved by voters on June 9, 2020	598,230
Instructional expenditures funded by gifts and donations	<u>3,006</u>
	<u>\$ 9,437,383</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as part of assigned fund balance, unless classified as restricted, and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is anticipating the need to appropriate unassigned fund balance for unanticipated contingent expenditures not part of the 2020 - 2021 budget. These expenditures related to the delivery of educational services, and to preserve the health and safety of students and staff during the COVID-19 pandemic will reduce the unassigned fund balance to be within the permissible limit.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

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

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

6. PARTICIPATION IN BOCES

During the year ended June 30, 2020, the District was billed \$4,950,065 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,805,969. Financial statements for the BOCES are available from the BOCES administrative offices at Nassau BOCES Administrative Center, 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

7. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State excess cost aid	\$ 504,204
Special Aid Fund	
Federal and state grants	599,206
School Food Service Fund	
Federal and state food service program reimbursements	1,154
Capital Projects Fund	
Smart Schools Bond Act	<u>223,860</u>
	<u>\$ 1,328,424</u>

District management expects these amounts to be fully collectible.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. DUE FROM OTHER GOVERNMENTS

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

General Fund		
BOCES aid	\$ 1,715,947	
Other districts - charges for services	789,389	
	<u>2,505,336</u>	
Special Aid		
Charges for services - other districts	17,591	
	<u>\$ 2,522,927</u>	

District management expects these amounts to be fully collectible.

9. CAPITAL ASSETS

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

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 819,000	\$	\$	\$ 819,000
Construction in progress	3,650,935	1,916,357	(4,684,719)	882,573
Total capital assets not being depreciated	<u>4,469,935</u>	<u>1,916,357</u>	<u>(4,684,719)</u>	<u>1,701,573</u>
Capital assets being depreciated:				
Buildings and improvements	85,940,221	4,691,386		90,631,607
Furniture and equipment	12,904,682	1,718,510	(253,849)	14,369,343
Total capital assets being depreciated	<u>98,844,903</u>	<u>6,409,896</u>	<u>(253,849)</u>	<u>105,000,950</u>
Less accumulated depreciation for:				
Buildings and improvements	24,818,460	2,455,504		27,273,964
Furniture and equipment	5,452,991	1,238,793	(253,849)	6,437,935
Total accumulated depreciation	<u>30,271,451</u>	<u>3,694,297</u>	<u>(253,849)</u>	<u>33,711,899</u>
Total capital assets, being depreciated, net	<u>68,573,452</u>	<u>2,715,599</u>	<u>-</u>	<u>71,289,051</u>
Capital assets, net	<u>\$ 73,043,387</u>	<u>\$ 4,631,956</u>	<u>\$ (4,684,719)</u>	<u>\$ 72,990,624</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to governmental functions as follows:

General support	\$ 307,990
Instruction	3,252,276
Pupil transportation	111,699
Community service	<u>22,332</u>
 Total depreciation expense	 <u>\$ 3,694,297</u>

10. INTERFUND TRANSACTIONS

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

	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 521,906	\$	\$	\$ 14,826,597
Special Aid Fund		511,568	138,394	
School Food Service Fund			191,069	
Debt Service Fund			4,562,757	
Capital Projects Fund		276	9,934,377	
Total Governmental Funds	<u>521,906</u>	<u>511,844</u>	<u>\$ 14,826,597</u>	<u>\$ 14,826,597</u>
Fiduciary Funds		<u>10,062</u>		
 Total	 <u>\$ 521,906</u>	 <u>\$ 521,906</u>		

The District typically transfers from the general fund to the special aid fund to fund the District's required 20% share of the July / August program for students with disabilities and the state supported Section 4201 schools. The District transfers from the general fund to the debt service fund to pay for its long-term debt service obligations. The District also transferred from the general fund to the capital projects fund in accordance with the voter approved budget of \$500,000. The District transfers to the school food service fund for the uncollectible meal sales balance. The Board of Education approved an additional transfer to the school food service fund to offset the operating loss incurred during the fiscal year resulting from reduced meal sales as a result of the COVID-19 pandemic. Transfers from the general fund to the capital projects fund in the amount of \$9,434,377 were in accordance with Propositions 2 and 3 approved by the voters of the District on June 9, 2020.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 8,745,000	\$	\$ (3,695,000)	\$ 5,050,000	\$ 3,850,000
Add: Premium on refunding	251,705		(163,440)	88,265	74,048
	8,996,705	-	(3,858,440)	5,138,265	3,924,048
Energy performance	4,896,362		(408,195)	4,488,167	419,497
	13,893,067	-	(4,266,635)	9,626,432	4,343,545
Other long-term liabilities:					
Compensated absences	3,628,852	197,662		3,826,514	220,000
Early retirement annuities	50,000		(10,000)	40,000	10,000
Workers' compensation	967,774	836,134	(373,558)	1,430,350	100,000
	<u>\$ 18,539,693</u>	<u>\$ 1,033,796</u>	<u>\$ (4,650,193)</u>	<u>\$ 14,923,296</u>	<u>\$ 4,673,545</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Bond Refunding	August 2012	November 2021	2.00-4.00%	<u>\$ 5,050,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 3,850,000	\$ 178,900	\$ 4,028,900
2022	1,200,000	24,000	1,224,000
Total	<u>\$ 5,050,000</u>	<u>\$ 202,900</u>	<u>\$ 5,252,900</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Advance Refunding

In the district-wide statements, the District is amortizing deferred charges on the advance refunding and a refunding bond premium as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase/ (Decrease)
2021	\$ 38,484	\$ (74,048)	\$ (35,564)
2022	7,390	(14,217)	(6,827)
Total	<u>\$ 45,874</u>	<u>\$ (88,265)</u>	<u>\$ (42,391)</u>

D. Energy Performance Contract

The energy performance contract payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
Energy Performance Contract	July 2014	December 2029	2.75%	<u>\$ 4,488,167</u>

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

Year Ending June 30,	Principal	Interest	Total
2021	\$ 419,497	\$ 120,560	\$ 540,057
2022	431,112	108,945	540,057
2023	443,050	97,007	540,057
2024	455,317	84,740	540,057
2025	467,925	72,132	540,057
2026-2030	2,271,266	158,992	2,430,258
Total	<u>\$ 4,488,167</u>	<u>\$ 642,376</u>	<u>\$ 5,130,543</u>

E. Interest Expense

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

Interest paid	\$ 459,562
Less interest accrued in the prior year	(34,835)
Plus interest accrued in the current year	34,354
Less amortization of deferred amounts on refunding	<u>(78,497)</u>
Total interest expense on long-term debt	<u>\$ 380,584</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

12. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September,

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 14.15% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2020 was \$3,525,769 for TRS at the contribution rate of 8.86% and \$1,047,800 for ERS at an average contribution rate of 14.25%.

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related Pensions

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	\$ 6,026,756	\$ (6,231,948)
District's portion of the Plan's total net pension asset/(liability)	0.231976%	0.0235340%
Change in proportion since the prior measurement date	(0.0044100)	0.0003687

PLAINEDGE UNION FREE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

For the year ended June 30, 2020, the District recognized pension expense of \$7,550,976 for TRS and \$2,365,331 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 4,084,178	\$ 366,775	\$ 448,161	\$
Changes of assumptions	11,385,347	125,482	2,776,070	108,352
Net difference between projected and actual earnings on pension plan investments		3,194,801	4,833,147	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	728,595	516,169	116,710	43,027
District contributions subsequent to the measurement date	<u>3,525,769</u>	<u>294,572</u>		
Total	<u>\$ 19,723,889</u>	<u>\$ 4,497,799</u>	<u>\$ 8,174,088</u>	<u>\$ 151,379</u>

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

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2021	\$ 2,824,445	\$ 789,873
2022	270,864	1,039,000
2023	2,814,562	1,245,314
2024	1,912,903	977,661
2025	341,142	
Thereafter	<u>(139,884)</u>	
	<u>\$ 8,024,032</u>	<u>\$ 4,051,848</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions

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

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

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

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

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

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2019		March 31, 2020
Asset type				
Domestic equity	33.0%	6.30%	36.0%	4.05%
International equity	16.0%	7.80%	14.0%	6.15%
Global equity	4.0%	7.20%		
Real estate	11.0%	4.60%	10.0%	4.95%
Private equities	8.0%	9.90%	10.0%	6.75%
Alternatives investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

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

Discount Rate

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

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

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

TRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset/(liability)	<u>\$ (27,204,145)</u>	<u>\$ 6,026,756</u>	<u>\$ 33,903,731</u>
ERS	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
District's proportionate share of the net pension asset/(liability)	<u>\$ (11,437,385)</u>	<u>\$ (6,231,948)</u>	<u>\$ (1,437,719)</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$3,525,769 of employer contributions and \$194,472 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$294,572 of employer contributions. Employee contributions are remitted monthly.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

13. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. For the year ended June 30, 2020, employer non-elective contributions were \$128,078 and employees' elective contributions were \$2,623,736.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$74,427.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	356
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	490
	846

B. Total OPEB Liability

The District's total OPEB liability of \$117,729,920 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Inflation	2.60%
Discount rate	2.21%
Healthcare cost trend rates	6.10% decreasing to 4.10% over 57 years
Retirees' share of benefit-related costs	up to 50.00% of projected health insurance premiums for retirees

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

Mortality rates were based on RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016. Mortality improvement was projected to date of decrement using Scale MP-2016 (generational mortality).

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 93,638,980</u>
Changes for the year	
Service cost	3,888,865
Interest	3,371,055
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	19,275,965
Benefit payments	<u>(2,444,945)</u>
	<u>24,090,940</u>
Balance at June 30, 2020	<u><u>\$ 117,729,920</u></u>

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

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

OPEB	1% Decrease 1.21 %	Discount Rate 2.21 %	1% Increase 3.21 %
Total OPEB liability	<u>\$ (140,345,396)</u>	<u>\$ (117,729,920)</u>	<u>\$ (99,843,677)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.10%) or 1 percentage point higher (7.10%) than the current healthcare cost trend rate:

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease 5.10 % decreasing to 3.10 %	Healthcare Cost Trend Rates 6.10 % decreasing to 4.10 %	1% Increase 7.10 % decreasing to 5.10 %
<u>OPEB</u>			
Total OPEB liability	<u>\$ (99,451,847)</u>	<u>\$ (117,729,920)</u>	<u>\$ (142,125,646)</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$8,763,455. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 6,878,722	\$ 317,207
Changes of assumptions or other inputs	<u>16,561,040</u>	<u>13,460,772</u>
Total	<u>\$ 23,439,762</u>	<u>\$ 13,777,979</u>

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

Year Ending June 30,	Amount
2021	\$ 1,503,535
2022	1,503,535
2023	1,503,535
2024	1,503,535
2025	1,503,535
Thereafter	<u>2,144,108</u>
	<u>\$ 9,661,783</u>

15. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including BOCES aid, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State, in response to revenue losses and costs related to COVID-19 at the State level. Unavailable revenues, in the general fund at June 30, 2020, total \$360,183.

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2020, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues, in the capital projects fund at June 30, 2020, total \$223,860.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

16. RISK MANAGEMENT

A. General Information

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

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that were incurred but not reported (IBNR) as of year end June 30, 2020. The liability is undiscounted.

	2019	2020
Unpaid claims at beginning of year	\$ 930,779	\$ 967,774
Incurred claims and claim adjustment expenses	373,982	836,134
Claims payments	(336,987)	(373,558)
Unpaid claims at year end	\$ 967,774	\$ 1,430,350

C. Public Entity Risk Pool

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

17. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

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

Workers' compensation	\$ 200,000
Unemployment insurance	50,000
Retirement system contribution - ERS	700,000
Employee benefit accrued liability	300,000
	\$ 1,250,000

18. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$3,546,838 has been appropriated to reduce taxes for the year ending June 30, 2021.

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

19. RESTRICTED FOR CAPITAL RESERVE

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

	Capital Reserve			
	I	II	III	IV
Date Created	May 2009	May 2015	May 2018	May 2019
Number of Years to Fund	10	10	15	15
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 25,000,000</u>
General Fund				
Funding Provided Since Inception	\$ 10,000,000	\$ 20,686,404	\$ 7,654,881	\$ 8,700,000
Interest Earnings Since Inception	52,470	53,314	63,985	21,364
Transfer to Capital Fund	<u>(10,052,470)</u>	<u>(18,228,556)</u>	<u>(2,833,230)</u>	<u>(5,500,000)</u>
Total General Fund	<u>-</u>	<u>2,511,162</u>	<u>4,885,636</u>	<u>3,221,364</u>
Capital Projects Fund				
Transfer from General Fund	10,052,470	18,228,556	2,833,230	5,500,000
Use of Reserve Since Inception	<u>(10,031,512)</u>	<u>(9,503,829)</u>	<u>(144,654)</u>	<u>-</u>
Total Capital Projects Fund	<u>20,958</u>	<u>8,724,727</u>	<u>2,688,576</u>	<u>5,500,000</u>
Balance as of June 30, 2020	<u>\$ 20,958</u>	<u>\$ 11,235,889</u>	<u>\$ 7,574,212</u>	<u>\$ 8,721,364</u>

20. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted:

Capital Projects Fund	
Capital projects	<u>\$ 4,386,131</u>

Assigned: Unappropriated Fund Balance:

General Fund	
General support	238,891
Instruction	181,278
Pupil transportation	166,586
Employee benefits	65,677
	<u>652,432</u>

Capital Projects Fund	
Capital projects	<u>244,276</u>
	<u>\$ 5,282,839</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Grants

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

C. Litigation

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

D. Purchase Agreements

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was \$78,704 for the year ended June 30, 2020. The following is summary of future obligations under these purchase agreements:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 72,559
2022	71,145
2023	<u>61,426</u>
	<u>\$ 205,130</u>

21. SUBSEQUENT EVENTS

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

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 57,256,328	\$ 57,256,328	\$ 57,366,561	\$ 110,233
Other tax items	10,322,885	10,322,885	10,328,540	5,655
Charges for services	2,180,000	2,180,000	2,114,958	(65,042)
Use of money and property	162,000	162,000	292,705	130,705
Sale of property and compensation for loss	271,000	271,000	5,889	(265,111)
Miscellaneous	272,000	275,006	525,533	250,527
Total Local Sources	70,464,213	70,467,219	70,634,186	166,967
State Sources	20,340,089	20,340,089	21,018,083	677,994
Medicaid reimbursement	60,000	60,000	48,298	(11,702)
Total Revenues	90,864,302	90,867,308	91,700,567	\$ 833,259
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	3,261,516	3,261,516		
Prior Year's Encumbrances	696,786	696,786		
Appropriated Reserves	1,250,000	10,684,377		
Total Appropriated Fund Balance	5,208,302	14,642,679		
Total Revenues and Appropriated Fund Balance	\$ 96,072,604	\$ 105,509,987		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 159,466	\$ 160,679	\$ 105,621	\$ 240	\$ 54,818
Central administration	418,708	340,846	333,751	30	7,065
Finance	952,501	956,795	863,091	36,320	57,384
Staff	519,097	521,097	435,624	4,019	81,454
Central services	8,014,452	8,042,221	6,586,184	198,282	1,257,755
Special items	885,929	885,929	864,061		21,868
Total General Support	<u>10,950,153</u>	<u>10,907,567</u>	<u>9,188,332</u>	<u>238,891</u>	<u>1,480,344</u>
Instruction					
Administration & improvement	3,622,082	3,774,882	3,392,089		382,793
Teaching - regular school	29,901,982	29,818,919	27,465,317	40,473	2,313,129
Programs for students with disabilities	13,094,791	12,403,605	10,786,095	134,414	1,483,096
Occupational education	642,375	642,375	561,735		80,640
Teaching - special schools	487,632	490,332	175,304		315,028
Instructional media	2,672,139	3,329,790	3,083,614	5,770	240,406
Pupil services	4,614,891	4,621,581	3,950,443	621	670,517
Total Instruction	<u>55,035,892</u>	<u>55,081,484</u>	<u>49,414,597</u>	<u>181,278</u>	<u>5,485,609</u>
Pupil Transportation	3,364,669	3,364,669	2,400,487	166,586	797,596
Community Services	778,867	778,867	387,888		390,979
Employee Benefits	20,675,265	20,489,196	17,281,636	65,677	3,141,883
Debt Service - Interest	50,000	50,000	-		50,000
Total Expenditures	90,854,846	90,671,783	78,672,940	652,432	11,346,411
OTHER USES					
Operating Transfers Out	5,217,758	14,838,204	14,826,597		11,607
Total Expenditures and Other Uses	<u>\$ 96,072,604</u>	<u>\$ 105,509,987</u>	<u>93,499,537</u>	<u>\$ 652,432</u>	<u>\$ 11,358,018</u>
Net Change in Fund Balance			(1,798,970)		
Fund Balance - Beginning of Year			35,401,905		
Fund Balance - End of Year			<u>\$ 33,602,935</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.231976%	0.236386%	0.245387%	0.245340%	0.244660%	0.240278%
District's proportionate share of the net pension asset/(liability)	\$ 6,026,756	\$ 4,274,474	\$ 1,865,186	\$ (2,627,696)	\$ 25,412,343	\$ 26,765,449
District's covered payroll	\$ 38,888,794	\$ 38,504,551	\$ 39,186,603	\$ 37,923,933	\$ 36,779,492	\$ 35,500,210
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.50 %	11.10 %	4.76 %	(6.93)%	69.09 %	75.40 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0235340%	0.0231653%	0.0239933%	0.0243598%	0.0253271%	0.0254307%
District's proportionate share of the net pension liability	\$ (6,231,948)	\$ (1,641,333)	\$ (774,372)	\$ (2,288,899)	\$ (4,065,070)	\$ (859,110)
District's covered payroll	\$ 8,138,203	\$ 7,109,737	\$ 6,933,250	\$ 7,042,828	\$ 6,968,359	\$ 6,984,136
District's proportionate share of the net pension liability as a percentage of its covered payroll	(76.58)%	(23.09)%	(11.17)%	(32.50)%	(58.34)%	(12.30)%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 3,525,769	\$ 4,129,990	\$ 3,773,446	\$ 4,516,967	\$ 4,985,480	\$ 6,502,819	\$ 5,754,364	\$ 3,974,383	\$ 3,686,262	\$ 2,763,011
Contributions in relation to the contractually required contribution	3,525,769	4,129,990	3,773,446	4,516,967	4,985,480	6,502,819	5,754,364	3,974,383	3,686,262	2,763,011
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 41,113,593	\$ 38,888,794	\$ 38,504,551	\$ 39,186,603	\$ 37,923,933	\$ 36,779,492	\$ 35,500,210	\$ 38,853,070	\$ 33,274,188	\$ 32,614,924
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	18%	16%	10%	11%	8%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,047,800	\$ 971,176	\$ 1,039,262	\$ 1,058,025	\$ 1,192,590	\$ 1,293,171	\$ 1,176,551	\$ 1,105,565	\$ 968,338	\$ 769,180
Contributions in relation to the contractually required contribution	1,047,800	971,176	1,039,262	1,058,025	1,192,590	1,293,171	1,176,551	1,105,565	968,338	769,180
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,353,777	\$ 7,295,605	\$ 7,124,123	\$ 7,111,963	\$ 6,949,601	\$ 7,023,572	\$ 6,804,640	\$ 6,741,885	\$ 6,519,783	\$ 6,829,534
Contributions as a percentage of covered payroll	14%	13%	15%	15%	17%	18%	17%	16%	15%	11%

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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 3,888,865	\$ 4,870,299	\$ 3,719,393
Interest	3,371,055	3,018,956	2,862,104
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	9,292,308	(487,139)
Changes of assumptions or other inputs	19,275,965	(18,183,850)	-
Benefit payments	<u>(2,444,945)</u>	<u>(2,224,212)</u>	<u>(1,812,481)</u>
Net change in total OPEB liability	24,090,940	(3,226,499)	4,281,877
Total OPEB liability, beginning	<u>93,638,980</u>	<u>96,865,479</u>	<u>92,583,602</u>
Total OPEB liability, ending	<u>\$ 117,729,920</u>	<u>\$ 93,638,980</u>	<u>\$ 96,865,479</u>
Covered employee payroll	\$ 41,405,088	\$ 41,405,088	\$ 42,477,512
Total OPEB liability as a percentage of covered employee payroll	284.34%	226.15%	228.04%
Discount rate	2.21%	3.50%	3.00%
Healthcare trend rates	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% by 2023

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

Notes to Required Supplementary Information

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

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 95,375,818
Additions:	
Prior year's encumbrances	696,786
Original Budget	96,072,604
Budget Revisions	9,437,383
Final Budget	\$ 105,509,987

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	\$ 97,504,268
Maximum allowed (4% of 2020-2021 budget)	\$ 3,900,171
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 4,199,270
Unassigned fund balance	5,900,172
	\$ 10,099,442
Less:	
Appropriated fund balance	3,546,838
Encumbrances	652,432
Total adjustments	4,199,270
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	\$ 5,900,172
Actual Percentage	6.05%

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

PROJECT TITLE	Budget June 30, 2019	Budget June 30, 2020	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
District-wide 14/15	\$ 1,000,000	\$ 1,000,000	\$ 997,868	\$ 2,132	\$ 1,000,000	\$ -	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Capital repair 14/15	300,000	300,000	300,000	-	300,000	-	-	-	300,000	300,000	-
Capital repair 15/16	300,000	300,000	278,497	21,503	300,000	-	-	-	300,000	300,000	-
Capital repair 17/18	300,000	300,000	300,000	-	300,000	-	-	-	300,000	300,000	-
Capital repair 18/19	325,000	325,000	216,278	104,326	320,604	4,396	-	-	325,000	325,000	4,396
Capital repair 19/20	-	500,000	-	153,960	153,960	346,040	-	-	500,000	500,000	346,040
Smart Schools Bond Act	746,268	746,268	746,268	-	746,268	-	-	746,268	-	746,268	-
Capital reserve projects approved May 2015											
From capital reserve I (5/09)											
High school roof replacement Science, Technology, Engineering Art and Math (STEAM)	1,969,846	1,969,846	1,969,846	-	1,969,846	-	-	-	-	1,969,846	-
Learning center - Eastplain	779,802	771,344	713,954	57,390	771,344	-	-	-	-	771,344	-
Learning center - Schwarting	729,140	722,222	653,771	68,451	722,222	-	-	-	-	722,222	-
Learning center - West	706,677	701,095	584,174	116,921	701,095	-	-	-	-	701,095	-
Smart boards	60,000	80,958	58,576	1,424	60,000	20,958	-	-	-	80,958	20,958
	4,245,465	4,245,465	3,980,321	244,186	4,224,507	20,958	-	-	-	4,245,465	20,958
Capital reserve projects approved May 2016											
From capital reserve I (5/09) and II (5/15)											
High school athletic field upgrades	4,957,319	4,957,319	4,957,319	-	4,957,319	-	-	-	-	4,957,319	-
John H. West roof replacement	1,137,651	1,137,651	1,137,651	-	1,137,651	-	-	-	-	1,137,651	-
Floor replacements district wide	87,513	87,513	64,842	22,229	87,071	442	-	-	-	87,513	442
Restroom upgrades district wide	137,517	137,517	137,517	-	137,517	-	-	-	-	137,517	-
Door replacements district wide	48,000	48,000	48,000	-	48,000	-	-	-	-	48,000	-
Smart boards district-wide	60,000	60,000	42,657	13,167	55,824	4,176	-	-	-	60,000	4,176
	6,428,000	6,428,000	6,387,986	35,396	6,423,382	4,618	-	-	-	6,428,000	4,618
Capital reserve projects approved May 2017											
From capital reserve I (5/09) and II (5/15)											
Outdoor restroom, concession	438,114	438,114	438,114	-	438,114	-	-	-	-	438,114	-
Baseball field	353,438	353,438	353,438	-	353,438	-	-	-	-	353,438	-
Field lighting	560,953	560,953	560,953	-	560,953	-	-	-	-	560,953	-
Bleacher storage	107,802	107,802	107,802	-	107,802	-	-	-	-	107,802	-
Restroom	160,984	160,984	160,984	-	160,984	-	-	-	-	160,984	-
Administration renovation	5,427	5,985	5,377	608	5,985	-	-	-	-	5,985	-
Schwarting roof	954,284	954,284	954,284	-	954,284	-	-	-	-	954,284	-
Eastplain outdoor restroom	237,825	234,135	207,108	27,027	234,135	-	-	-	-	234,135	-
Flooring district-wide	81,975	85,107	11,114	1,726	12,840	72,267	-	-	-	85,107	72,267
Smart boards district-wide	38,062	38,062	-	-	-	38,062	-	-	-	38,062	38,062
Door replacement district-wide	46,450	46,450	39,600	6,850	46,450	-	-	-	-	46,450	-
	\$ 2,985,314	\$ 2,985,314	\$ 2,838,774	\$ 36,211	\$ 2,874,985	\$ 110,329	\$ -	\$ -	\$ -	\$ 2,985,314	\$ 110,329

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

PROJECT TITLE	Budget		Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
	June 30, 2019	June 30, 2020	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Capital reserve projects approved May 2018											
From capital reserve II (5/15)											
Eastplain Roof	\$ 1,200,000	\$ 1,157,708	\$ 1,010,967	\$ 146,741	\$ 1,157,708	\$ -	\$ -	\$ 1,157,708	\$ 1,157,708	\$ -	
High School A/C	1,600,000	1,963,500	51,300	288,339	339,639	1,623,861	-	1,963,500	1,963,500	1,623,861	
Eastplain Playground	78,670	78,670	78,670	-	78,670	-	-	78,670	78,670	-	
John West Playground	34,640	34,640	34,640	-	34,640	-	-	34,640	34,640	-	
Schwarting Playground	83,121	83,121	83,121	-	83,121	-	-	83,121	83,121	-	
John West Bathroom 1	100,000	81,301	1,995	79,306	81,301	-	-	81,301	81,301	-	
John West Bathroom 2	100,000	81,301	1,995	79,306	81,301	-	-	81,301	81,301	-	
Schwarting Bathroom 1	100,000	118,960	1,995	116,965	118,960	-	-	118,960	118,960	-	
Schwarting Bathroom 2	100,000	118,960	1,995	116,965	118,960	-	-	118,960	118,960	-	
Flooring DW	513,569	212,934	-	-	-	212,934	-	212,934	212,934	212,934	
Smartboard DW	36,000	14,905	-	-	-	14,905	-	14,905	14,905	14,905	
Door Replacement DW	52,200	52,200	-	20,956	20,956	-	-	52,200	52,200	31,244	
	<u>3,998,200</u>	<u>3,998,200</u>	<u>1,266,678</u>	<u>848,578</u>	<u>2,115,256</u>	<u>1,882,944</u>	<u>-</u>	<u>-</u>	<u>3,998,200</u>	<u>3,998,200</u>	<u>1,882,944</u>
Capital reserve projects approved May 2019											
From capital reserve II (5/15)											
High School A/C	1,715,900	1,715,900	45,548	85,245	130,793	1,585,107	-	1,715,900	1,715,900	1,585,107	
Middle School Gym A/C	300,000	359,764	8,349	-	8,349	351,415	-	359,764	359,764	351,415	
Elementary A/C	75,000	-	-	-	-	-	-	-	-	-	
High School Windows	761,000	761,000	-	15,017	15,017	745,983	-	761,000	761,000	745,983	
High School Parking Lot	400,000	400,000	-	7,892	7,892	392,108	-	400,000	400,000	392,108	
High School Dug Out	100,000	100,000	-	100,000	100,000	-	-	100,000	100,000	-	
Eastplain Bathroom 1	110,000	122,034	-	40,074	40,074	81,960	-	122,034	122,034	81,960	
Eastplain Bathroom 2	110,000	122,034	-	40,074	40,074	81,960	-	122,034	122,034	81,960	
Flooring DW	100,000	100,000	-	-	-	100,000	-	100,000	100,000	100,000	
Door Replacement DW	100,000	91,168	-	-	-	91,168	-	91,168	91,168	91,168	
Smartboard DW	36,000	36,000	-	-	-	36,000	-	36,000	36,000	36,000	
	<u>3,807,900</u>	<u>3,807,900</u>	<u>53,897</u>	<u>288,302</u>	<u>342,199</u>	<u>3,465,701</u>	<u>-</u>	<u>-</u>	<u>3,807,900</u>	<u>3,807,900</u>	<u>3,465,701</u>
Capital reserve security projects approved May 2019											
From capital reserve III (5/18)											
High School Locks	400,000	400,000	10,829	57	10,886	389,114	-	400,000	400,000	389,114	
Middle School Locks	400,000	400,000	10,829	-	10,829	389,171	-	400,000	400,000	389,171	
Eastplain Locks	199,999	199,999	5,415	-	5,415	194,584	-	199,999	199,999	194,584	
Charles Schwarting Locks	200,000	200,000	5,415	-	5,415	194,585	-	200,000	200,000	194,585	
John West Locks	200,000	200,000	5,415	-	5,415	194,585	-	200,000	200,000	194,585	
High School Parking Gate	85,001	93,001	-	77,876	77,876	15,125	-	93,001	93,001	15,125	
High School Sign	150,000	142,000	-	5,764	5,764	136,236	-	142,000	142,000	136,236	
Middle School Sign	150,000	150,000	-	5,764	5,764	144,236	-	150,000	150,000	144,236	
Eastplain Sign	150,000	150,000	-	5,764	5,764	144,236	-	150,000	150,000	144,236	
Charles Schwarting Sign	150,000	150,000	-	5,763	5,763	144,237	-	150,000	150,000	144,237	
John West Sign	150,000	150,000	-	5,763	5,763	144,237	-	150,000	150,000	144,237	
	<u>2,235,000</u>	<u>2,235,000</u>	<u>37,903</u>	<u>106,751</u>	<u>144,654</u>	<u>2,090,346</u>	<u>-</u>	<u>-</u>	<u>2,235,000</u>	<u>2,235,000</u>	<u>2,090,346</u>
Capital reserve projects approved June 2020											
From capital reserve II (5/15) and IV (5/19)4											
Cafeteria Upgrade	-	3,490,844	-	30,161	30,161	3,460,683	-	3,490,844	3,490,844	3,460,683	
Fitness Center	-	4,995,303	-	44,851	44,851	4,950,452	-	4,995,303	4,995,303	4,950,452	
Flooring DW	-	250,000	-	-	-	250,000	-	250,000	250,000	250,000	
Door Replacement DW	-	100,000	-	-	-	100,000	-	100,000	100,000	100,000	
	<u>-</u>	<u>8,836,147</u>	<u>-</u>	<u>75,012</u>	<u>75,012</u>	<u>8,761,135</u>	<u>-</u>	<u>-</u>	<u>8,836,147</u>	<u>8,761,135</u>	
Capital reserve projects approved June 2020											
From capital reserve III (5/18)											
High School A/C	-	598,230	-	-	-	598,230	-	598,230	598,230	598,230	
Totals	\$ 26,671,147	\$ 36,605,524	\$ 17,404,470	\$ 1,916,357	\$ 19,320,827	\$ 17,284,697	\$ -	\$ 746,268	\$ 22,200,477	\$ 36,605,524	17,284,697
											223,860
											\$ 17,060,837

Less: State sources not yet realized

\$ 17,060,837

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2020

Capital assets, net	<u>\$ 72,990,624</u>
Deduct:	
Short-term portion of bonds payable	3,850,000
Long-term portion of bonds payable	1,200,000
Short-term portion of energy performance contract payable	419,497
Long-term portion of energy performance contract payable	<u>4,068,670</u>
	<u>9,538,167</u>
Net investment in capital assets	<u><u>\$ 63,452,457</u></u>

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

To the Board of Education
Plainedge Union Free School District
North Massapequa, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Plainedge Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

September 30, 2020