

**PLAINVIEW-OLD BETHPAGE
CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS**

JUNE 30, 2020

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Plainview-Old Bethpage Central School District

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 Plainview Old-Bethpage Central School 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total OPEB liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 17 and 55 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020 on our consideration of the Plainview-Old Bethpage Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Plainview-Old Bethpage Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plainview-Old Bethpage Central School District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 1, 2020

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Plainview-Old Bethpage Central School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the fiscal 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

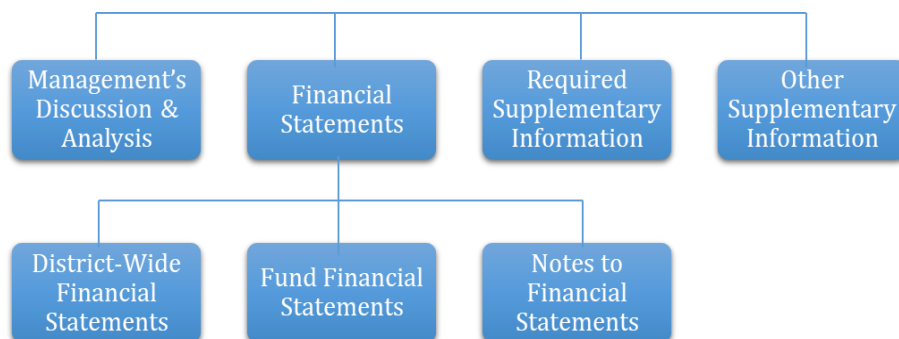
Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by \$11,437,109. This was due to expenses in excess of 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 \$168,273,715. Of this amount, \$4,074,082 was offset by program charges for services, and operating and capital grants. General revenues of \$152,762,524 amount to 97.4% of total revenues, and were not adequate to cover the balance of program expenses.
- The general fund's total fund balance, as reflected in the fund financial statements, decreased by \$2,159,848. This was due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting.
- On December 9, 2014, the voters approved a bond issue not to exceed \$49,816,257 for District-wide infrastructure upgrades and reconstruction projects. As of June 30, 2020, the District has issued \$40,440,000 in bonds and redeemed \$700,000 in bond anticipation notes with general fund appropriations. On June 25, 2020, the District issued \$6,000,000 in bond anticipation notes. Work has commenced and expenditures are recorded in the capital projects fund.
- On August 12, 2019, the Board of Education authorized the District's legal counsel to draft a contract to sell the Fern Place School Building to the Association for Children with Down Syndrome, Inc. at a minimum sale price of \$3,150,000. The sale would include the school building and parking lot, but not the adjacent field or parcel of land utilized by the District's Pasadena Elementary School. The sale is pending.
- The District's 2020 property tax levy of \$125,879,542 was a 1.99% increase over the 2019 tax levy. The District's property tax cap was 3.45%.
- On March 10, 2020, all District facilities were closed due to the COVID-19 pandemic. All students began remote instruction from home on March 17, 2020. Students and staff spent about 25% of the school year on remote instruction. The District experienced corresponding decreases in expenditures in some areas of the budget such as substitute employees payroll, co-curricular activities and overtime payroll costs. Some of these savings were partially offset by increases in unemployment benefits costs. In addition, New York State notified school districts in August 2020 that 20% of the outstanding 2019-2020 state aid scheduled to be paid to school districts in August and September will be withheld because of the State's revenue receipts shortfall caused by the COVID-19 pandemic. Because of the uncertainty as to when the State may release the withheld aid, the District's 2019-2020 state aid revenue has effectively been reduced by the withheld amount of \$341,227.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Fund Financial Statements

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

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, 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 six individual governmental funds: general fund, special aid fund, special revenue child care 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.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$11,437,109 between fiscal year 2020 and 2019. 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
Asset				
Current and Other Assets	\$ 74,161,490	\$ 78,664,822	\$ (4,503,332)	(5.72)%
Capital Assets, Net	100,193,047	86,585,438	13,607,609	15.72 %
Net Pension Asset - Proportionate Share	<u>10,074,142</u>	<u>7,033,163</u>	<u>3,040,979</u>	43.24 %
Total Assets	<u>184,428,679</u>	<u>172,283,423</u>	<u>12,145,256</u>	7.05 %
Deferred Outflows of Resources	<u>\$ 63,779,823</u>	<u>\$ 40,876,315</u>	<u>\$ 22,903,508</u>	56.03 %
Liabilities				
Current and Other Liabilities	20,229,995	13,211,796	7,018,199	53.12 %
Long-Term Liabilities	50,631,620	53,682,761	(3,051,141)	(5.68)%
Net Pension Liability - Proportionate Share	11,588,224	3,272,009	8,316,215	254.16 %
Total OPEB Obligation	<u>161,187,523</u>	<u>129,104,169</u>	<u>32,083,354</u>	24.85 %
Total Liabilities	<u>243,637,362</u>	<u>199,270,735</u>	<u>44,366,627</u>	22.26 %
Deferred Inflows of Resources	<u>22,045,081</u>	<u>19,925,835</u>	<u>2,119,246</u>	10.64 %
Net Position (Deficit)				
Net Investment in Capital Assets	56,721,656	46,475,741	10,245,915	22.05 %
Restricted	36,496,582	39,113,374	(2,616,792)	(6.69)%
Unrestricted (Deficit)	<u>(110,692,179)</u>	<u>(91,625,947)</u>	<u>(19,066,232)</u>	(20.81)%
Total Net Position (Deficit)	<u><u>\$ (17,473,941)</u></u>	<u><u>\$ (6,036,832)</u></u>	<u><u>\$ (11,437,109)</u></u>	(189.46)%

The decrease in current and other assets is primarily due to a decrease in cash partially offset by an increase in taxes receivable.

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

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is primarily due to the issuance of bond anticipation notes and the increase due to other governments.

The decrease in long-term liabilities is the result of repayment of the current maturity of debt, offset by an increase in the compensated absences 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 13 "Pension Plans – New York State", provides additional information.

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

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

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

The restricted net position relates to the District's reserves. This number decreased from the prior year due to use of the reserves, offset by the authorized transfers into the reserves, plus interest earned.

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

B. Changes in Net Position

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 1,707,583	\$ 2,529,137	\$ (821,554)	(32.48)%
Operating Grants	2,298,020	2,159,354	138,666	6.42 %
Capital Grants	68,479	1,058,384	(989,905)	(93.53)%
General Revenues				
Property Taxes and STAR	125,879,542	123,485,814	2,393,728	1.94 %
State Sources	20,576,135	19,885,163	690,972	3.47 %
Other	6,306,847	6,835,944	(529,097)	(7.74)%
Total Revenues	<u>156,836,606</u>	<u>155,953,796</u>	<u>882,810</u>	0.57 %
Expenses				
General Support	21,851,354	18,429,865	3,421,489	18.56 %
Instruction	135,658,416	123,655,132	12,003,284	9.71 %
Pupil Transportation	8,184,174	8,396,863	(212,689)	(2.53)%
Community Service	211,541	267,223	(55,682)	(20.84)%
Debt Service - Interest	1,386,562	1,187,844	198,718	16.73 %
Food Service Program	981,668	1,297,292	(315,624)	(24.33)%
Total Expenses	<u>168,273,715</u>	<u>153,234,219</u>	<u>15,039,496</u>	9.81 %
Change in Net Position	<u>\$ (11,437,109)</u>	<u>\$ 2,719,577</u>	<u>\$ (14,156,686)</u>	(520.55)%

The District's net position decreased by \$11,437,109 and increased by \$2,719,577 for the years ended June 30, 2020 and 2019, respectively.

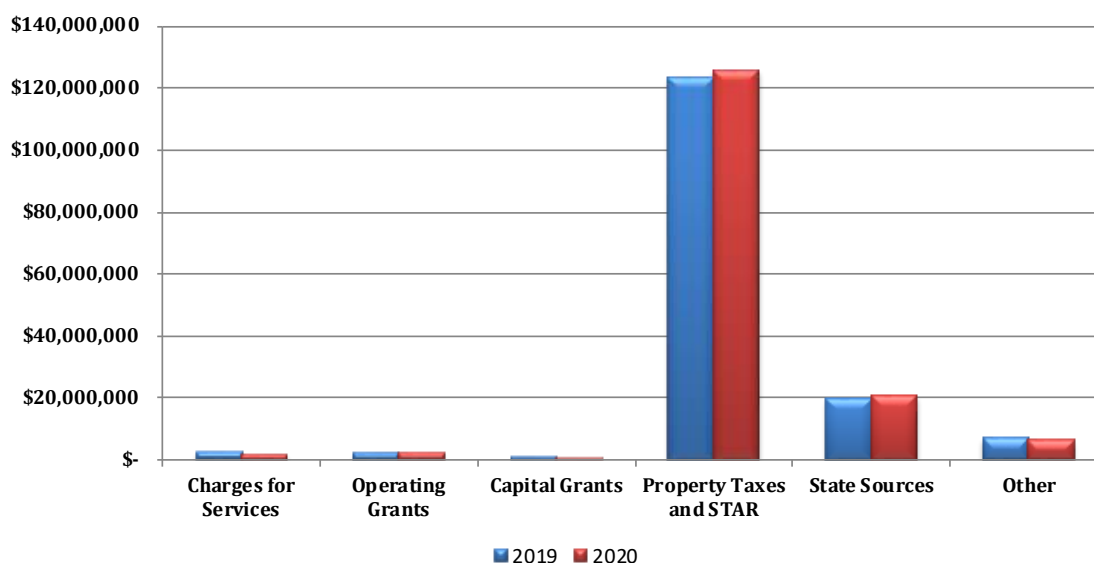
The District's revenues increased by \$ 882,810 or 0.57%, primarily due to the increase in property taxes and STAR, partially offset by decreases in charges for services and capital grants.

The District's total expenses for the year increased by \$15,039,496 or 9.81%, primarily due to increases in instruction and general support. The primary reason for the increase in both instruction and general support is the impact of the net change in other postemployment benefits costs allocated.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 80.3% and 79.2% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 80.6% and 80.7% of the total for the years 2020 and 2019, respectively).

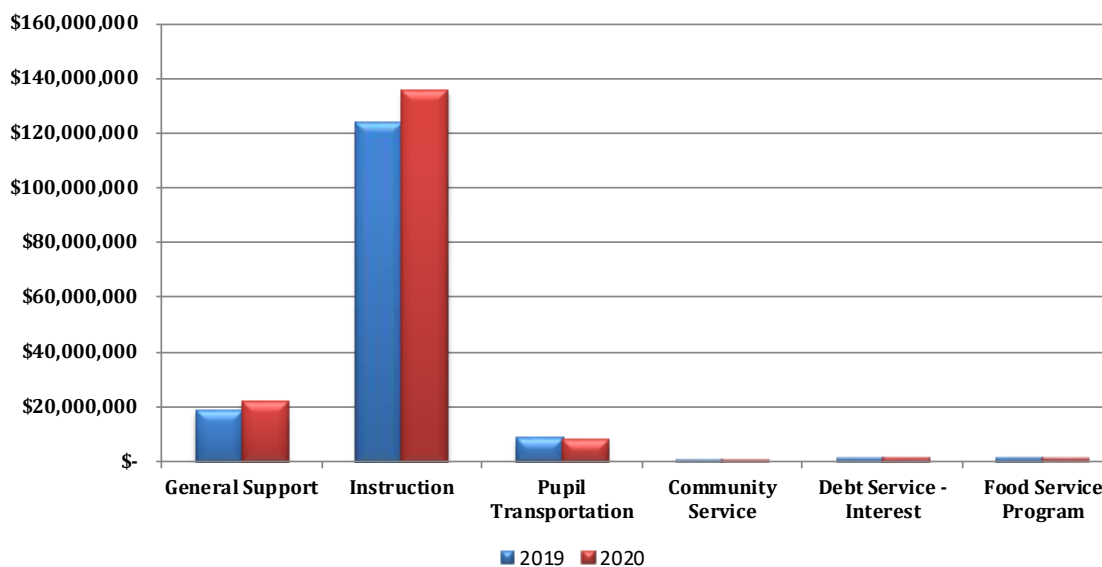
PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2019	1.6%	1.4%	0.7%	79.2%	12.8%	4.3%
2020	1.1%	1.5%	0.0%	80.3%	13.1%	4.0%

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



	General Support	Instruction	Pupil Transportation	Community Service	Debt Service - Interest	Food Service Program
2019	12.0%	80.7%	5.5%	0.2%	0.8%	0.8%
2020	13.0%	80.6%	4.9%	0.1%	0.8%	0.6%

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$52,993,080, which is a decrease of \$11,272,847 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources 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			
Unemployment insurance	\$ 642,438	\$ 1,681,235	\$ (1,038,797)
Retirement contribution			
Teachers' retirement system	2,564,749	1,267,098	1,297,651
Employees' retirement system	7,230,763	7,484,131	(253,368)
Employee benefit accrued liability	6,923,473	7,309,089	(385,616)
Capital	951,161	3,033,975	(2,082,814)
Repairs	771,262	769,339	1,923
Assigned:			
Appropriated fund balance	4,661,236	4,546,175	115,061
Unappropriated fund balance	1,045,176	934,693	110,483
Unassigned: Fund balance	6,569,944	6,494,315	75,629
	<u>31,360,202</u>	<u>33,520,050</u>	<u>(2,159,848)</u>
Special Revenue Child Care Fund			
Assigned: Unappropriated fund balance	<u>53,864</u>	<u>519,631</u>	<u>(465,767)</u>
School Food Service Fund			
Nonspendable: Inventory	2,717	9,717	(7,000)
Assigned: Unappropriated fund balance	<u>504,062</u>	<u>391,823</u>	<u>112,239</u>
	<u>506,779</u>	<u>401,540</u>	<u>105,239</u>
Debt Service Fund			
Restricted: Debt service	<u>462,126</u>	<u>462,126</u>	<u>-</u>
Capital Projects Fund			
Restricted:			
Capital	16,950,610	17,568,507	(617,897)
Unspent bond proceeds	-	5,605,303	(5,605,303)
Assigned: Unappropriated fund balance	<u>3,659,499</u>	<u>6,188,770</u>	<u>(2,529,271)</u>
	<u>20,610,109</u>	<u>29,362,580</u>	<u>(8,752,471)</u>
Total Fund Balance	<u><u>\$ 52,993,080</u></u>	<u><u>\$ 64,265,927</u></u>	<u><u>\$ (11,272,847)</u></u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. General Fund

The net change in the general fund – fund balance is a decrease of \$2,159,848. This resulted from expenditures and other financing uses, including the transfer from the capital reserve to the capital projects fund, in excess of revenues and other financing sources.

Revenues and other financing sources increased by \$729,402 (0.48%) over the prior year revenues. This increase was primarily due to increases in real property taxes and STAR (\$2,393,728) and operating transfers in from the capital projects fund from closed out projects amounting to \$641,109, partially offset by a decrease in miscellaneous revenues. The increase in real property taxes and STAR was in accordance with the voter approved 2019-2020 budget. Miscellaneous revenues decreased because the final installment of \$2,000,000 was received from Beechwood POB, LLC in 2018-2019.

Expenditures and other financing uses decreased by \$1,240,202 (0.79%). This decrease is primarily due to decreases in debt service and operating transfers out, partially offset by increases in central services and programs for students with disabilities. Unemployment benefits cost increased five-fold from \$35,002 in the prior year to \$219,716 for the current fiscal year, due to COVID-related unemployment claims.

As part of the 2019-2020 budget the District appropriated \$40,000 from the unemployment insurance reserve to fund unemployment costs, \$2,896,387 from the retirement contribution reserve to fund costs associated with contributions to the New York State and Local Employees' Retirement System and \$651,754 from the employee benefit accrued liability reserve to fund retiree payouts. The District expects to appropriate \$3,292,233 from reserves during 2020-2021.

On May 18, 2010, the voters of the District approved the creation of a capital reserve to fund future building renovations and potential infrastructure needs for a total of \$5,000,000 with a funding period of seven years. As of June 30, 2020, \$4,806,812 of funding has been provided, the reserve earned interest of \$189,653 and in prior years the District appropriated \$4,803,500 from the reserve to fund capital projects. As of June 30, 2020, the reserve has a balance of \$192,965.

On May 17, 2015, the voters of the District approved the creation of a capital reserve to fund future building renovations and potential infrastructure needs for a total of \$5,000,000 with a funding period of seven years. As of June 30, 2020, \$5,000,000 of funding has been provided, the reserve earned interest of \$12,556 and in prior years the District appropriated \$5,000,000 from the reserve to fund capital projects. As of June 30, 2020, the reserve has a balance of \$12,556.

On May 16, 2017, the voters of the District approved the creation of a capital reserve to fund future building renovations and potential infrastructure needs for a total of \$25,000,000 with a funding period of seven years. As of June 30, 2020, \$16,054,516 of funding has been provided including \$1,707,115 in the 2019-2020 fiscal year. Of that amount, \$1,200,000 was transferred from the unemployment insurance reserve as authorized by the Board on June 17, 2019. The reserve earned interest of \$91,124 and the District appropriated \$15,400,000 from the reserve to fund capital projects including \$3,800,000 in the 2019-2020 fiscal year. As of June 30, 2020, the reserve has a balance of \$745,640.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Balance @ June 30, 2019	Transfer of Reserves	Use of Reserves	Interest	Funding	Balance @ June 30, 2020	Appropriated for June 30, 2021
Unemployment insurance	\$ 1,681,235	\$ (1,200,000)	\$ (40,000)	\$ 1,203	\$ 200,000	\$ 642,438	\$ 90,000
Retirement contribution							
TRS	1,267,098			3,168	1,294,483	2,564,749	2,519,974
ERS	7,484,131		(2,272,077)	18,709	2,000,000	7,230,763	
EBALR	7,309,089		(403,888)	18,272		6,923,473	682,259
Capital	3,033,975	1,200,000	(3,800,000)	10,071	507,115	951,161	
Repairs	769,339			1,923		771,262	
	<u>\$ 21,544,867</u>	<u>\$</u>	<u>\$ (6,515,965)</u>	<u>\$ 53,346</u>	<u>\$ 4,001,598</u>	<u>\$ 19,083,846</u>	<u>\$ 3,292,233</u>

B. Special Revenue Child Care Fund

The net change in the special revenue child care fund – fund balance is a decrease of \$465,767, which was the operating loss of the special revenue child care program due to the loss of revenues during the COVID closure.

C. School Food Service Fund

The net change in the school food service fund – fund balance is an increase of \$105,239, which was the operating profit of the food service program.

D. Debt Service Fund

The debt service fund – fund balance remained unchanged from the prior year.

E. Capital Projects Fund

The net change in the capital projects fund – fund balance is a decrease of \$8,752,471. Expenditures incurred during the year on capital projects totaled \$15,209,180. In addition, the District recorded operating transfers out to the general fund in the amount of \$641,109 for unspent amounts on completed projects. These expenditures were partially offset by smart schools bond revenue received in the amount of \$656,708, operating transfers of \$2,641,110 from general fund for facility improvements, safety and security, and a voter authorized transfer of \$3,800,000 from the capital reserve.

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

	Balance @ June 30, 2019	Use of Reserves	Funding	Balance @ June 30, 2020
May 2010	\$ 31,493	\$	\$	\$ 31,493
May 2014	2,555,855	(2,222,339)		333,516
May 2015	3,398,902	(1,089,323)		2,309,579
May 2017	11,582,257	(1,106,235)	3,800,000	14,276,022
	<u>\$ 17,568,507</u>	<u>\$ (4,417,897)</u>	<u>\$ 3,800,000</u>	<u>\$ 16,950,610</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$162,357,920. This amount was increased by encumbrances carried forward from the prior year in the amount of \$934,693 and a budget revision in the amount of \$3,800,000 for a total final budget of \$167,092,613.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$125,879,542 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	\$ 6,494,315
Revenues Under Budget	(794,984)
Expenditures and Encumbrances Under Budget	10,458,889
Unused Appropriated Reserves	(872,096)
Allocation to Reserves	(4,054,944)
Appropriated to Fund the June 30, 2021 Budget	<u>(4,661,236)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 6,569,944</u></u>

Opening, Unassigned Fund Balance

The \$6,494,315 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned.

Revenues Under Budget

The 2019-2020 budget for revenues was \$154,223,684. Actual revenues recognized for the year were \$153,428,700. The deficiency of actual revenue under estimated or budgeted revenue was \$794,984, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Expenditures and Encumbrances Under Budget

The 2019-2020 budget for expenditures, including prior year open encumbrances as of June 30, 2019, was \$167,092,613. Actual expenditures as of June 30, 2020 were \$155,588,548 and outstanding encumbrances were \$1,045,176. Combined, the expenditures plus encumbrances for 2019-2020 were \$156,633,724. The final budget variance was \$10,458,889, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$4,661,236 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 previous table, the unassigned fund balance at June 30, 2020 was \$6,569,944. This amount equals 4% of the 2020-2021 budget, which is equal to the statutory limit.

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

A. Capital Assets

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$16,941,794 in excess of depreciation expense of \$3,334,185 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	\$ 1,864,870	\$ 1,864,870	\$ -
Construction in progress	43,430,451	33,171,401	10,259,050
Buildings	48,067,387	45,218,484	2,848,903
Improvements Other Than Buildings	2,371,662	2,561,851	(190,189)
Equipment	4,458,677	3,768,832	689,845
Capital assets, net	<u>\$ 100,193,047</u>	<u>\$ 86,585,438</u>	<u>\$ 13,607,609</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District is continuing to make significant capital expenditures resulting from a December 2014 voter-approved \$49,816,257 bond authorization for capital improvements to District facilities. As of June 30, 2020, the District has expended \$41,716,391 or approximately 84% of the authorization and construction is ongoing.

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$42,195,000 and bond anticipation notes payable of \$6,000,000. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt represents principal payments. 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				
2009	2.25-3.75%	\$ 300,000	\$ 375,000	\$ (75,000)
2009	2.00-5.00%	1,250,000	2,800,000	(1,550,000)
2011	2.00-4.00%	1,605,000	2,100,000	(495,000)
2018	3.00-3.50%	39,040,000	40,440,000	(1,400,000)
		<u>\$ 42,195,000</u>	<u>\$ 45,715,000</u>	<u>\$ (3,520,000)</u>

The District's latest underlying, long-term credit rating from Standard & Poors, Inc. is AAA. The District's outstanding serial bonds and bond anticipation notes at June 30, 2020 are approximately 5.23% of the District's debt limit.

C. Other Long-Term Liabilities

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

	2020	2019	Increase (Decrease)
Compensated absences payable	\$ 8,436,620	\$ 7,967,761	\$ 468,859
Net pension liability - proportionate share	11,588,224	3,272,009	8,316,215
Total OPEB obligation	<u>161,187,523</u>	<u>129,104,169</u>	<u>32,083,354</u>
	<u>\$ 181,212,367</u>	<u>\$ 140,343,939</u>	<u>\$ 40,868,428</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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 \$164,248,598. This is an increase of \$1,890,678 or 1.16% over the previous year's budget. The increase is principally in the instructional program (\$2,093,816) area of the budget.

The District budgeted revenues other than property taxes and STAR at a \$420,523 decrease from the prior year's estimate, which is principally due to estimated decreases in the transfer from capital projects, PILOT and rental income.

The assigned, appropriated fund balance applied to the budget in the amount of \$4,661,236 is an increase of \$115,061 over the previous year.

Additionally, the District has elected to appropriate \$3,292,233 from the restricted reserves towards the next year's budget, which is a decrease of \$295,828 from the previous year. A property tax increase of \$2,491,968 (1.98%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2020-2021 is 3.10%. The District's 2020-2021 property tax increase of 1.98% was less than the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Mr. Richard Cunningham
Assistant Superintendent for Business
Plainview-Old Bethpage Central School District
106 Washington Avenue
Plainview, New York 11803

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2020

ASSETS

Cash	
Unrestricted	\$ 24,620,338
Restricted	41,193,193
Receivables	
Accounts receivable	225,335
Taxes receivable	3,285,278
Due from state and federal	2,966,124
Due from other governments	1,868,505
Inventory	2,717
Capital assets:	
Not being depreciated	45,295,321
Being depreciated, net of accumulated depreciation	54,897,726
Net pension asset - proportionate share	<u>10,074,142</u>
 Total Assets	 <u>184,428,679</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	41,172,945
Other postemployment benefits	<u>22,606,878</u>
 Total Deferred Outflows of Resources	 <u>63,779,823</u>

LIABILITIES

Payables	
Accounts payable	4,247,983
Accrued liabilities	1,055,826
Due to other governments	1,461,896
Due to teachers' retirement system	6,233,874
Due to employees' retirement system	731,441
Compensated absences	324,314
Unearned credits	
Collections in advance	150,740
Notes payable	
Bond anticipation notes payable	6,000,000
Other liabilities	23,921
Long-term liabilities	
Due and payable within one year	
Bonds payable	3,815,000
Compensated absences payable	289,047
Due and payable after one year	
Bonds payable	38,380,000
Compensated absences payable	8,147,573
Net pension liability - proportionate share	11,588,224
Total other postemployment benefits obligation	<u>161,187,523</u>
 Total Liabilities	 <u>243,637,362</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	14,069,443
Other postemployment benefits	<u>7,975,638</u>
 Total Deferred Inflows of Resources	 <u>22,045,081</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>56,721,656</u>
Restricted:	
Unemployment insurance	642,438
Retirement contribution	
Teachers' retirement system	2,564,749
Employees' retirement system	7,230,763
Employee benefit accrued liability	6,923,473
Capital	17,901,771
Repairs	771,262
Debt service	462,126
	<u>36,496,582</u>
Unrestricted (deficit)	<u>(110,692,179)</u>
 Total Net Position (Deficit)	 <u>\$ (17,473,941)</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants	Grants	Changes in
					Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 21,851,354	\$	\$	\$	\$ (21,851,354)
Instruction	135,658,416	964,379	1,977,942	68,479	(132,647,616)
Pupil transportation	8,184,174				(8,184,174)
Community service	211,541				(211,541)
Debt service - interest	1,386,562				(1,386,562)
Food service program	981,668	743,204	320,078		81,614
Total Functions and Programs	<u>\$ 168,273,715</u>	<u>\$ 1,707,583</u>	<u>\$ 2,298,020</u>	<u>\$ 68,479</u>	<u>(164,199,633)</u>
GENERAL REVENUES					
Real property taxes					116,276,420
Other tax items					13,546,418
Use of money and property					1,801,771
Sale of property and compensation for loss					1,001
Miscellaneous					496,406
State sources					20,576,135
Medicaid reimbursement					64,373
Total General Revenues					<u>152,762,524</u>
Change in Net Position (Deficit)					(11,437,109)
Total Net Position (Deficit) - Beginning of Year					<u>(6,036,832)</u>
Total Net Position (Deficit) - End of Year					<u><u>\$ (17,473,941)</u></u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	Special Revenue Child Care	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 17,397,814	\$ 112,893	\$ 147,459	\$ 548,847	\$ 184,344	\$ 6,228,981	\$ 24,620,338
Restricted	22,883,846				462,126	17,847,221	41,193,193
Receivables							
Accounts receivable	212,869		30	12,436			225,335
Taxes receivable	3,285,278						3,285,278
Due from other funds	1,782,007			43,161		3,068,498	4,893,666
Due from state and federal	769,973	1,488,072		40,654		667,425	2,966,124
Due from other governments	1,868,505						1,868,505
Inventory				2,717			2,717
Total Assets	<u>\$ 48,200,292</u>	<u>\$ 1,600,965</u>	<u>\$ 147,489</u>	<u>\$ 647,815</u>	<u>\$ 646,470</u>	<u>\$ 27,812,125</u>	<u>\$ 79,055,156</u>
LIABILITIES							
Payables							
Accounts payable	\$ 3,630,414	\$ 57,412	\$ 2,188	\$ 23,379		\$ 534,590	\$ 4,247,983
Accrued liabilities	732,693	2,017	1,559				736,269
Due to other funds	3,111,659	1,507,785	89,878		184,344		4,893,666
Due to other governments	1,461,228			668			1,461,896
Due to teachers' retirement system	6,233,874						6,233,874
Due to employees' retirement system	731,441						731,441
Compensated absences	324,314						324,314
Unearned credits							
Collections in advance		33,751		116,989			150,740
Notes payable							
Bond anticipation notes payable						6,000,000	6,000,000
Other liabilities	23,921						23,921
Total Liabilities	<u>16,249,544</u>	<u>1,600,965</u>	<u>93,625</u>	<u>141,036</u>	<u>184,344</u>	<u>6,534,590</u>	<u>24,804,104</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	590,546					667,426	1,257,972
FUND BALANCES							
Nonspendable: Inventory				2,717			2,717
Restricted:							
Unemployment insurance	642,438						642,438
Retirement contribution							
Teachers' retirement system	2,564,749						2,564,749
Employees' retirement system	7,230,763						7,230,763
Employee benefit accrued liability	6,923,473						6,923,473
Capital	951,161					16,950,610	17,901,771
Repairs	771,262						771,262
Debt service					462,126		462,126
Assigned:							
Appropriated fund balance	4,661,236						4,661,236
Unappropriated fund balance	1,045,176		53,864	504,062		3,659,499	5,262,601
Unassigned: Fund balance	6,569,944						6,569,944
Total Fund Balances	<u>31,360,202</u>	<u>-</u>	<u>53,864</u>	<u>506,779</u>	<u>462,126</u>	<u>20,610,109</u>	<u>52,993,080</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 48,200,292</u>	<u>\$ 1,600,965</u>	<u>\$ 147,489</u>	<u>\$ 647,815</u>	<u>\$ 646,470</u>	<u>\$ 27,812,125</u>	<u>\$ 79,055,156</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total Governmental Fund Balances \$ 52,993,080

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

The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position 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	\$ 166,563,399	
Less: Accumulated depreciation	<u>(66,370,352)</u>	100,193,047

Proportionate share of long-term asset and liability, as well as 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	10,074,142	
Deferred outflows of resources	41,172,945	
Net pension liability - employees' retirement system	(11,588,224)	
Deferred inflows of resources	<u>(14,069,443)</u>	25,589,420

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

Deferred outflows of resources	22,606,878	
Total other postemployment benefits obligation	(161,187,523)	
Deferred inflows of resources	<u>(7,975,638)</u>	(146,556,283)

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. 1,257,972

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

Accrued interest on bonds	(319,557)	
Bonds payable	(42,195,000)	
Compensated absences payable	<u>(8,436,620)</u>	(50,951,177)

Total Net Position (Deficit)		<u><u>\$ (17,473,941)</u></u>
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PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	General	Special Aid	Special Revenue Child Care	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	\$ 116,276,420	\$	\$	\$	\$	\$	\$ 116,276,420
Other tax items	13,546,418						13,546,418
Charges for services	434,932		705,501				1,140,433
Use of money and property	1,629,487		8,214	7,280			1,644,981
Sale of property and compensation for loss	1,001						1,001
Miscellaneous	496,406	90,353		2,933			589,692
Interfund revenue	3,646						3,646
State sources	20,234,908	445,090		15,131		656,708	21,351,837
Medicaid reimbursement	64,373						64,373
Federal sources		1,442,499		304,947			1,747,446
Sales				740,271			740,271
Total Revenues	152,687,591	1,977,942	713,715	1,070,562	-	656,708	157,106,518
EXPENDITURES							
General support	16,516,413	3,646					16,520,059
Instruction	86,708,670	2,098,366	1,079,482				89,886,518
Pupil transportation	7,482,200	91,930					7,574,130
Community service	151,336						151,336
Employee benefits	33,133,675						33,133,675
Debt service							
Principal					3,520,000		3,520,000
Interest					1,404,144		1,404,144
Food service program				980,323			980,323
Capital outlay						15,209,180	15,209,180
Total Expenditures	143,992,294	2,193,942	1,079,482	980,323	4,924,144	15,209,180	168,379,365
Excess (Deficiency) of Revenues Over Expenditures	8,695,297	(216,000)	(365,767)	90,239	(4,924,144)	(14,552,472)	(11,272,847)
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in	741,109	216,000		15,000	4,924,144	6,441,110	12,337,363
Operating transfers (out)	(11,596,254)		(100,000)			(641,109)	(12,337,363)
Total Other Financing Sources and (Uses)	(10,855,145)	216,000	(100,000)	15,000	4,924,144	5,800,001	-
Net Change in Fund Balances	(2,159,848)	-	(465,767)	105,239	-	(8,752,471)	(11,272,847)
Fund Balances - Beginning of Year	33,520,050		519,631	401,540	462,126	29,362,580	64,265,927
End of Year	\$ 31,360,202	\$ -	\$ 53,864	\$ 506,779	\$ 462,126	\$ 20,610,109	\$ 52,993,080

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Net Change in Fund Balances \$ (11,272,847)

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned. \$ (266,266)

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

Increase in compensated absences payable	(468,859)	
		(735,125)

Capital Related Differences

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

Capital outlays and other additions	16,941,794	
Depreciation expense	(3,334,185)	
		13,607,609

Long-Term Debt Transactions Differences

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	3,520,000	
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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.

	17,582	
		3,537,582

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	(6,800,943)	
Employees' retirement system	(2,060,221)	
Other postemployment benefits	(7,713,164)	
		(16,574,328)

Change in Net Position (Deficit) of Governmental Activities		\$ (11,437,109)
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PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2020

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash		
Unrestricted	\$ 1,133,320	\$
Restricted		<u>230,300</u>
Total Assets	<u><u>\$ 1,133,320</u></u>	<u>230,300</u>
 LIABILITIES		
Extraclassroom activity balances	\$ 337,245	
Due to governmental funds		
Other liabilities	<u>796,075</u>	<u>450</u>
Total Liabilities	<u><u>\$ 1,133,320</u></u>	<u>450</u>
 NET POSITION		
Restricted for scholarships		<u>229,850</u>
Total Net Position		<u><u>\$ 229,850</u></u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 24,817
Investment earnings - interest	<u>2,620</u>
Total Additions	<u>27,437</u>
 DEDUCTIONS	
Scholarships and awards	<u>37,450</u>
Total Deductions	<u>37,450</u>
Change in Net Position	(10,013)
Net Position - Beginning of Year	<u>239,863</u>
Net Position - End of Year	<u><u>\$ 229,850</u></u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 entities are included in the District's financial statements:

Extraclassroom Activity Funds

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

B. Joint Venture

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Special Revenue Child Care Fund - is used to account for the activities of the child care program.

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.

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.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

E. Real Property Taxes

Calendar

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

The District also levies the real property taxes for the Plainview-Old Bethpage 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. These pass-through amounts are not included in the District's real property tax revenues.

Enforcement

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

F. Payments in Lieu of Taxes (PILOT)

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

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$3,011,898 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.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents

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

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

K. Receivables

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

L. Inventory

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method. Under the

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

M. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings & building improvements	\$ 10,000	20-50 years
Land improvements	10,000	20 years
Furniture, equipment & vehicles	1,000	5-20 years
Technology equipment	250	2-5 years

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The second item is 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 change in the total other postemployment benefits obligation not included in OPEB expense.

O. Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The notes, or renewal thereof, may not extend

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve month period thereafter.

P. Collections in Advance

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

Q. Employee Benefits – Compensated Absences

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

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

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

Certain collectively bargained agreements require these 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.

R. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code 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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. 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 and amounts due from other entities for rent. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB and represents the change in the total other postemployment benefits obligation not included in OPEB expense.

T. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

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.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Repair Reserve

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

Restricted for Debt Service

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

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.

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

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.

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 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.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 insurance premiums and other postemployment costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Capital projects funded by capital reserve	<u>\$ 3,800,000</u>
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PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

6. PARTICIPATION IN BOCES

During the fiscal year ended June 30, 2020, the District was billed \$7,571,853 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,996,711. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State - general aid	\$ 6,780
New York State - building aid	55,632
New York State - excess cost aid	<u>707,561</u>
	769,973
Special Aid Fund	
Federal and state grants	1,488,072
School Food Service Fund	
Federal and state food service program reimbursements	40,654
Capital Projects Fund	
Smart Schools Bond Act	<u>667,425</u>
	<u>\$ 2,966,124</u>

District management expects these amounts to be fully collectible.

8. DUE FROM OTHER GOVERNMENTS

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

General Fund	
PILOT	\$ 89,357
Other districts - tuition and health services	110,494
New York State BOCES aid	<u>1,668,654</u>
	<u>\$ 1,868,505</u>

District management expects these amounts to be fully collectible.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

9. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,782,007	\$ 3,111,659	\$ 741,109	\$ 11,596,254
Special Aid Fund		1,507,785	216,000	
Child Care Fund		89,878		100,000
School Food Service Fund	43,161		15,000	
Debt Service Fund		184,344	4,924,144	
Capital Projects Fund	3,068,498		6,441,110	641,109
Total Governmental Funds	4,893,666	4,893,666	<u>\$ 12,337,363</u>	<u>\$ 12,337,363</u>
Fiduciary Funds				
Total	<u>\$ 4,893,666</u>	<u>\$ 4,893,666</u>		

The District typically transfers from the general fund to the special aid fund, school food service fund, debt service fund and capital projects fund in accordance with the voter approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the school food service fund was to provide support for the program per the approved budget. The transfer to the debt service fund was for the payment of principal and interest on long-term outstanding indebtedness. The transfer to the capital projects fund was to provide funding for various capital projects and for voter approved use of the capital reserve, which was a general fund budget revision. The transfer from the special revenue child care fund to the general fund is for administrative fees.

The transfer from the capital projects fund to the general fund represents the return of unexpended amounts on capital projects originally funded by general fund appropriations.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,864,870	\$	\$	\$ 1,864,870
Construction in progress	33,171,401	14,527,699	(4,268,649)	43,430,451
Total capital assets not being depreciated	35,036,271	14,527,699	(4,268,649)	45,295,321
Capital assets being depreciated				
Buildings	102,480,628	4,949,761		107,430,389
Improvements other than buildings	4,777,031		(95,357)	4,681,674
Equipment	8,817,400	1,732,983	(1,394,368)	9,156,015
Total capital assets being depreciated	116,075,059	6,682,744	(1,489,725)	121,268,078
Less accumulated depreciation for:				
Buildings	57,262,144	2,100,858		59,363,002
Improvements other than buildings	2,215,180	190,189	(95,357)	2,310,012
Equipment	5,048,568	1,043,138	(1,394,368)	4,697,338
Total accumulated depreciation	64,525,892	3,334,185	(1,489,725)	66,370,352
Total capital assets, being depreciated, net	51,549,167	3,348,559	-	54,897,726
Capital assets, net	<u>\$ 86,585,438</u>	<u>\$ 17,876,258</u>	<u>\$ (4,268,649)</u>	<u>\$ 100,193,047</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 70,050
Instruction	3,211,485
Pupil transportation	51,305
Food service	1,345
Total depreciation expense	<u>\$ 3,334,185</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

11. SHORT-TERM DEBT

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2020</u>
BAN	6/25/2021	2.00%	<u>\$</u>	<u>\$ 6,000,000</u>	<u>\$</u>	<u>\$ 6,000,000</u>

The BAN was issued for interim financing in the capital projects fund.

12. LONG-TERM LIABILITIES

A. Changes

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

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
<u>Long-term debt:</u>					
Bonds payable	\$ 45,715,000	\$	\$ (3,520,000)	\$ 42,195,000	\$ 3,815,000
<u>Other long-term liabilities:</u>					
Compensated absences	7,967,761	872,747	(403,888)	8,436,620	289,047
	<u>\$ 53,682,761</u>	<u>\$ 872,747</u>	<u>\$ (3,923,888)</u>	<u>\$ 50,631,620</u>	<u>\$ 4,104,047</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2020</u>
Construction serial bond	7/15/2009	7/15/2023	2.25-3.75%	\$ 300,000
2009 refunding serial bond	8/19/2009	12/15/2020	2.00-5.00%	1,250,000
2011 refunding serial bond	11/29/2011	11/1/2022	2.00-4.00%	1,605,000
Construction serial bond	9/20/2018	10/1/2035	3.00-3.50%	39,040,000
				<u>\$ 42,195,000</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,815,000	\$ 1,267,616	\$ 5,082,616
2022	2,640,000	1,152,687	3,792,687
2023	2,725,000	1,070,466	3,795,466
2024	2,365,000	994,975	3,359,975
2025	2,400,000	923,219	3,323,219
2026-2030	12,425,000	3,512,469	15,937,469
2031-2035	13,175,000	1,545,016	14,720,016
2036	2,650,000	46,375	2,696,375
Total	<u>\$ 42,195,000</u>	<u>\$ 10,512,823</u>	<u>\$ 52,707,823</u>

C. Interest Expense

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

Interest paid	\$ 1,404,144
Less interest accrued in the prior year	(337,139)
Plus interest accrued in the current year	<u>319,557</u>
Total interest expense on long-term debt	<u>\$ 1,386,562</u>

D. Unissued Debt

On December 9, 2014, the voters approved a bond issue not to exceed \$49,816,257 for District-wide infrastructure upgrades and reconstruction projects. As of June 30, 2020, the District has issued \$40,440,000 in bonds and redeemed \$700,000 in bond anticipation notes with general fund appropriations, while \$8,676,257 remained unissued. Work has commenced and expenditures are recorded in the capital projects fund.

13. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 13.61% 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 \$5,786,070 for TRS at the contribution rate of 8.86% and \$2,272,077 for ERS at an average contribution rate of 13.54%.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	TRS	ERS
Measurement date	June 30, 2019	March 31, 2020
District's proportionate share of the net pension asset/(liability)	\$ 10,074,142	\$ (11,588,224)
District's portion of the Plan's total net pension asset/(liability)	0.387764%	0.0437612%
Change in proportion since the prior measurement date	(0.001182)	(0.0024190)

For the year ended June 30, 2020, the District recognized pension expense of \$12,571,433 for TRS and \$4,332,298 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 6,826,989	\$ 682,014	\$ 749,133	\$
Changes of assumptions	19,031,401	233,332	4,640,394	201,478
Net difference between projected and actual earnings on pension plan investments		5,940,687	8,078,942	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	889,654	1,051,357	191,907	207,589
District contributions subsequent to the measurement date	5,786,070	731,441		
Total	<u>\$ 32,534,114</u>	<u>\$ 8,638,831</u>	<u>\$ 13,660,376</u>	<u>\$ 409,067</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Year Ending June 30,	TRS	ERS
2021	\$ 4,694,025	\$ 1,462,097
2022	425,537	1,936,211
2023	4,677,505	2,294,196
2024	3,118,240	1,805,819
2025	479,720	
Thereafter	(307,359)	
	\$ 13,087,668	\$ 7,498,323

Actuarial Assumptions

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

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

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

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

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	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%
Alternative investments			8.0%	3.25-5.95%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.60%		
Bonds and mortgages			17.0%	0.75%
Private debt	1.0%	6.50%		
Real estate debt	7.0%	2.90%		
Cash and equivalents	1.0%	0.30%		
Cash			1.0%	0.00%
Inflation indexed bonds			4.0%	0.50%
	100.0%		100.0%	

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

Discount Rate

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

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

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

	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	<u>\$ (45,473,624)</u>	<u>\$ 10,074,142</u>	<u>\$ 56,672,448</u>
	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	<u>\$ (21,267,662)</u>	<u>\$ (11,588,224)</u>	<u>\$ (2,673,420)</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$5,786,070 of employer contributions and \$447,804 of employee contributions.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$731,441 of employer contributions. Employee contributions are remitted monthly.

14. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absences payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$355,745 and \$4,358,872, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$468,497.

15. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees and spouses or beneficiaries currently receiving benefit payments	649
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>750</u>
	<u><u>1,399</u></u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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B. Total OPEB Liability

The District's total OPEB liability of \$161,187,523 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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:

Inflation	2.60%
Salary increases	2.60% average, including inflation
Discount rate	2.21%
Healthcare cost trend rates	6.60% for 2019, decreasing to an ultimate rate of 4.1% over 56 years
Retirees' share of benefit-related costs	50 - 100% of projected health insurance premiums for retirees and surviving spouses

The discount rate was based on S & P Municipal Bond 20.

Mortality rates were based on RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-Ultimate. In the prior valuation, mortality rates were based on RP-2014 to 2006 total dataset mortality table projected to the valuation date with Scale MP-2017.

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 129,104,169</u>
Changes for the year	
Service cost	5,052,164
Interest	4,628,666
Changes of benefit terms	-
Differences between expected and actual experience	2,595,586
Changes in assumptions or other inputs	23,657,563
Benefit payments	<u>(3,850,625)</u>
	<u>32,083,354</u>
Balance at June 30, 2020	<u>\$ 161,187,523</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020. In addition, the change of assumptions reflect a change in healthcare cost trend rates from 7.50% in 2017, decreasing to a rate of 4.50% in 4 years, to a healthcare cost trend rate of 6.60% in 2019, decreasing to an ultimate rate of 4.10%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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>\$ (190,668,511)</u>	<u>\$ (161,187,523)</u>	<u>\$ 137,740,189</u>

Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.6%) or 1 percentage point higher (7.6%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.60% decreasing to 3.10%	Healthcare Cost Trend Rates 6.60% decreasing to 4.10%	1% Increase 7.60% decreasing to 5.10%
Total OPEB liability	<u>\$ (139,808,829)</u>	<u>\$ (161,187,523)</u>	<u>\$ (189,393,594)</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$11,563,789. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,235,088	\$ 498,982
Changes of assumptions or other inputs	<u>20,371,790</u>	<u>7,476,656</u>
Total	<u>\$ 22,606,878</u>	<u>\$ 7,975,638</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,882,959
2022	1,882,959
2023	1,882,959
2024	1,882,959
2025	2,723,881
Thereafter	<u>4,375,523</u>
	<u>\$ 14,631,240</u>

16. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2020, consists of that portion of the amount due from New York State for local aid payments, including BOCES aid, which is unavailable. Of the 2019-2020 school year aid payments outstanding at June 30, 2020, 20% was effectively withheld by the State in response to its revenue shortfall resulting from the pandemic. Deferred inflows also includes deferred rental income, which is expected to be received sometime in the 2021-2022 school year. Total deferred inflows in the general fund at June 30, 2020 is \$590,546; unavailable revenues for New York State aid receivable at June 30, 2020, total \$341,227.

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 \$667,426.

17. RISK MANAGEMENT

A. General Information

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

B. 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.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District participates in the Nassau County Schools Cooperative Workers Compensation Self-Insured Plan (the Workers' Compensation Plan), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. As of June 30, 2020, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$15,912,826 at a 2.00% discount rate. The Workers' Compensation Plan has assets of \$21,721,509 to pay these liabilities.

18. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

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

Unemployment Insurance	\$ 90,000
Retirement Contributions - ERS	2,519,974
Employee Benefit Accrued Liability	<u>682,259</u>
	<u>\$ 3,292,233</u>

19. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$4,661,236 has been appropriated to reduce taxes for the year ending June 30, 2021.

20. RESTRICTED FOR CAPITAL RESERVE

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

	Capital Reserve			
	2010	2014	2015	2017
Date Created	May 2010	May 2014	May 2015	May 2017
Number of Years to Fund	7	7	7	7
Maximum Funding	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 25,000,000</u>
General Fund				
Funding Provided Since Inception	\$ 4,806,812	\$ 5,000,000	\$ 5,000,000	\$ 16,054,516
Interest Earnings Since Inception	189,653		12,556	91,124
Use of Reserve Since Inception	<u>(4,803,500)</u>	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(15,400,000)</u>
Total General Fund	<u>192,965</u>	<u>-</u>	<u>12,556</u>	<u>745,640</u>
Capital Projects Fund				
Funding Provided Since Inception	4,803,500	5,000,000	5,000,000	15,400,000
Use of Reserve Since Inception	<u>(4,772,007)</u>	<u>(4,666,484)</u>	<u>(2,690,421)</u>	<u>(1,123,978)</u>
Total Capital Projects Fund	<u>31,493</u>	<u>333,516</u>	<u>2,309,579</u>	<u>14,276,022</u>
Balance as of June 30, 2020	<u>\$ 224,458</u>	<u>\$ 333,516</u>	<u>\$ 2,322,135</u>	<u>\$ 15,021,662</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

21. TAX ABATEMENTS

The County of Nassau Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the County. The District's property tax revenue was reduced by \$1,128,418 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$863,022 for these properties during the fiscal year.

The District also received PILOT from the County related to the Long Island Power Authority. These PILOT are not considered tax abatements as the purpose of this agreement was not for economic development or to provide benefits to the citizenry.

22. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted and Assigned Fund Balance

Capital Projects Fund

Capital projects	\$ 4,901,766
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Assigned: Unappropriated Fund Balance:

General Fund

General support	341,448
Instruction	416,726
Pupil transportation	84,947
Community services	469
Employee benefits	81,586
Debt service	120,000
	<u>1,045,176</u>
	<u><u>\$ 5,946,942</u></u>

B. Grants

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

C. Litigation

The District is not aware of any material pending or threatened litigation claims against the District. The District is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Sale of Building

On August 12, 2019, the Board of Education authorized the District's legal counsel to draft a contract to sell the Fern Place School Building to the Association for Children with Down Syndrome, Inc. at a minimum sale price of \$3,150,000. The sale would include the school building and parking lot, but not the adjacent field or parcel of land utilized by the District's Pasadena Elementary School. The sale is still pending.

E. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$159,476.

23. SUBSEQUENT EVENTS

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

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.

SUPPLEMENTARY INFORMATION

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 113,945,909	\$ 116,276,420	\$ 116,276,420	\$ -
Other tax items	16,034,263	13,703,752	13,546,418	(157,334)
Charges for services	379,255	379,255	434,932	55,677
Use of money and property	1,868,965	1,868,965	1,629,487	(239,478)
Sale of property and compensation for loss			1,001	1,001
Miscellaneous	525,000	525,000	496,406	(28,594)
Interfund revenues	5,000	5,000	3,646	(1,354)
Total Local Sources	132,758,392	132,758,392	132,388,310	(370,082)
State Sources	20,654,192	20,654,192	20,234,908	(419,284)
Medicaid reimbursement	20,000	20,000	64,373	44,373
Total Revenues	153,432,584	153,432,584	152,687,591	(744,993)
OTHER FINANCING SOURCES				
Operating Transfers In	791,100	791,100	741,109	(49,991)
Total Revenues and Other Sources	154,223,684	154,223,684	153,428,700	\$ (794,984)
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	4,546,175	4,546,175		
Prior Year's Encumbrances	934,693	934,693		
Appropriated Reserves	3,588,061	7,388,061		
Total Appropriated Fund Balance	9,068,929	12,868,929		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 163,292,613	\$ 167,092,613		

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.

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 198,055	\$ 251,085	\$ 187,126	\$ 3,365	\$ 60,594
Central administration	463,527	501,111	498,061	678	2,372
Finance	1,500,980	1,561,620	1,418,330	16,195	127,095
Staff	1,306,163	1,416,443	1,194,252	11,418	210,773
Central services	12,005,998	13,405,099	11,763,125	309,792	1,332,182
Special items	1,470,323	1,466,966	1,455,519		11,447
Total General Support	16,945,046	18,602,324	16,516,413	341,448	1,744,463
Instruction					
Administration & improvement	6,782,786	6,943,589	6,694,487	25,357	223,745
Teaching - regular school	53,719,243	51,535,202	49,155,277	191,447	2,188,478
Programs for students with disabilities	16,709,343	17,942,317	16,699,277	170,996	1,072,044
Occupational education	182,189	210,433	210,433		-
Teaching - special schools	308,013	326,578	302,471		24,107
Instructional media	5,497,294	5,524,210	5,129,628	9,053	385,529
Pupil services	9,958,451	10,054,211	8,517,097	19,873	1,517,241
Total Instruction	93,157,319	92,536,540	86,708,670	416,726	5,411,144
Pupil Transportation	8,391,223	8,544,448	7,482,200	84,947	977,301
Community Services	239,511	240,011	151,336	469	88,206
Employee Benefits	36,524,916	35,334,692	33,133,675	81,586	2,119,431
Debt Service					
Principal	-	-	-		-
Interest	70,000	190,000	-	120,000	70,000
Total Debt Service	70,000	190,000	-	120,000	70,000
Total Expenditures	155,328,015	155,448,015	143,992,294	1,045,176	10,410,545
OTHER FINANCING USES					
Operating Transfers Out	7,964,598	11,644,598	11,596,254		48,344
Total Expenditures and Other Uses	\$ 163,292,613	\$ 167,092,613	155,588,548	\$ 1,045,176	\$ 10,458,889
Net Change in Fund Balance			(2,159,848)		
Fund Balance - Beginning of Year			33,520,050		
Fund Balance - End of Year			\$ 31,360,202		

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.

PLAINVIEW-OLD BETHPAGE CENTRAL 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)	0.387764%	0.388946%	0.399735%	0.395048%	0.399656%	0.405289%
District's proportionate share of the net pension asset/(liability) \$	10,074,142	\$ 7,033,163	\$ 3,038,379	\$ (4,231,126)	\$ 41,511,558	\$ 45,146,638
District's covered payroll \$	64,724,161	\$ 63,345,833	\$ 63,344,753	\$ 61,950,567	\$ 59,863,060	\$ 59,867,458
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.56 %	11.10 %	4.80 %	6.83 %	69.34 %	75.41 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0437612%	0.0461802%	0.0488033%	0.0465303%	0.0467420%	0.0488840%
District's proportionate share of the net pension liability \$	(11,588,224)	\$ (3,272,009)	\$ (1,575,100)	\$ (4,372,093)	\$ (7,502,270)	\$ (1,651,410)
District's covered payroll \$	16,578,677	\$ 15,816,720	\$ 15,997,030	\$ 15,995,564	\$ 14,763,453	\$ 14,249,916
District's proportionate share of the net pension liability as a percentage of its covered payroll	69.90 %	20.69 %	9.85 %	27.33 %	50.82 %	11.59 %
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	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.

PLAINVIEW-OLD BETHPAGE CENTRAL 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	\$ 5,786,070	\$ 6,873,706	\$ 6,199,856	\$ 7,424,005	\$ 8,083,275	\$ 10,523,926	\$ 9,728,462	\$ 7,306,396	\$ 6,673,752	\$ 5,175,671
Contributions in relation to the contractually required contribution	5,786,070	6,873,706	6,199,856	7,424,005	8,083,275	10,523,926	9,728,462	7,306,396	6,673,752	5,175,671
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 65,305,531	\$ 64,724,161	\$ 63,345,833	\$ 63,344,753	\$ 61,950,567	\$ 59,863,060	\$ 59,867,458	\$ 61,709,426	\$ 60,069,775	\$ 60,042,587
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	18%	16%	12%	11%	9%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,272,080	\$ 2,350,265	\$ 2,405,572	\$ 2,278,687	\$ 2,260,773	\$ 2,813,347	\$ 2,689,056	\$ 3,160,703	\$ 2,010,452	\$ 2,016,324
Contributions in relation to the contractually required contribution	2,272,080	2,350,265	2,405,572	2,278,687	2,260,773	2,813,347	2,689,056	3,160,703	2,010,452	2,016,324
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 16,784,771	\$ 16,204,443	\$ 16,684,844	\$ 15,689,871	\$ 14,906,576	\$ 14,664,362	\$ 14,500,079	\$ 15,122,096	\$ 14,407,529	\$ 14,340,138
Contributions as a percentage of covered payroll	14%	15%	14%	15%	15%	19%	19%	21%	14%	14%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 5,052,164	\$ 5,430,388	\$ 5,272,221
Interest	4,628,666	4,124,437	3,953,446
Changes in benefit terms	-	-	-
Differences between expected and actual experience	2,595,586	-	(804,481)
Changes of assumptions or other inputs	23,657,563	(10,799,614)	-
Benefit payments	<u>(3,850,625)</u>	<u>(3,378,746)</u>	<u>(2,387,924)</u>
Net change in total OPEB liability	32,083,354	(4,623,535)	6,033,262
Total OPEB liability, beginning	<u>129,104,169</u>	<u>133,727,704</u>	<u>127,694,442</u>
Total OPEB liability, ending	<u><u>\$ 161,187,523</u></u>	<u><u>\$ 129,104,169</u></u>	<u><u>\$ 133,727,704</u></u>
Covered employee payroll	\$ 77,588,696	\$ 73,790,805	\$ 73,790,805
Total OPEB liability as a percentage of covered employee payroll	207.75%	174.96%	181.23%
Discount rate	2.21%	3.50%	3.00%
Healthcare trend rates	6.6% to 4.1% over 56 years	7.5% to 4.5% over 7 years	7.5% to 4.5% over 5 years

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.

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 162,357,920
Additions:	
Prior year's encumbrances	<u>934,693</u>
Original Budget	163,292,613
Budget revisions	<u>3,800,000</u>
Final Budget	<u><u>\$ 167,092,613</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	<u><u>\$ 164,248,598</u></u>
Maximum allowed (4% of 2020-2021 budget)	<u><u>\$ 6,569,944</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 5,706,412
Unassigned fund balance	<u>6,569,944</u>
	\$ 12,276,356
Less:	
Appropriated fund balance	4,661,236
Encumbrances	<u>1,045,176</u>
Total adjustments	<u>5,706,412</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 6,569,944</u></u>
Actual Percentage	4.00%

PLAINVIEW-OLD BETHPAGE CENTRAL 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	
General fund appropriations 2011-12	\$ 847,500	\$ 847,500	\$ 810,831	\$	\$ 810,831	\$ 36,669	\$	\$	\$ 847,500	\$ 847,500	\$ 36,669 **
General fund appropriations 2012-13	930,140	930,140	426,605		426,605	503,535			930,140	930,140	503,535
General fund appropriations 2013-14	1,434,966	1,434,966	1,306,668		1,306,668	128,298			1,434,966	1,434,966	128,298
General fund appropriations 2014-15	1,898,770	1,898,770	1,687,867		1,687,867	210,903			1,898,770	1,898,770	210,903
General fund appropriations 2015-16	2,700,000	2,700,000	701,338	739,288	1,440,626	1,259,374			2,700,000	2,700,000	1,259,374
General fund appropriations 2016-17	2,000,000	2,000,000	1,665,751	401,773	2,067,524	(67,524)			2,000,000	2,000,000	(67,524)
General fund appropriations 2017-18	2,000,000	2,000,000	379,409	1,581,397	1,960,806	39,194			2,000,000	2,000,000	39,194
General fund appropriations 2018-19	2,100,000	2,100,000	792,922	805,775	1,598,697	501,303			2,100,000	2,100,000	501,303
General fund appropriations 2019-20		2,641,110		261,436	261,436	2,379,674			2,641,110	2,641,110	2,379,674
Closed Projects	5,815,949	5,815,949	5,211,509		5,211,509	604,440			5,815,949	5,815,949	604,440 **
Capital Reserve Project 2010											
District-wide improvements	4,364,500	4,364,500	4,364,500		4,364,500	-			4,364,500	4,364,500	-
Maitlin MS skylights	439,000	439,000	407,507		407,507	31,493			439,000	439,000	31,493
Capital Reserve Project 2014											
District-wide improvements	5,000,000	5,000,000	2,444,145	2,222,339	4,666,484	333,516			5,000,000	5,000,000	333,516
Capital Reserve Project 2015											
District-wide improvements	5,000,000	5,000,000	1,601,098	1,089,323	2,690,421	2,309,579			5,000,000	5,000,000	2,309,579
Capital Reserve Project 2017											
District-wide improvements	4,600,000	4,600,000	17,743	1,106,235	1,123,978	3,476,022			4,600,000	4,600,000	3,476,022
District-wide improvements	7,000,000	7,000,000			-	7,000,000			7,000,000	7,000,000	7,000,000
District-wide improvements		3,800,000			-	3,800,000			3,800,000	3,800,000	3,800,000
Grant project											
High school bleachers	31,950	31,950	31,950		31,950	-		31,950		31,950	-
Jamaica Avenue Parking Lot Sitework	125,791	125,791	125,791		125,791	-		125,791		125,791	-
Improvement to Security System		125,000		51,441	51,441	73,559		125,000		125,000	73,559
Smart Schools Bond Act	1,635,653	1,635,653	1,255,655	68,479	1,324,134	311,519		1,635,653		1,635,653	311,519
Bond Projects											
Old Bethpage School	2,559,036	2,500,311	2,218,132	30,160	2,248,292	252,019	2,500,311			2,500,311	252,019
Jamaica Avenue School	592,299	666,212	353,973	62,469	416,442	249,770	666,212			666,212	249,770
Judy Jacobs Parkway School	3,689,292	3,872,854	4,123,015	281,286	4,404,301	(531,447)	3,872,854			3,872,854	(531,447)
Stratford Road School	8,474,690	8,832,458	3,057,183	4,149,550	7,206,733	1,625,725	8,832,458			8,832,458	1,625,725
Plainview-Old Bethpage Middle School	10,880,273	11,723,331	9,390,422	768,491	10,158,913	1,564,418	11,723,331			11,723,331	1,564,418
H.B. Mattlin Middle School	9,944,167	10,190,041	6,369,402	1,279,063	7,648,465	2,541,576	10,190,041			10,190,041	2,541,576
Plainview-Old Bethpage High School	5,755,403	5,948,653	4,704,809	374,512	5,079,321	869,332	5,948,653			5,948,653	869,332
Pasadena School	3,199,330	3,375,289	3,881,623	15,973	3,897,596	(522,307)	3,375,289			3,375,289	(522,307)
Fern Place	726,000	741,828	93,891	38,629	132,520	609,308	741,828			741,828	609,308
District-wide	3,995,767	1,965,280	642,247	(118,439)	523,808	1,441,472	1,265,280		700,000	1,965,280	1,441,472
Total	<u>\$ 97,740,476</u>	<u>\$ 104,306,586</u>	<u>\$ 58,065,986</u>	<u>\$ 15,209,180</u>	<u>\$ 73,275,166</u>	<u>\$ 31,031,420</u>	<u>\$ 49,116,257</u>	<u>\$ 1,918,394</u>	<u>\$ 53,271,935</u>	<u>\$ 104,306,586</u>	31,031,420
										*Transfer to general fund	(641,109)
										Unissued long-term debt	(8,676,257)
										Unrealized state aid	<u>(1,103,945)</u>
** Unexpended balances of completed projects were transferred to the General Fund in 2019-2020 in accordance with the 2019-2020 approved budget.											<u>\$ 20,610,109</u>

PLAINVIEW-OLD BETHPAGE CENTRAL SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2020

Capital assets, net	<u>\$ 100,193,047</u>
Deduct:	
Bond anticipation notes payable	6,000,000
Less: Unspent bond anticipation notes proceeds	(4,723,609)
Short-term portion of bonds payable	3,815,000
Long-term portion of bonds payable	<u>38,380,000</u>
	<u>43,471,391</u>
Net Investment in Capital Assets	<u><u>\$ 56,721,656</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
Plainview-Old Bethpage Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of Plainview-Old Bethpage Central School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Plainview-Old Bethpage Central School District's basic financial statements, and have issued our report thereon dated October 1, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plainview-Old Bethpage Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plainview-Old Bethpage Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plainview-Old Bethpage Central School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 1, 2020