



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
TOWN OF HEMPSTEAD, NEW YORK**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
IN CONNECTION WITH UNIFORM GUIDANCE**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020**

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	PAGE
Independent Auditor's Report	1
Required Supplementary Information: Management's Discussion And Analysis ("MD&A")	3
Basic Financial Statements:	
District-Wide Financial Statements -	
Statement Of Net Position	14
Statement Of Activities	15
Fund Financial Statements -	
Balance Sheet - Governmental Funds	16
Reconciliation Of Governmental Funds Balance Sheet To The Statement Of Net Position	17
Fund Financial Statements -	
Statement Of Revenues, Expenditures And Changes In Fund Balance - Governmental Funds	18
Reconciliation Of Governmental Funds Statement Of Revenues, Expenditures And Changes In Fund Balance To The Statement Of Activities	19
Fund Financial Statements -	
Statement Of Fiduciary Net Position - Fiduciary Funds	20
Statement Of Change In Fiduciary Net Position - Fiduciary Funds	21
Notes To Financial Statements	22
Required Supplementary Information Other Than MD&A:	
General Fund -	
Schedule Of Revenues, Expenditures And Changes In Fund Balance - Budget And Actual	48
Schedule Of Changes In The District's Total OPEB Liability And Related Ratios	49
Schedule Of District's Proportionate Share Of The Net Pension Liability - NYSERS	50
Schedule Of District's Proportionate Share Of The Net Pension Asset(Liability) - NYSTRS	51
Schedule Of District Pension Contributions - NYSERS	52
Schedule Of District Pension Contributions - NYSTRS	53
Other Supplementary Information:	
General Fund -	
Schedule Of Change From Adopted Budget To Final Budget And The Real Property Tax Limit	54
Capital Projects Fund -	
Schedule Of Project Expenditures And Financing Sources	55
Net Investment In Capital Assets	56
Extraclassroom Activity Funds	57
Federal Award Program Information:	
Schedule Of Expenditures Of Federal Awards	63
Notes To Schedule Of Expenditures Of Federal Awards	64
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	65
Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance	67
Schedule Of Findings And Questioned Costs	69
Summary Schedule Of Prior Audit Findings	71
Findings And Recommendations	72



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education of the  
East Rockaway Union Free School District  
Town of Hempstead, New York:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the East Rockaway Union Free School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to 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 East Rockaway Union Free School District, as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# NawrockiSmith

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 3-13 and 48-53 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 District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information required by the New York State Education Department and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are 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 13, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 District's internal control over financial reporting and compliance.

Melville, New York  
October 13, 2020



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

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

**FINANCIAL HIGHLIGHTS**

- The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The District's net position, as reflected in the District-wide financial statements, decreased by \$914,654 to a total of \$11,776,709.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$40,497,005. Of this amount, \$2,442,129 was offset by program charges for services, operating grants and capital grants. General revenues of \$38,969,530 amount to 94.1% of total revenues.
- The governmental fund's assets exceeded liabilities by \$16,157,045 (see pages 16 and 18).

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide financial statements.
  - The governmental fund financial statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
  - The Fiduciary Funds financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

<b>Table A-1: Major Features of the District-Wide and Fund Financial Statements</b>			
	District-Wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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**District-Wide Financial Statements**

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

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial status is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and general support expenses. Property taxes and State formula aid finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and governmental funds financial statements are provided which explain the relationship (or differences) between them.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

- **Fiduciary funds:** The District is the trustee or fiduciary, for assets that belong to others, such as the scholarship funds and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's net position increased by \$914,654 from the year before to a net position of \$11,776,709 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$12,357,610 represents the District's reserves for employee benefit accrued liabilities, unemployment reserve, retirement contributions and workers' compensation. These assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2019, the District has an unrestricted net deficit position of \$32,252,305. This deficit is driven by the District's required recognition of the total other postemployment benefit ("OPEB") liability of \$37,972,834. This obligation will continue to grow into the future (see Note 10 to the accompanying financial statements) resulting in a greater unrestricted net deficit position.

**Table A-2:** Condensed Statements of Net Position - Governmental Activities

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 21,450,953	\$ 18,640,938	\$ 2,810,015	15.1
Capital assets, net	<u>34,861,482</u>	<u>34,764,447</u>	<u>97,035</u>	0.3
Total assets	<u>\$ 56,312,435</u>	<u>\$ 53,405,385</u>	<u>\$ 2,907,050</u>	5.4
Deferred outflows of resources	<u>\$ 15,848,427</u>	<u>\$ 10,111,841</u>	<u>\$ 5,736,586</u>	56.7
Current liabilities	\$ 5,043,602	\$ 5,510,285	\$ (466,683)	(8.5)
Long-term liabilities	<u>43,237,595</u>	<u>34,740,309</u>	<u>8,497,286</u>	24.5
Total liabilities	<u>\$ 48,281,197</u>	<u>\$ 40,250,594</u>	<u>\$ 8,030,603</u>	20.0
Deferred inflows of resources	<u>\$ 12,102,956</u>	<u>\$ 12,404,577</u>	<u>\$ (301,621)</u>	(2.4)
Net position:				
Net investment in capital assets	\$ 31,671,404	\$ 29,981,314	\$ 1,690,090	5.6
Restricted	12,357,610	11,152,292	1,205,318	10.8
Unrestricted (deficit)	<u>(32,252,305)</u>	<u>(30,271,551)</u>	<u>(1,980,754)</u>	(6.5)
Total net position	<u>\$ 11,776,709</u>	<u>\$ 10,862,055</u>	<u>\$ 914,654</u>	8.4



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**Changes in Net Position**

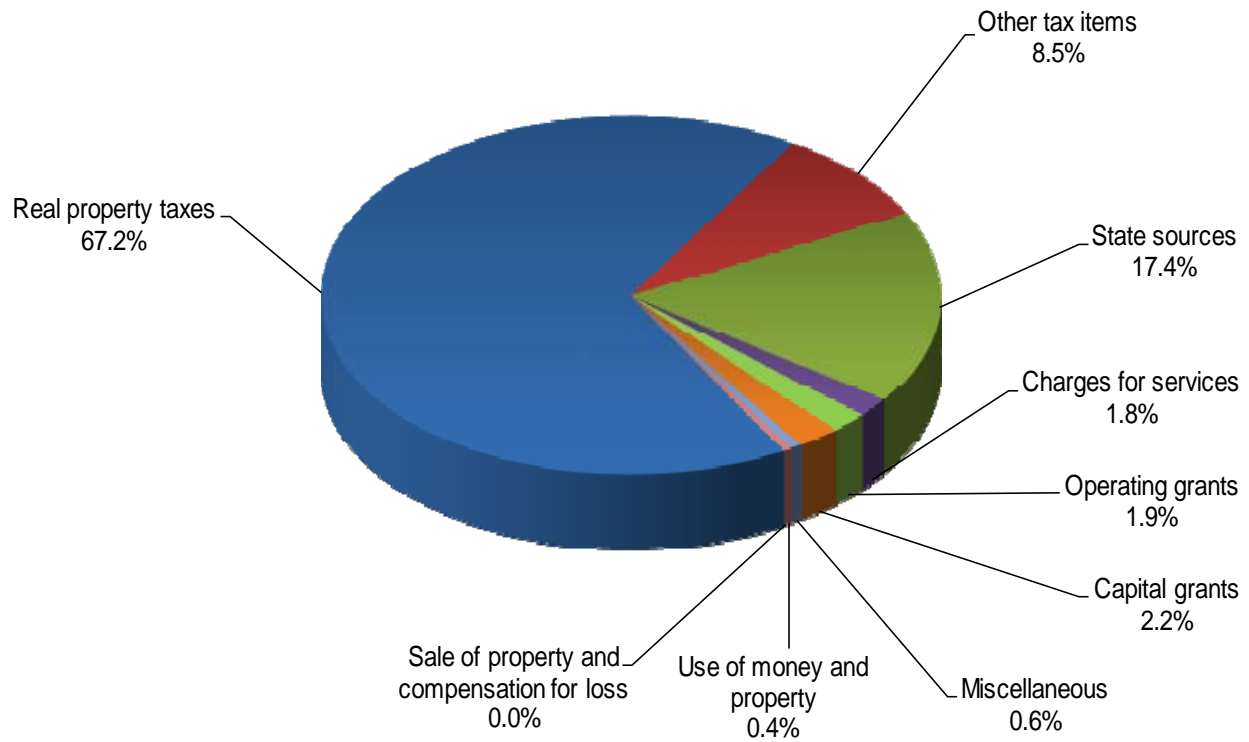
The District's fiscal year 2019 revenues totaled \$41,411,659, which is 5.2% higher than fiscal year 2019 (See Table A-3). Property taxes, other tax items and State sources accounted for 93.1% of total revenues (See Table A-4). The remainder came from fees charged for services, operating grants, capital grants, Federal sources, use of money and property and other miscellaneous sources.

The District's fiscal year 2019 expenses totaled \$40,497,005 and reflect a 1.0% decrease under the prior year's expenses (See Table A-3). These expenses (96.4%) are predominantly related to instruction and general support (See Table A-6).

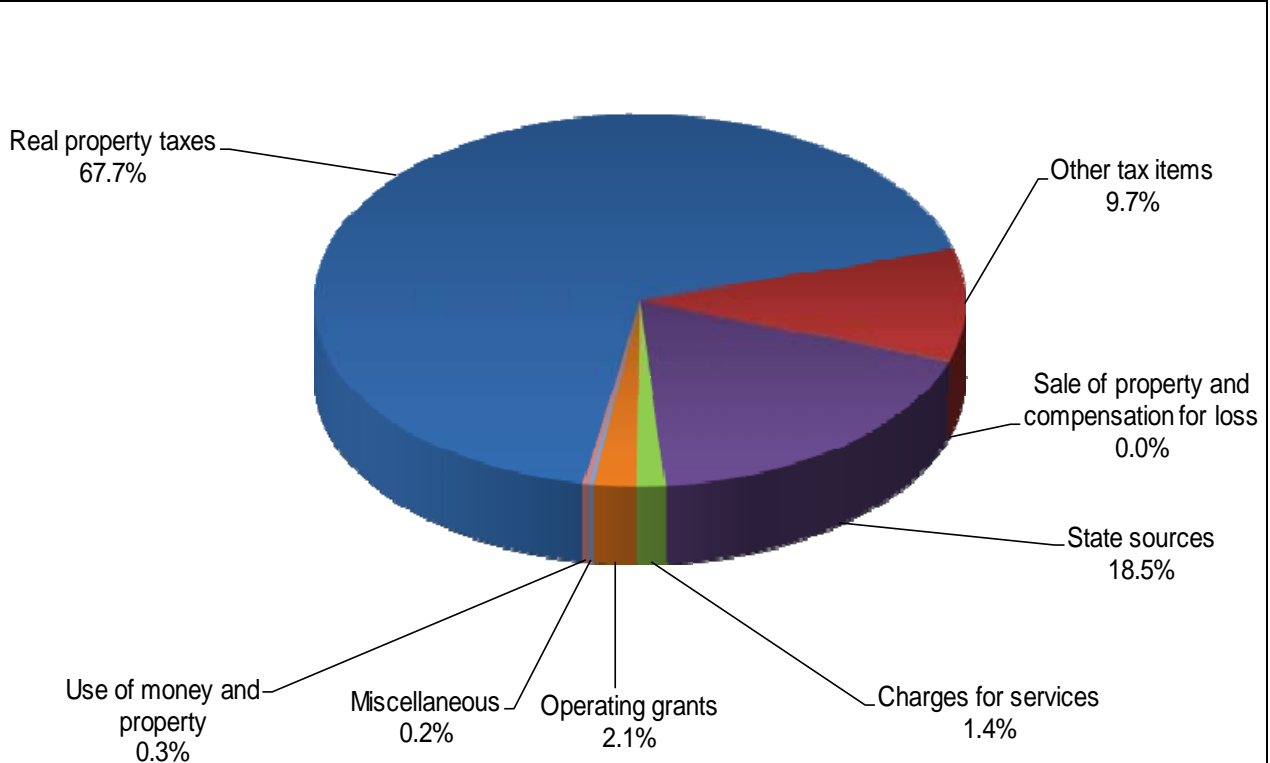
	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 740,114	\$ 557,810	\$ 182,304	32.7
Operating grants	792,984	839,454	(46,470)	(5.5)
Capital grants	909,031	-	909,031	100.0
General revenues:				
Real property taxes	27,827,970	26,650,480	1,177,490	4.4
Other tax items	3,531,542	3,832,516	(300,974)	(7.9)
Use of money and property	185,208	103,746	81,462	78.5
Sale of property and compensation for loss	4,767	14,455	(9,688)	(67.0)
State sources	7,186,573	7,263,467	(76,894)	(1.1)
Miscellaneous	233,470	95,482	137,988	144.5
Total revenues	<u>41,411,659</u>	<u>39,357,410</u>	<u>2,054,249</u>	5.2
<b>Expenses</b>				
General support	6,503,586	6,540,456	(36,870)	(0.6)
Instruction	32,515,214	32,827,081	(311,867)	(1.0)
Pupil transportation	1,079,011	982,278	96,733	9.8
Community services	27,500	-	27,500	100.0
Food service program	340,724	430,168	(89,444)	(20.8)
Debt service - interest	30,970	122,595	(91,625)	(74.7)
Total expenses	<u>40,497,005</u>	<u>40,902,578</u>	<u>(405,573)</u>	(1.0)
Change in net position	<u>\$ 914,654</u>	<u>\$ (1,545,168)</u>	<u>\$ 2,459,822</u>	159.2

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**Table A-4: Sources of Revenues for Fiscal Year 2020**

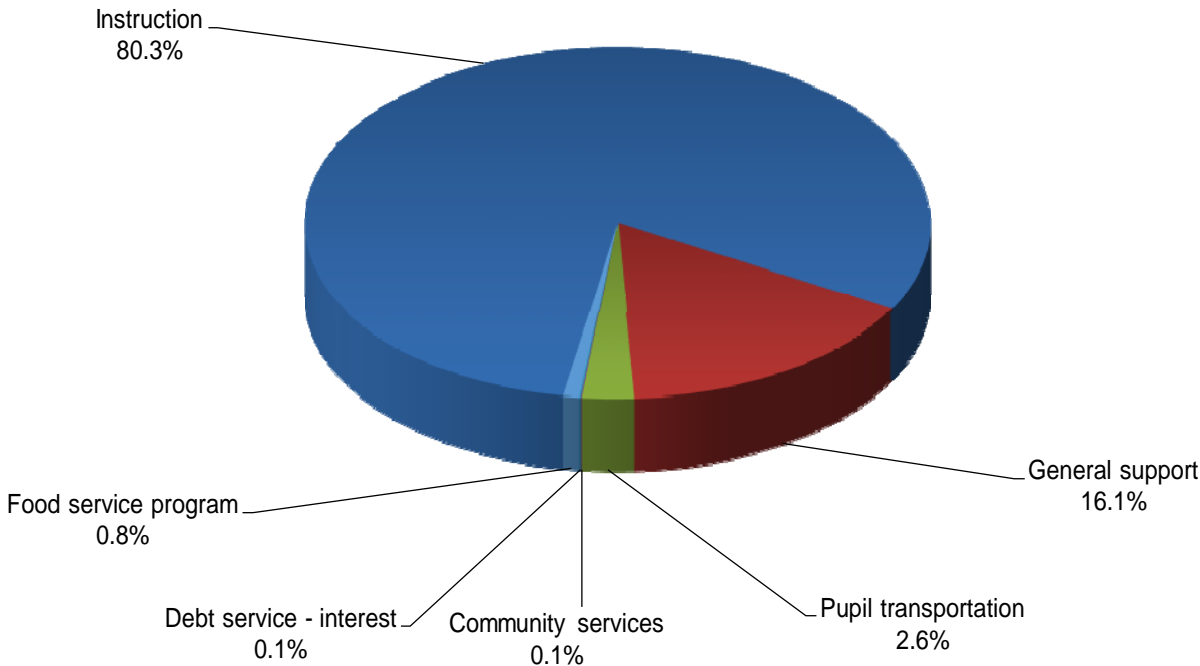


**Table A-5: Sources of Revenues for Fiscal Year 2019**

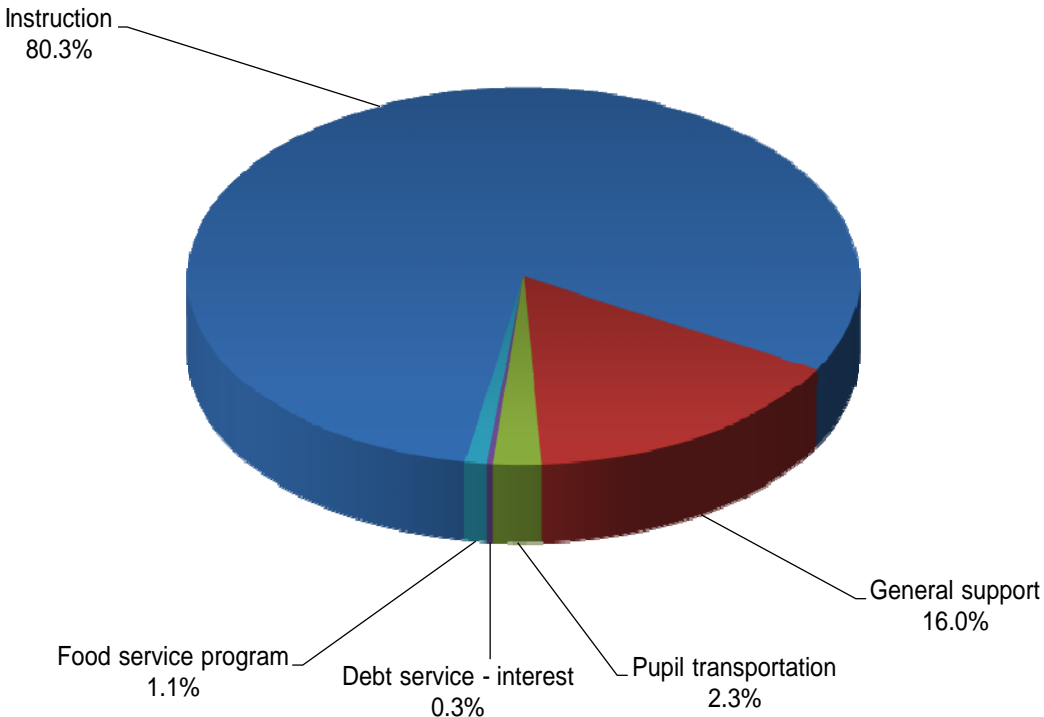


**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**Table A-6: Expenses for Fiscal Year 2020**



**Table A-7: Expenses for Fiscal Year 2019**



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$16,157,045 which is an increase of \$2,524,982 from June 30, 2019. Fund balances for the District's governmental funds for the past two years were distributed as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>\$ Change</u>	<u>% Change</u>
<b>General Fund</b>				
Restricted:				
Capital	\$ 6,704,311	\$ 6,609,875	\$ 94,436	1.4
Employee Benefit Accrued Liability	566,555	558,575	7,980	1.4
Retirement Contributions	4,697,606	3,670,169	1,027,437	28.0
Unemployment	78,452	86,072	(7,620)	(8.9)
Assigned:				
Designated for subsequent year's expenditures	760,000	760,000	-	-
Encumbrances	70,303	97,057	(26,754)	(27.6)
Unassigned	<u>2,935,306</u>	<u>1,611,924</u>	<u>1,323,382</u>	82.1
Total General Fund	<u>15,812,533</u>	<u>13,393,672</u>	<u>2,418,861</u>	18.1
<b>School Lunch Fund</b>				
Assigned:				
School Lunch	<u>33,826</u>	<u>10,790</u>	<u>23,036</u>	213.5
Total School Lunch Fund	<u>33,826</u>	<u>10,790</u>	<u>23,036</u>	213.5
<b>Capital Projects Fund</b>				
Restricted:				
Capital Projects	<u>310,686</u>	<u>227,601</u>	<u>83,085</u>	36.5
Total Capital Projects Fund	<u>310,686</u>	<u>227,601</u>	<u>83,085</u>	36.5
Total fund balance	<u>\$ 16,157,045</u>	<u>\$ 13,632,063</u>	<u>\$ 2,524,982</u>	18.5

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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**General Fund**

The General Fund reported an increase in fund balance of \$2,418,861 for fiscal year 2020, as compared to an increase in fund balance of \$1,096,610 for fiscal 2019. Revenues increased \$1,413,360 mainly as a result of an increase in the amount of real property taxes received. Expenditures decreased \$33,752 as a result of decreases in employee benefits.

**General Fund Budgetary Highlights**

Reference is made to supplementary schedule on page 48 which presents adopted and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were higher than the final budgeted revenues by \$348,791 due to higher than anticipated use of money and property and miscellaneous revenues.
- Actual expenditures were \$3,401,823 less than budget primarily due to lower than anticipated costs due to COVID-19.
- The District is implementing a strategic plan to produce lower and stable budgets and levy increases over the next immediate budget years. Appropriate use of District reserves to help ease the burden on the individual household taxpayer is part of this plan to help stabilize tax levy increases in the future.

As of June 30, 2020, the District's unassigned fund balance was \$2,935,306 which was over the allowable 4% of the subsequent year's budget (\$41,217,426) as promulgated by New York State (see page 54). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2020:

Unassigned fund balance, beginning of year	\$ 1,611,924
Add:	
Prior-year appropriated fund balance	760,000
Prior-year encumbrances	97,057
Net change in fund balance	2,418,861
Less:	
Current-year appropriated fund balance	(760,000)
Current-year encumbrances	(70,303)
Board approved transfer to the Capital Reserve	(200,000)
Board approved transfer to Retirement Contributions Reserve	(1,300,000)
Board approved use of the Unemployment Reserve	8,850
Board approved use of Retirement Contributions Reserve	325,000
Board approved use of Capital Reserve	200,000
Transfer to Capital Reserve for interest	(94,436)
Transfer to Employee Benefit Accrued Liability Reserve for interest	(7,980)
Transfer to Retirement Contributions Reserve for interest	(52,437)
Transfer to Unemployment Reserve for interest	(1,230)
	\$ 2,935,306
Unassigned fund balance, end of year	\$ 2,935,306

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2020, the District had invested \$34,861,482, net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices.

**Table A-9:** Capital Assets (net of depreciation)

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 67,628	\$ 67,628	\$ -	-
Construction-in-progress	5,202,231	3,875,316	1,326,915	34.2
Land improvements	1,093,551	1,201,590	(108,039)	(9.0)
Buildings and building improvements	28,283,393	29,356,184	(1,072,791)	(3.7)
Furniture and equipment	161,557	185,975	(24,418)	(13.1)
Vehicles	53,122	77,754	(24,632)	(31.7)
Totals	<u>\$ 34,861,482</u>	<u>\$ 34,764,447</u>	<u>\$ 97,035</u>	0.3

**Long-Term Debt**

As of June 30, 2020, the District had \$42,260,184 in general obligation bonds and other long-term debt.

**Table A-10:** Outstanding Long-Term Debt

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 3,139,046	\$ 4,681,071	\$ (1,542,025)	(32.9)
Workers' compensation claims payable	554,296	585,850	(31,554)	(5.4)
Compensated absences	594,008	532,709	61,299	11.5
Other post-employment benefits	37,972,834	30,130,535	7,842,299	26.0
Totals	<u>\$ 42,260,184</u>	<u>\$ 35,930,165</u>	<u>\$ 6,330,019</u>	17.6

**FACTORS BEARING ON THE FUTURE OF DISTRICT**

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

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2020-2021 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State's unfunded mandates, it is expected that reductions may be necessary. The District will continue to consolidate services to maintain its high standards. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.
- The General Fund Budget for the 2020-2021 school year was approved by the voters in the amount of \$41,217,426 which represents an increase of \$919,283 or 2.3%.
- The 2020-2021 budget is impacted by certain trends affecting school districts. These include increases in retirement contributions, health insurance costs, workers' compensation judgments, and potential unemployment insurance claims and COVID-19 related expenditures which are beyond the District's control.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

East Rockaway Union Free School District  
District Offices  
443 Ocean Avenue  
East Rockaway, New York 11518  
(516) 887-8300

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

<b>ASSETS</b>	
Unrestricted cash	\$ 1,248,367
Receivables:	
Taxes	1,307,081
State and federal aid	1,194,886
Due from other governments	423,921
Due from fiduciary funds	2,591,560
Other receivables	41,094
Restricted cash	12,173,718
Proportionate share of net pension asset	2,470,326
Capital assets:	
Non-depreciable	5,269,859
Depreciable, net of accumulated depreciation of \$16,797,299	29,591,623
Total assets	56,312,435
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from OPEB	5,587,741
Deferred outflows from pensions	10,260,686
Total deferred outflows of resources	15,848,427
<b>LIABILITIES</b>	
Accounts payable	731,422
Accrued interest payable	53,700
Accrued liabilities	331,401
Due to fiduciary funds	2,257
Due to teachers' retirement system	1,592,340
Due to employees' retirement system	154,657
Unearned revenue	11,505
Long-term liabilities, due within one year:	
Bonds payable, net	1,612,024
Workers' compensation claims payable	554,296
Long-term liabilities, due after one year:	
Bonds payable, net	1,527,022
Compensated absences	594,008
Other post-employment benefits obligation	37,972,834
Proportionate share of net pension liability	3,143,731
Total liabilities	48,281,197
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows from gain on refunding, net of amortization	51,032
Deferred inflows from OPEB	8,600,928
Deferred inflows from pensions	3,450,996
Total deferred inflows of resources	12,102,956
<b>NET POSITION</b>	
Net investment in capital assets	31,671,404
Restricted:	
Capital	6,704,311
Employee Benefit Accrued Liability	566,555
Retirement Contributions	4,697,606
Unemployment	78,452
Capital Projects	310,686
Unrestricted	(32,252,305)
Total net position	\$ 11,776,709

The accompanying notes to financial statements are an integral part of this statement.



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Functions and programs:					
General support	\$ 6,503,586	\$ -	\$ -	\$ -	\$ (6,503,586)
Instruction	32,515,214	572,013	575,119	909,031	(30,459,051)
Pupil transportation	1,079,011	18,982	19,085	-	(1,040,944)
Community services	27,500	484	486	-	(26,530)
Food service program	340,724	148,635	198,294	-	6,205
Debt service - interest	30,970	-	-	-	(30,970)
Total functions and programs	<u>\$ 40,497,005</u>	<u>\$ 740,114</u>	<u>\$ 792,984</u>	<u>\$ 909,031</u>	<u>(38,054,876)</u>
General revenues:					
Real property taxes					27,827,970
Other tax items					3,531,542
Use of money and property					185,208
Sale of property and compensation for loss					4,767
State sources					7,186,573
Miscellaneous					233,470
Total general revenues					<u>38,969,530</u>
Change in net position					914,654
Total net position, beginning of year					<u>10,862,055</u>
Total net position, end of year					<u>\$ 11,776,709</u>

The accompanying notes to financial statements are an integral part of this statement.

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

	<b>Major Funds</b>				
	<b>General</b>	<b>Special Revenue</b>			<b>Governmental Funds</b>
		<b>Special Aid</b>	<b>School Lunch</b>	<b>Capital Projects</b>	
<b>ASSETS</b>					
Cash:					
Unrestricted	\$ 1,221,448	\$ -	\$ 26,919	\$ -	\$ 1,248,367
Restricted	12,046,924	11,907	-	114,887	12,173,718
Receivables:					
Taxes	1,307,081	-	-	-	1,307,081
State and federal aid	815,627	366,005	13,254	-	1,194,886
Due from other governments	423,921	-	-	-	423,921
Due from other funds	343,601	-	323	199,999	543,923
Due from fiduciary funds	2,591,560	-	-	-	2,591,560
Other	36,372	-	4,722	-	41,094
<b>Total assets</b>	<b>\$ 18,786,534</b>	<b>\$ 377,912</b>	<b>\$ 45,218</b>	<b>\$ 314,886</b>	<b>\$ 19,524,550</b>
<b>LIABILITIES</b>					
Payables:					
Accounts payable	\$ 704,415	\$ 22,807	\$ -	\$ 4,200	\$ 731,422
Accrued liabilities	320,009	-	11,392	-	331,401
Due to other funds	200,323	343,600	-	-	543,923
Due to fiduciary funds	2,257	-	-	-	2,257
Due to teachers' retirement system	1,592,340	-	-	-	1,592,340
Due to employees' retirement system	154,657	-	-	-	154,657
Unearned revenue	-	11,505	-	-	11,505
<b>Total liabilities</b>	<b>2,974,001</b>	<b>377,912</b>	<b>11,392</b>	<b>4,200</b>	<b>3,367,505</b>
<b>FUND BALANCE</b>					
Fund balance:					
Restricted	12,046,924	-	-	310,686	12,357,610
Assigned	830,303	-	33,826	-	864,129
Unassigned	2,935,306	-	-	-	2,935,306
<b>Total fund balance</b>	<b>15,812,533</b>	<b>-</b>	<b>33,826</b>	<b>310,686</b>	<b>16,157,045</b>
<b>Total liabilities and fund balance</b>	<b>\$ 18,786,534</b>	<b>\$ 377,912</b>	<b>\$ 45,218</b>	<b>\$ 314,886</b>	<b>\$ 19,524,550</b>

The accompanying notes to financial statements are an integral part of this statement.

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

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Total Fund Balance - Governmental Funds \$ 16,157,045

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

Capital assets less accumulated depreciation are included in the Statement of Net Position:

Capital assets:		
Non-depreciable	\$ 5,269,859	
Depreciable	46,388,922	
Accumulated depreciation	<u>(16,797,299)</u>	34,861,482

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

Proportionate share of net pension asset - NYSTRS	2,470,326	
Deferred outflows of resources - pension related	10,260,686	
Proportionate share of net pension liability - NYSERS	(3,143,731)	
Deferred inflows of resources - pension related	<u>(3,450,996)</u>	6,136,285

Long-term liability, deferred inflows and deferred outflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements:

Deferred outflows of resources - OPEB related	5,587,741	
Deferred inflows of resources - OPEB related	(8,600,928)	
Other post-employment benefits	<u>(37,972,834)</u>	(40,986,021)

Deferred charge from refunding bond. (51,032)

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:

Bonds payable, net	(3,139,046)	
Workers' compensation claims payable	(554,296)	
Compensated absences	<u>(594,008)</u>	(4,287,350)

Interest payable applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.

(53,700)

Net Position - Governmental Activities \$ 11,776,709

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Major Funds</b>				
	<b>General</b>	<b>Special Revenue</b>			<b>Total Governmental Funds</b>
		<b>Special Aid</b>	<b>School Lunch</b>	<b>Capital Projects</b>	
<b>REVENUES</b>					
Real property taxes	\$ 27,827,970	\$ -	\$ -	\$ -	\$ 27,827,970
Other tax items	3,531,542	-	-	-	3,531,542
Charges for services	572,016	-	-	-	572,016
Use of money and property	184,885	-	323	-	185,208
Fees, fines and forfeitures	19,463	-	-	-	19,463
Sale of property and compensation for loss	4,767	-	-	-	4,767
State sources	7,185,604	151,159	7,125	969	7,344,857
Federal sources	-	443,531	191,169	909,031	1,543,731
Sales	-	-	148,635	-	148,635
Miscellaneous	218,890	13,072	1,508	-	233,470
<b>Total revenues</b>	<b>39,545,137</b>	<b>607,762</b>	<b>348,760</b>	<b>910,000</b>	<b>41,411,659</b>
<b>EXPENDITURES</b>					
Current:					
General support	5,040,350	-	-	-	5,040,350
Instruction	21,158,887	653,736	-	-	21,812,623
Pupil transportation	957,300	16,350	-	-	973,650
Community services	27,500	-	-	-	27,500
Employee benefits	7,686,765	-	-	-	7,686,765
Cost of sales	-	-	340,724	-	340,724
Debt service:					
Principal	1,500,000	-	-	-	1,500,000
Interest	178,150	-	-	-	178,150
Capital outlay	-	-	-	1,326,915	1,326,915
<b>Total expenditures</b>	<b>36,548,952</b>	<b>670,086</b>	<b>340,724</b>	<b>1,326,915</b>	<b>38,886,677</b>
Excess (deficiency) of revenues over (under) expenditures	2,996,185	(62,324)	8,036	(416,915)	2,524,982
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	62,324	15,000	500,000	577,324
Transfers out	(577,324)	-	-	-	(577,324)
<b>Total other financing sources (uses)</b>	<b>(577,324)</b>	<b>62,324</b>	<b>15,000</b>	<b>500,000</b>	<b>-</b>
Change in fund balance	2,418,861	-	23,036	83,085	2,524,982
Fund balance, beginning of year	13,393,672	-	10,790	227,601	13,632,063
Fund balance, end of year	<u>\$ 15,812,533</u>	<u>\$ -</u>	<u>\$ 33,826</u>	<u>\$ 310,686</u>	<u>\$ 16,157,045</u>

The accompanying notes to financial statements are an  
integral part of this statement.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020**

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Net Change in Fund Balance - Governmental Activities \$ 2,524,982

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital outlay	\$ 1,326,915	
Depreciation expense	<u>(1,229,880)</u>	97,035

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal		1,500,000
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Amortization of refunding bond premiums	42,025	
Amortization of deferred gain from refunding bonds	51,030	
Compensated absences	(61,299)	
Workers' compensation claims payable	31,554	
Accrued interest costs	<u>54,125</u>	117,435

Changes in the total OPEB liability, deferred inflows and deferred outflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues in the governmental funds.

Total OPEB liability	(7,842,299)	
Deferred outflows of resources from OPEB	5,587,741	
Deferred inflows of resources from OPEB	<u>1,194,420</u>	(1,060,138)

(Increases) decreases in the proportionate share of the net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(1,700,297)	
Employees' Retirement System	<u>(564,363)</u>	<u>(2,264,660)</u>

Net Change in Net Position - Governmental Activities		<u>\$ 914,654</u>
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**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2020**

	<b>Scholarship Trusts</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash:		
Restricted	\$ 47,145	\$ 2,730,943
Receivables	-	3,721
Due from governmental funds	687	1,570
Total assets	\$ 47,832	\$ 2,736,234
<b>LIABILITIES</b>		
Due to governmental funds	\$ -	\$ 2,591,560
Extraclassroom activity balances	-	117,983
Payables	-	26,691
Total liabilities	-	\$ 2,736,234
<b>NET POSITION</b>		
Restricted for:		
Endowment Scholarships	47,832	
Total net position	\$ 47,832	

The accompanying notes to financial statements are an  
integral part of this statement.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

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	<b>Scholarship Trusts</b>
<b>ADDITIONS</b>	
Contributions	\$ 7,209
Investment earnings:	
Interest	687
Total additions	7,896
<b>DEDUCTIONS</b>	
Scholarships and awards	12,086
Total deductions	12,086
Change in net position	(4,190)
Net position, beginning of year	52,022
Net position, end of year	\$ 47,832

The accompanying notes to financial statements are an  
integral part of this statement

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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**1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES**

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

A. Reporting entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five 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 reporting entity of the District is based upon 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 such criteria the District has determined there are no component units to be included within their reporting entity. Based on such criteria, the District has determined there are no component units to be included within their reporting entity.

B. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found elsewhere in this report. The District accounts for assets held as an agent for various student organizations in an agency fund.

C. Joint venture

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



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

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

During the year, the District was billed \$2,604,606 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$831,101.

Financial statements for the BOCES are available from the BOCES administrative office.

D. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid (sources), intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund financial statements

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

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for educational programs.

School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Capital Projects Fund: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefit 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.

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.

**E. Measurement focus and basis of accounting**

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

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

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

F. Property taxes

Real property taxes are levied annually by the Board of Education no later than August 15<sup>th</sup> and become a lien on October 1<sup>st</sup> and April 1<sup>st</sup>. Taxes are collected by the Town of Hempstead and remitted to the District during the period October 1<sup>st</sup> through November 10<sup>th</sup>, and April 1<sup>st</sup> through May 10<sup>th</sup> without penalty.

Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1<sup>st</sup>.

G. Restricted resources

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

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

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by non-spendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

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

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

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

I. 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, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

J. Cash and cash equivalents

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

New York State law governs the District's investment policies. 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 United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

K. Accounts receivable

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

L. Inventories and prepaid items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

M. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

N. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Vehicles	\$ 5,000	Straight-line	8 years
Buildings and building improvements	\$ 50,000	Straight-line	50 years
Land improvements	\$ 25,000	Straight-line	20 years
Furniture and equipment	\$ 5,000	Straight-line	5-20 years

O. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District may have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

P. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District may have four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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and is reported as unavailable revenue - property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Q. Unearned revenues

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

R. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and sabbatical time.

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

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

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements only, the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expenses on a pay-as-you go basis.

S. Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure (see Note 10 for more information).

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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T. 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 RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2020, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

U. Accrued liabilities and long-term obligations

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

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

V. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position: 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.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund financial statements

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

1. Non-spendable: Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted: Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Capital

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit 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.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

Unemployment Insurance

According to General Municipal Law §6-m, must be 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



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

applied to the appropriations of the next succeeding fiscal year's budget. If the school district elects to convert to the tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

3. Committed: Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education.
4. Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint 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. All encumbrances of the General Fund are classified as assigned fund balance as of June 30, 2020, based on the fact that there are no restricted resources on hand to liquidate them, and amounted to \$70,303. The remaining amount of assigned fund balance consisted of funds designated for subsequent year's expenditures in the General Fund of \$760,000.
5. Unassigned: Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District 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 for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2020 were distributed as follows:

	General	School Lunch	Capital Projects	Total Governmental Funds
Restricted:				
Capital	\$ 6,704,311	\$ -	\$ -	\$ 6,704,311
Employee Benefit Accrued Liability	566,555	-	-	566,555
Retirement Contributions	4,697,606	-	-	4,697,606
Unemployment	78,452	-	-	78,452
Capital Projects	-	-	310,686	310,686
Total restricted	<u>12,046,924</u>	<u>-</u>	<u>310,686</u>	<u>12,357,610</u>
Assigned:				
Designated for subsequent year's expenditures	760,000	-	-	760,000
Encumbrances	70,303	-	-	70,303
School Lunch	-	33,826	-	33,826
Total assigned	<u>830,303</u>	<u>33,826</u>	<u>-</u>	<u>864,129</u>
Unassigned	<u>2,935,306</u>	<u>-</u>	<u>-</u>	<u>2,935,306</u>
Total	<u>\$ 15,812,533</u>	<u>\$ 33,826</u>	<u>\$ 310,686</u>	<u>\$ 16,157,045</u>

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The portion of the District's fund balance subject to NYS Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

Order of use of fund balance

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as either restricted or assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS**

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

A. Total fund balances of governmental funds vs. net position of governmental activities

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

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial 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 financial statements and depreciation expense on those items as recorded in the Statement of Activities.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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3. Long-term debt transaction differences

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

4. Pension differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/(liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

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

The voters of the District approved the proposed appropriation budget for the General Fund.

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

The following supplemental appropriations occurred during the year:

Voter approved use of Capital Reserve	\$ 200,000
Donations	<u>3,202</u>
	<u>\$ 203,202</u>

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

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

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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

**4. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS**

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 16,913,365
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Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$12,173,718 within the governmental funds and \$2,778,088 in the fiduciary funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization

**5. RECEIVABLES**

A. Taxes receivable

Taxes receivable at June 30, 2020 , consisted of the following:

General Fund:

Town of Hempstead	<u>\$ 1,307,081</u>
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B. State and federal aid

State and federal aid receivables at June 30, 2020, consisted of the follow

General Fund:

BOCES aid	\$ 606,331
New York State Aid - general aid	10,481
New York State Aid - excess cost aid	198,815

Special Aid Fund:

State and federal grants	366,005
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School Lunch Fund:

School breakfast and lunch reimbursement	<u>13,254</u>
	<u>\$ 1,194,886</u>

C. Due from other governments

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

General Fund:

Valley Stream CSD	\$ 234,266
Port Washington UFSD	75,210
Massapequa UFSD	70,986
Lawrence Public Schools	19,884
NYC Board of Education	15,141
NYC Department of Education	5,716
Roosevelt UFSD	1,262
Franklin Square UFSD	1,262
Baldwin UFSD	194

	<u>\$ 423,921</u>
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D. Other receivables

Other receivables at June 30, 2020, consisted of the following:

General Fund:

Various receivables	\$ 36,372
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School Lunch Fund:

Aramark	<u>4,722</u>
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	<u>\$ 41,094</u>
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**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**6. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications/ Deductions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 67,628	\$ -	\$ -	\$ 67,628
Construction-in-progress	3,875,316	1,326,915	-	5,202,231
Total nondepreciable assets	<u>3,942,944</u>	<u>1,326,915</u>	<u>-</u>	<u>5,269,859</u>
Capital assets that are depreciated:				
Land improvements	2,461,778	-	-	2,461,778
Buildings and building improvements	42,797,928	-	-	42,797,928
Furniture and equipment	807,227	-	-	807,227
Vehicles	321,989	-	-	321,989
Total depreciable assets	<u>46,388,922</u>	<u>-</u>	<u>-</u>	<u>46,388,922</u>
Less accumulated depreciation:				
Land improvements	1,260,188	108,039	-	1,368,227
Buildings and building improvements	13,441,744	1,072,791	-	14,514,535
Furniture and equipment	621,252	24,418	-	645,670
Vehicles	244,235	24,632	-	268,867
Total accumulated depreciation	<u>15,567,419</u>	<u>1,229,880</u>	<u>-</u>	<u>16,797,299</u>
Total capital assets, net	<u>\$ 34,764,447</u>	<u>\$ 97,035</u>	<u>\$ -</u>	<u>\$ 34,861,482</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 199,262
Instruction	1,023,522
Pupil transportation	7,096
	<u>\$ 1,229,880</u>

**7. LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Long-term debt:					
Bonds payable	\$ 4,555,000	\$ -	\$ 1,500,000	\$ 3,055,000	\$ 1,570,000
Unamortized bond premiums	126,071	-	42,025	84,046	42,024
	<u>4,681,071</u>	<u>-</u>	<u>1,542,025</u>	<u>3,139,046</u>	<u>1,612,024</u>
Workers' compensation claims payable	585,850	174,089	205,643	554,296	554,296
Compensated absences	532,709	88,969	27,670	594,008	-
Other post-employment benefits	30,130,535	8,697,135	854,836	37,972,834	-
Total long-term liabilities	<u>\$ 35,930,165</u>	<u>\$ 8,960,193</u>	<u>\$ 2,630,174</u>	<u>\$ 42,260,184</u>	<u>\$ 2,166,320</u>

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

The following is a summary of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2020
Refunding Serial Bond	9/10/14	07/01/21	4.00% - 5.00%	\$ 1,915,000
Refunding Serial Bond	8/24/17	08/01/22	5.00%	1,140,000
				<u>\$ 3,055,000</u>

The following is a summary of maturing debt service requirements pertaining to bonds payable:

Year Ended June 30,	Principal	Interest	Total
2021	\$ 1,570,000	\$ 107,450	\$ 1,677,450
2022	1,085,000	47,125	1,132,125
2023	400,000	10,000	410,000
	<u>\$ 3,055,000</u>	<u>\$ 164,575</u>	<u>\$ 3,219,575</u>

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

Interest paid	\$ 178,150
Plus amortization of deferred charges and premiums	(93,055)
Less interest accrued in the prior year	(107,825)
Plus interest accrued in the current year	<u>53,700</u>
Interest expense	<u>\$ 30,970</u>

**8. PENSION PLANS**

General information

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Benefits can be changed for future members only by enactment of a State statute. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System’s website at [www.nystrs.org](http://www.nystrs.org).

NYSERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees’ Group Life Insurance Plan (“GLIP”), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers’ Retirement Board pursuant to Article 11 of the Education Law. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions for the NYSERS’ fiscal year ended March 31.

The District’s share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

Year Ended June 30	NYSERS	NYSTRS
2020	\$ 537,495	\$ 1,418,915
2019	592,568	1,685,533
2018	569,585	1,531,006

Pension liabilities, pension expense, 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 NYSTRS and March 31, 2020 for NYSERS. 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 NYSTRS and NYSERS Systems in reports provided to the District:



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

	NYSERS	NYSTRS
Actuarial Valuation Date	April 1, 2019	June 30, 2018
Net pension asset (liability)	\$ (3,143,731)	\$ 2,470,326
District's portion of the Plan's total net pension asset (liability)	0.0118718%	0.095085%

For the year ended June 30, 2020, the District recognized pension expense of \$525,027 for NYSERS and \$1,418,526 for NYSTRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	\$ 185,022	\$ 1,674,077	\$ -	\$ (183,698)
Changes of assumptions	63,300	4,666,776	(54,658)	(1,137,892)
Net difference between projected and actual earnings on pension plan investments	1,611,630	-	-	(1,981,074)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	156,414	329,896	(90,023)	(3,651)
Employer contributions subsequent to the measurement date	154,657	1,418,915	-	-
Total	\$ 2,171,023	\$ 8,089,664	\$ (144,681)	\$ (3,306,315)

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended June 30:	NYSERS	NYSTRS
2021	\$ 329,166	\$ 1,183,736
2022	475,604	137,041
2023	600,744	1,179,685
2024	466,171	802,575
2025	-	130,559
Thereafter	-	(69,162)

Actuarial assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

	NYSERS	NYSTRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	*Rates of increase differ based on service
Decrement tables	April 1, 2010 to March 31, 2015 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%

\*The salary scale used for NYSTRS changes based upon levels of service as defined below:

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

For NYSTRS, annuitant mortality rates are based on July 1, 2009 - June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For NYSERS, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018.

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

The long-term 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 returns net of investment expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

	NYSERS		NYSTRS	
	Target Allocation	Long-term Rate	Target Allocation	Long-term Rate
Measurement date	March 31, 2020		June 30, 2019	
Asset type:				
Absolute Return Strategies	2.00%	3.75%	-	-
Bonds and Mortgages	17.00%	0.75%	-	-
Cash	1.00%	-	-	-
Domestic Equity	36.00%	4.05%	33.00%	6.30%
Domestic Fixed Income	-	-	16.00%	1.30%
Global Fixed Income	-	-	2.00%	0.90%
Global Equity	-	-	4.00%	7.20%
High-yield Fixed Income	-	-	1.00%	3.60%
Inflation-Indexed Bonds	4.00%	0.50%	-	-
International Equity	14.00%	6.15%	16.00%	7.80%
Opportunistic Portfolio	3.00%	4.65%	-	-
Private debt	-	-	1.00%	6.50%
Private Equity	10.00%	6.75%	8.00%	9.90%
Real Assets	3.00%	5.95%	-	-
Real Estate Debt	-	-	7.00%	2.90%
Real Estate	10.00%	4.95%	11.00%	4.60%
Short-term	-	-	1.00%	0.30%
	<u>100%</u>		<u>100%</u>	

Discount rate

The discount rate used to calculate the total pension liability was 6.80% for NYSERS and 7.10% for NYSTRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the proportionate share of the net pension asset/(liability) to the discount rate assumption

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

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

<u>NYSERS</u>	<u>1% Decrease (5.80%)</u>	<u>Current assumption (6.80%)</u>	<u>1% Increase (7.80%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (5,769,635)	\$ (3,143,731)	\$ (725,263)

<u>NYSTRS</u>	<u>1% Decrease (6.10%)</u>	<u>Current assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (11,150,794)	\$ 2,470,326	\$ 13,896,909

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Valuation date	April 1, 2019	June 30, 2018	
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474	\$ 314,475,735
Plan net position	<u>168,115,682</u>	<u>122,477,481</u>	<u>290,593,163</u>
Employers' net pension liability	<u>\$ (26,480,579)</u>	<u>\$ 2,598,007</u>	<u>\$ (23,882,572)</u>
Ratio of plan net position to the employers' total pension liability	<u>86.39%</u>	<u>102.17%</u>	<u>92.41%</u>

Payables to the pension plan

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. 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 NYSERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$154,657.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the system in September, October and November 2019 through a State aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$1,592,340.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

**9. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS**

	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 2,935,161	\$ 202,580	\$ -	\$ 577,324
Special Aid Fund	-	343,600	62,324	-
School Lunch Fund	323	-	15,000	-
Capital Projects Fund	199,999	-	500,000	-
Fiduciary Funds	2,257	2,591,560	-	-
Totals	<u>\$ 3,137,740</u>	<u>\$ 3,137,740</u>	<u>\$ 577,324</u>	<u>\$ 577,324</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

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

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

**10. OTHER POST-EMPLOYMENT BENEFITS ("OPEB")**

A. General information about the OPEB plan

Plan description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of 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

As of July 1, 2018, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	142
Active plan members	<u>217</u>
Total plan members	<u>359</u>

B. Total OPEB liability

The Districts total OPEB liability of \$37,972,834 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, 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	6.1% for 2018, decreasing per year to an ultimate rate of 4.1% in 2075
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

The discount rate was based on the July 1, 2018 S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

C. Changes in the total OPEB liability

Balance as of June 30, 2019	\$ 30,130,535
<u>Changes for the year -</u>	
Service cost	1,279,830
Interest	1,084,532
Change in assumptions or other inputs	6,332,773
Benefit payments	<u>(854,836)</u>
Net changes	<u>7,842,299</u>
Balance as of June 30, 2020	<u>\$ 37,972,834</u>

Sensitivity of the total OPEB liability to changes in the discount rate

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

	1% Decrease (1.21%)	Current assumption (2.21%)	1% Increase (3.21%)
Total OPEB liability as of June 30, 2020	\$ 45,370,629	\$ 37,972,834	\$ 32,151,515

Sensitivity of the total OPEB liability to changes in 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 one percentage point lower (5.10%) or one percentage point higher (7.10%) than the current discount rate:

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

	1% Decrease (5.10% decreasing to 3.10%)	Current assumption (6.10% decreasing to 4.10%)	1% Increase (7.10% decreasing to 5.10%)
Total OPEB liability as of June 30, 2020	\$ 32,227,359	\$ 37,972,834	\$ 45,720,842

D. OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,914,974. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ -	\$ 844,621
Changes of assumptions	5,587,741	7,756,307
Total	<u>\$ 5,587,741</u>	<u>\$ 8,600,928</u>

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

For the year ended June 30:

2021	\$ (449,388)
2022	(449,388)
2023	(449,388)
2024	(449,388)
2025	(449,388)
Thereafter	(766,247)

**11. RISK MANAGEMENT**

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

The District participates in New York Schools Insurance Reciprocal ("NYSIR"), a non-risk-retained public entity risk pool for its District 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.

The District has established a self-insured plan for risks associated with Workers' Compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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There have been no significant reductions in insurance coverage as compared to the prior years, and there were no settlements in excess of coverage over the last three years.

The District has not purchased any annuity contracts.

**12. CONTINGENCIES AND COMMITMENTS**

Encumbrances

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

Assigned: Unappropriated Fund Balance	
General Fund -	
General Support	\$ 34,517
Instruction	<u>35,786</u>
	<u>\$ 70,303</u>

Government grants

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

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2020, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) was capped at 2 percent or the rate of inflation (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for school districts for fiscal years beginning July 1, 2019 at 2.0 percent (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Service concession arrangements

In accordance with GASB Pronouncements, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2020, and accordingly, no liability or deferred inflow of resources was reflected on the District's financial statements.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

**13. TAX ABATEMENTS**

The County of Nassau enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District's property tax revenue was reduced by \$753,177. The District received Payment in Lieu of Tax (“PILOT”) payments totaling \$623,426, which is recorded in real property taxes on the Statement of Revenues, Expenditures and Changes in Fund Balance.

**14. FUTURE CHANGES IN ACCOUNTING STANDARDS**

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 87	Leases	June 30, 2021
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2021
Statement No. 90	Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61	June 30, 2021
Statement No. 91	Conduit Debt Obligations	June 30, 2022

**15. SUBSEQUENT EVENTS**

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 13, 2020 which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance
<b>REVENUES</b>					
Local sources:					
Real property taxes	\$ 27,442,441	\$ 27,743,415	\$ 27,827,970		\$ 84,555
Other tax items	3,832,516	3,531,542	3,531,542		-
Charges for services	540,000	540,000	572,016		32,016
Use of money and property	27,300	27,300	184,885		157,585
Fees, fines and forfeitures	10,000	10,000	19,463		9,463
Sale of property and compensation for loss	-	-	4,767		4,767
Miscellaneous	87,500	90,703	218,890		128,187
Total local sources	31,939,757	31,942,960	32,359,533		416,573
State sources	7,253,386	7,253,386	7,185,604		(67,782)
Total revenues	39,193,143	39,196,346	39,545,137		348,791
<b>OTHER FINANCING SOURCES</b>					
Appropriated reserves and fund balance	1,105,000	1,402,056	-		N/A
Total revenues and other financing sources	40,298,143	40,598,402	39,545,137		348,791
<b>EXPENDITURES</b>					
General support:					
Board of Education	57,744	62,828	57,491	\$ 80	\$ 5,257
Central administration	357,743	367,487	360,260	396	6,831
Finance	657,950	680,450	605,538	32,750	42,162
Staff	392,871	406,221	409,217	-	(2,996)
Central services	3,391,867	3,448,069	3,012,795	1,291	433,983
Special items	634,302	642,169	595,049	-	47,120
Total general support	5,492,477	5,607,224	5,040,350	34,517	532,357
Instruction:					
Instruction, administration and improvement	2,360,156	2,352,288	2,307,112	-	45,176
Teaching - regular school	11,858,159	11,900,276	11,078,196	25,153	796,927
Programs for children with handicapping conditions	5,157,925	5,168,676	4,683,693	-	484,983
Occupational education	115,576	115,576	95,353	-	20,223
Teaching - special school	282,757	282,757	38,074	-	244,683
Instructional media	939,737	938,755	823,739	10,633	104,383
Pupil services	2,411,741	2,439,030	2,105,220	-	333,810
Contractual services	2,800	37,550	27,500	-	10,050
Total instruction	23,128,851	23,234,908	21,158,887	35,786	2,040,235
Pupil transportation	1,015,394	1,116,916	957,300	-	159,616
Community services	2,800	37,550	27,500	-	10,050
Employee benefits	8,609,471	8,352,654	7,686,765	-	665,889
Debt service:					
Principal	1,500,000	1,500,000	1,500,000	-	-
Interest	178,150	178,150	178,150	-	-
Total expenditures	39,927,143	40,027,402	36,548,952	70,303	3,408,147
<b>OTHER FINANCING USES</b>					
Operating transfers out	371,000	571,000	577,324	-	(6,324)
Total expenditures and other financing uses	40,298,143	40,598,402	37,126,276	\$ 70,303	\$ 3,401,823
Net change in fund balance	\$ -	\$ -	2,418,861		
Fund balance, beginning of year			13,393,672		
Fund balance, end of year			\$ 15,812,533		

**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.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE DISTRICTS TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST THREE FISCAL YEARS**

Measurement date	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:			
Service cost	\$ 1,279,830	\$ 1,618,836	\$ 1,574,491
Interest	1,084,532	1,115,826	1,059,271
Changes in benefit terms	-	3,174,819	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	-	(38,720)
Change in demographic	-	(1,043,899)	-
Changes of assumptions or other inputs	6,332,773	(9,910,837)	-
Benefit payments	<u>(854,836)</u>	<u>(793,308)</u>	<u>(715,723)</u>
Net change in total OPEB liability	7,842,299	(5,838,563)	1,879,319
Total OPEB liability - beginning of year	<u>30,130,535</u>	<u>35,969,098</u>	<u>34,089,779</u>
Total OPEB liability - end of year	<u>\$ 37,972,834</u>	<u>\$ 30,130,535</u>	<u>\$ 35,969,098</u>
Covered payroll	\$ 17,867,546	\$ 17,867,546	\$ 19,623,949
Total OPEB liability as a percentage of covered payroll	212.52%	168.63%	183.29%

**Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY - NYSERS  
LAST TEN FISCAL YEARS\*  
(Dollar amounts in thousands)**

	<b>(A)</b> <b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>(B)</b> <b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013**</b>	<b>2012**</b>	<b>2011**</b>
District's proportionate share of the net pension liability	0.01187%	0.01324%	0.01266%	0.01358%	0.01022%	0.00970%	0.01467%	N/A	N/A	N/A
District's proportionate share of the net pension liability	\$ (3,144)	\$ (938)	\$ (409)	\$ (1,276)	\$ (2,217)	\$ (496)	\$ (6,631)	N/A	N/A	N/A
District's covered payroll	\$ 3,933	\$ 4,250	\$ 3,922	\$ 3,852	\$ 3,855	\$ 3,783	\$ 3,986	N/A	N/A	N/A
District's proportionate share of the net pension liability as a percentage of covered payroll	79.94%	22.07%	10.43%	33.13%	57.51%	13.11%	166.35%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	86.39%	98.24%	94.70%	90.70%	97.95%	97.20%	97.20%	N/A	N/A	N/A

The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

**(A)** The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

**(B)** The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

\*\*Data not available prior to fiscal year 2015 implementation of GASB 68.

N/A = Not available

**\*Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSTRS  
LAST TEN FISCAL YEARS\*  
(Dollar amounts in thousands)**

	(A) 2020	2019	(B) 2018	(C) 2017	2016	2015	2014	2013**	2012**	2011**
District's proportionate share of the net pension asset (liability)	0.09509%	0.09591%	0.09878%	0.10035%	0.10098%	0.10405%	0.10257%	N/A	N/A	N/A
District's proportionate share of the net pension asset (liability)	\$ 2,470	\$ 1,734	\$ 751	\$ (1,075)	\$ 10,489	\$ 11,591	\$ 675	N/A	N/A	N/A
District's covered payroll	\$ 16,015	\$ 15,871	\$ 16,055	\$ 15,755	\$ 15,244	\$ 15,523	\$ 15,125	N/A	N/A	N/A
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	15.43%	10.93%	4.68%	-6.82%	68.81%	74.67%	4.46%	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.17%	100.66%	99.01%	110.46%	111.48%	100.70%	100.70%	N/A	N/A	N/A

The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

**(A)** The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.1% effective with the June 30, 2019 measurement date.

**(B)** The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

**(C)** The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

\*\* Data not available prior to fiscal year 2015 implementation of GASB 68.

N/A = Not available

**\*Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - NYSERS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 537	\$ 593	\$ 570	\$ 563	\$ 588	\$ 700	\$ 757	\$ 703	\$ 639	\$ 471
Contributions in relation to the contractually required contribution	<u>537</u>	<u>593</u>	<u>570</u>	<u>563</u>	<u>588</u>	<u>700</u>	<u>757</u>	<u>703</u>	<u>639</u>	<u>471</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,012	\$ 4,107	\$ 4,136	\$ 3,852	\$ 3,855	\$ 3,896	\$ 3,971	\$ 3,863	\$ 3,714	\$ 3,468
Contributions as a percentage of covered payroll	13.38%	14.44%	13.78%	14.62%	15.25%	17.97%	19.06%	18.20%	17.21%	13.58%

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - NYSTRS  
LAST TEN FISCAL YEARS  
(Dollar amounts in thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
Contractually required contribution	\$ 1,419	\$ 1,686	\$ 1,531	\$ 1,835	\$ 2,053	\$ 2,659	\$ 2,498	\$ 1,779	\$ 1,701	\$ 1,283
Contributions in relation to the contractually required contribution	<u>1,419</u>	<u>1,686</u>	<u>1,531</u>	<u>1,835</u>	<u>2,053</u>	<u>2,659</u>	<u>2,498</u>	<u>1,779</u>	<u>1,701</u>	<u>1,283</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,015	\$ 15,876	\$ 15,622	\$ 15,657	\$ 15,483	\$ 15,168	\$ 15,372	N/A	N/A	N/A
Contributions as a percentage of covered payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	N/A	N/A	N/A

N/A = Not available

**\*Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Change from adopted budget to final budget:**

Adopted budget		\$ 40,298,143
Add:		
Prior year's encumbrances		<u>97,057</u>
Original budget		40,395,200
Budget revisions:		
Voter approved use of Capital Reserve		200,000
Donations		<u>3,202</u>
Final budget		<u><u>\$ 40,598,402</u></u>

**Section 1318 of the Real Property Tax Law Limit calculation:**

2020-2021 voter-approved expenditure budget		<u><u>\$ 41,217,426</u></u>
Maximum allowed (4% of 2020-2021 budget)		<u><u>\$ 1,648,697</u></u>
General Fund fund balance subject to §1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 830,303	
Unassigned fund balance	<u>2,935,306</u>	\$ 3,765,609
Less:		
Appropriated fund balance	760,000	
Encumbrances	<u>70,303</u>	<u>830,303</u>
General Fund fund balance subject to §1318 of Real Property Tax Law		<u><u>\$ 2,935,306</u></u>
Actual percentage		<u><u>7.12%</u></u>



**OTHER  
SUPPLEMENTARY  
INFORMATION**

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2020**

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2020	
			Prior Years	Current Year	Total		Proceeds of Obligations	FEMA	Local Sources		Total
Center Avenue Masonary	\$ 702,121	\$ 702,121	\$ 702,121	\$ -	\$ 702,121	\$ -	\$ 702,121	\$ -	\$ -	\$ 702,121	\$ -
District Wide Technology	2,639,325	2,639,325	2,639,325	-	2,639,325	-	2,639,325	-	-	2,639,325	-
E-Rate	92,963	92,963	92,963	-	92,963	-	-	-	92,963	92,963	-
Hurricane Sandy	12,000,000	11,994,128	10,787,701	-	10,787,701	1,206,427	-	10,077,158	3,177,585	13,254,743	2,467,042
Hazard Mitigation Plans	3,504,340	3,504,340	2,285,908	677,099	2,963,007	541,333	-	909,031	-	909,031	(2,053,976) *
Kaminsky Grant	125,000	125,000	124,994	-	124,994	6	-	-	124,994	124,994	-
Smart Schools Bond	444,144	444,144	141,951	111,416	253,367	190,777	-	-	119,370	119,370	(133,997) *
Living with the Bay	260,000	260,000	788	11,353	12,141	247,859	-	-	-	-	(12,141) *
General Fund Transfer 2015	60,000	60,000	60,000	-	60,000	-	-	-	60,000	60,000	-
General Fund Transfer 2016	75,000	75,000	75,000	-	75,000	-	-	-	75,000	75,000	-
General Fund Transfer 2017	75,000	75,000	75,000	-	75,000	-	-	-	75,000	75,000	-
General Fund Transfer 2018	75,000	75,000	75,000	-	75,000	-	-	-	75,000	75,000	-
General Fund Transfer 2019	102,354	102,354	102,354	-	102,354	-	-	-	102,354	102,354	-
General Fund Transfer 2020	300,000	300,000	-	128,574	128,574	171,426	-	-	300,000	300,000	171,426
Bond 2020	27,708,336	27,708,336	-	151,035	151,035	27,557,301	-	-	-	-	(151,035)
Emergency Repair 2015	100,000	85,070	85,070	-	85,070	-	-	-	85,070	85,070	-
Emergency Repair 2016	135,070	157,200	157,200	-	157,200	-	-	-	157,200	157,200	-
Building Repair 2016	200,000	200,000	200,000	-	200,000	-	-	-	200,000	200,000	-
Building Repair 2017	200,000	200,000	200,000	-	200,000	-	-	-	200,000	200,000	-
Building Repair 2018	295,558	295,558	295,558	-	295,558	-	-	-	295,558	295,558	-
Building Repair 2019	200,000	200,000	145,209	43,157	188,366	11,634	-	-	200,000	200,000	11,634
Technology Reserve 2015	250,000	242,712	242,712	-	242,712	-	-	-	242,712	242,712	-
Technology Reserve 2017	200,000	200,000	198,551	3	198,554	1,446	-	-	200,000	200,000	1,446
Technology Reserve 2018	485,875	485,875	485,875	-	485,875	-	-	-	485,875	485,875	-
Technology Reserve 2019	200,000	200,000	185,435	11,489	196,924	3,076	-	-	200,000	200,000	3,076
Technology Reserve 2020	200,000	200,000	-	192,789	192,789	7,211	-	-	200,000	200,000	7,211
Non-Aidable Projects	1,035,658	1,035,179	1,035,179	-	1,035,179	-	361,720	-	673,459	1,035,179	-
<b>Totals</b>	<b>\$ 51,665,744</b>	<b>\$ 51,659,305</b>	<b>\$ 20,393,894</b>	<b>\$ 1,326,915</b>	<b>\$ 21,720,809</b>	<b>\$ 29,938,496</b>	<b>\$ 3,703,166</b>	<b>\$ 10,986,189</b>	<b>\$ 7,342,140</b>	<b>\$ 22,031,495</b>	<b>\$ 310,686</b>

\* These projects will be funded by state and federal sources in future fiscal years.

OTHER  
SUPPLEMENTARY  
INFORMATION

EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NET INVESTMENT IN CAPITAL ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020

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Capital assets, net		\$	34,861,482
Deduct:			
Short-term portion of bonds payable, net	\$	1,612,024	
Long-term portion of bonds payable, net		1,527,022	
Deferred gain on refunding bonds		<u>51,032</u>	<u>3,190,078</u>
Net investment in capital assets		\$	<u><u>31,671,404</u></u>

See auditor's report on other supplementary information.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUNDS  
TABLE OF CONTENTS**

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Independent Auditor's Report On Extraclassroom Activity Funds Financial Statements	58
Financial Statements:	
Cash Receipts And Disbursements:	
High School	60
Middle School	61
Note To Financial Statements	62



**INDEPENDENT AUDITOR'S REPORT ON EXTRACLASSROOM  
ACTIVITY FUNDS FINANCIAL STATEMENTS**

To the Board of Education of the  
East Rockaway Union Free School District  
Town of Hempstead, New York:

We have audited the accompanying statement of cash receipts and disbursements of the various Extraclassroom Activity Funds of the East Rockaway Union Free School District (the "District") for the year ended June 30, 2020, and the related note to financial statement, which collectively comprise the financial statements of the District's Extraclassroom Activity Funds.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free of 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 opinion.

# NawrockiSmith

## ***Opinion***

In our opinion, the statement of cash receipts and disbursements referred to above presents fairly, in all material respects, the cash receipts and disbursements of the Extraclassroom Activity Funds of the East Rockaway Union Free School District for the year ended June 30, 2020 in accordance with the basis of accounting described in Note 1.

## ***Basis of Accounting***

We draw attention to Note 1 of these financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Melville, New York  
October 13, 2020

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUNDS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Cash Balances July 1, 2019</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balances June 30, 2020</b>
High School:				
Class of 2018	\$ 1,742.65	\$ 23.50	\$ -	\$ 1,766.15
Class of 2019	2,636.75	7.31	2,094.50	549.56
Class of 2020	3,614.45	6,968.04	5,419.05	5,163.44
Class of 2021	4,217.02	1,663.37	1,200.06	4,680.33
Class of 2022	4,898.11	527.12	114.06	5,311.17
Class of 2023	1,668.92	5,226.63	5,870.80	1,024.75
Class of 2024	3,999.31	5,505.17	1,600.00	7,904.48
Class of 2025	-	6,259.30	4,701.00	1,558.30
Art Club	987.65	641.95	731.74	897.86
AVID	-	1,050.00	1,050.00	-
Band	3,951.35	198.83	480.32	3,669.86
Band / NYSSMA	24.74	75.33	-	100.07
Baseball	51.97	637.08	156.94	532.11
Builders' Club	1,424.79	1,339.79	2,029.00	735.58
Cap and gown	5,183.98	3,454.80	3,391.26	5,247.52
Class of 2017 Pre-Prom	28.59	0.39	-	28.98
D.E.C.A.	91.32	1.23	-	92.55
Dignity Club	532.46	7.18	-	539.64
Enterprise	306.72	329.14	325.00	310.86
Foreign Language	2,436.26	28.00	360.00	2,104.26
Girls Hoops	296.94	2,416.92	1,592.35	1,121.51
Grid Iron	6,491.27	7,563.45	7,557.48	6,497.24
Junior Varsity Softball	2,274.14	643.35	1,852.92	1,064.57
Key Club	1,058.16	322.00	632.00	748.16
Life Skills	361.27	1,878.66	1,213.35	1,026.58
Musical Department Trip	248.76	37,625.47	26,576.13	11,298.10
Musical Production	3,791.63	13,153.36	14,662.90	2,282.09
Orange Rim	1,499.93	4,059.10	4,874.88	684.15
Orchestra	528.99	273.04	347.99	454.04
Pride Club - GSA	237.60	173.58	-	411.18
Robotics	4,478.45	60.39	-	4,538.84
Rock Rivalry-Class of 2020	-	451.00	-	451.00
Rock Rivalry-Class of 2021	-	861.46	-	861.46
Rock Rivalry-Class of 2022	-	749.98	-	749.98
Rock Rivalry-Class of 2023	-	1,170.57	-	1,170.57
Rock Rivalry	4,339.70	4,594.36	1,841.98	7,092.08
SADD	241.61	3.26	-	244.87
Senior Chorus	1,310.69	26,335.70	22,141.30	5,505.09
Senior National Honor Society	44.75	50.60	50.00	45.35
Stage Design	22.17	1,341.14	150.00	1,213.31
Student Council	6,707.31	747.33	200.00	7,254.64
Student Council / Adv Place	26,613.09	14,054.00	40,667.09	-
The Gull	202.73	291.74	-	494.47
Tri-M	477.31	5.49	70.00	412.80
Varsity Cheerleading	48.77	0.66	-	49.43
Video / Newscaster	114.07	1.54	-	115.61
Volleyball	-	301.75	301.75	-
Yearbook	3,865.62	1,220.33	551.79	4,534.16
	<u>\$ 103,052.00</u>	<u>\$ 154,294.39</u>	<u>\$ 154,807.64</u>	<u>\$ 102,538.75</u>

The accompanying note is an integral  
part of this financial statement.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUNDS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
(continued)  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Cash Balances July 1, 2019</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Cash Balances June 30, 2020</b>
Middle School:				
Cheerleading	\$ 202.52	\$ 2.73	\$ -	\$ 205.25
Cross Country	69.67	0.94	-	70.61
Girls Soccer	0.38	-	-	0.38
Junior Honor Society	2,010.06	27.11	-	2,037.17
Robotics	1,735.45	2,139.54	903.41	2,971.58
Centre Avenue:				
Class of 2026	-	21,725.45	20,423.24	1,302.21
Class of 2025	998.72	-	998.72	-
Class of 2024	-	-	-	-
Student Council / Trips	8,978.71	6,803.13	9,053.20	6,728.64
Kiwanis Kids Club	42.43	477.18	468.50	51.11
Rhame Avenue:				
Class of 2026	-	15,288.00	15,288.00	-
Class of 2025	1,298.15	-	1,298.15	-
Student Council / Trips	2,979.70	3,024.60	3,930.03	2,074.27
Kiwanis Kids Club	3.46	0.05	-	3.51
	<u>\$ 18,319.25</u>	<u>\$ 49,488.73</u>	<u>\$ 52,363.25</u>	<u>\$ 15,444.73</u>
Total District-wide Extracurricular funds:	<u>\$ 121,371.25</u>	<u>\$ 203,783.12</u>	<u>\$ 207,170.89</u>	<u>\$ 117,983.48</u>

The accompanying note is an integral  
part of this financial statement.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUNDS  
NOTE TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the East Rockaway Union Free School District (the "District").

The accounts of the Extraclassroom Activity Funds of the District are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under accounting principles generally accepted in the United States of America, and which may be material in amount, are not recognized in the accompanying financial statements.



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/ Pass - Through Grantor/ Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. Department of Education</u></b>			
<u>Passed-Through Programs From:</u>			
New York State Department of Education:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010	0021-20-1540	\$ 104,134
ESEA, Title II, Part A, Training	84.367A	0147-19-1540	1,600
ESEA, Title II, Part A, Training	84.367A	0147-20-1540	25,979
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-19-1540	5,744
ESEA, Title IV, Part A, Student Support and Enrichment Grants	84.424A	0204-20-1540	<u>2,764</u>
			<u>140,221</u>
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027	0032-20-0427	295,398
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173	0033-20-0427	<u>7,912</u>
			<u>303,310</u>
<b>Total U.S. Department of Education</b>			<u>443,531</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<u>Passed-Through Program From:</u>			
New York State Division of Homeland Security and Emergency Services:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW225	<u>677,099</u>
<b>Total U.S. Department of Homeland Security</b>			<u>677,099</u>
<b><u>U.S. Department of Agriculture</u></b>			
<u>Direct Program:</u>			
Supplemental Nutrition Assistance Program	10.551	N/A	15,958
<u>Passed-Through Programs From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	47,260
National School Lunch Program	10.555	N/A	<u>127,951</u>
<b>Total U.S. Department of Agriculture</b>			<u>191,169</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u>\$ 1,311,799</u>

The accompanying notes should be read  
in conjunction with this schedule.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the East Rockaway Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in fund balance of the District.

**2. BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Non-monetary assistance is reported in the Schedule at the fair market value of commodities received, which is provided by New York State.

**3. INDIRECT COSTS**

The East Rockaway Union Free School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**4. SUBRECIPIENTS**

No amounts were provided to subrecipients.

**5. OTHER DISCLOSURES**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**6. MAJOR PROGRAM DETERMINATION**

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**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 of the  
East Rockaway Union Free School District  
Town of Hempstead, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the East Rockaway Union Free School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 13, 2020.

***Internal Control Over Financial Reporting***

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

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

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

# NawrockiSmith

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 20-01 and 20-02.

## ***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.

Melville, New York  
October 13, 2020

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the  
East Rockaway Union Free School District  
Town of Hempstead, New York:

***Report on Compliance for Each Major Federal Program***

We have audited the East Rockaway Union Free School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Its Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

# NawrockiSmith

## ***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, however, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Melville, New York  
October 13, 2020



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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**A. Summary Of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. Two instances of noncompliance was identified during the audit.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
	<u>U.S. Department of Education</u>
84.027	IDEA, Part B, Section 611, Special Education Grants to States
84.173	IDEA, Part B, Section 619, Special Education Preschool Grants

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

**B. Findings - Financial Statement Audit**

20-01 The District's unassigned fund balance in the General Fund exceeded the limitation as promulgated by New York State statute.

Condition: The District did not comply with the limitations on unassigned fund balance.

Criteria: New York State law limits the unassigned fund balance of the General Fund to 4% of the following year's expenditure budget.

Effect: The District did not comply with the New York State accounting requirements as of June 30, 2020.

Cause: The District was not able to make a proper disposition of excess fund balance, which resulted from significant cost savings due to COVID-19.

Recommendation: The District should monitor fund balance throughout the year, to comply with New York State requirements.

Response: The District is in agreement with this finding and will ensure procedures are in effect to comply with such accounting requirements in the future.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020 (CONTINUED)**

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20-02 The submission of the Annual Financial Report on Form ST-3 to the New York State Education Department did not occur until subsequent to the filing deadline.

Condition: The District did not fulfill its annual reporting requirement to the New York State Education Department in accordance with the requisite due date.

Criteria: The New York State Education Department required that the District submit its Annual Financial Report on Form ST-3 by September 1, 2020.

Effect: The District did not fulfill its New York State Education Department report requirement as of the required submission date.

Cause: Information necessary to complete the submission was not readily available, therefore, the Annual Financial Report on ST-3 was not prepared on a timely basis.

Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Response: The District is in agreement with this finding and will ensure policies and procedures are in effect to comply with such accounting requirements in the future.

**C. Findings And Questioned Costs - Major Federal Award Programs Audit**

None reported.



**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020**

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**Findings - Financial Statement Audit**

19-01    Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Status: We noted this recommendation was not implemented.

**Findings And Questioned Costs - Major Federal Award Programs Audit**

None reported.

**EAST ROCKAWAY UNION FREE SCHOOL DISTRICT  
FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED JUNE 30, 2020**

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This section presents our findings and recommendations resulting from the audit of the financial statements of the East Rockaway Union Free School District as of and for the year ended June 30, 2020, as well as the status of recommendations made in connection with the prior audits of the financial statements.

CURRENT YEAR RECOMMENDATIONS:

None noted.

STATUS OF PRIOR YEAR RECOMMENDATION:

1. Recommendation - It was recommended that the District establish formal, written policies and procedures so as to align with the regulations as promulgated by the OMB.

Status - We noted that this recommendation was implemented.