

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

ROCKY POINT UNION FREE SCHOOL DISTRICT

TABLE OF CONTENTS

I. INDEPENDENT AUDITOR'S REPORT, MANAGEMENT'S DISCUSSION AND ANALYSIS AND BASIC FINANCIAL STATEMENTS	
Independent Auditor's Report	
<u>Exhibit Number</u>	<u>Page</u>
1	Management's Discussion and Analysis (Required Supplementary Information) (MD&A) 1 - 13
2	Statement of Net Position 14
3	Statement of Activities 15
4	Balance Sheet - Governmental Funds 16
5	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 17
6	Statement of Revenues, Expenditures and Changes in Fund Balances -- Governmental Funds 18
7	Reconciliation of the Governmental Fund Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities 19
8	Statement of Fiduciary Net Position -- Fiduciary Funds 20
9	Statement of Changes in Fiduciary Net Position -- Fiduciary Funds 21
10	Notes to Financial Statements 22 - 54
II. REQUIRED SUPPLEMENTARY INFORMATION	
SS1	Schedule of Revenues, Expenditures and Changes in Fund Balance -- Budget and Actual - General Fund 55 - 56
SS2	Schedule of Changes in the District's Total OPEB Liability and Related Ratios 57
SS3	Schedule of the District's Proportionate Share of the Net Pension Asset/Liability 58
SS4	Schedule of District's Pension Contributions 59
III. OTHER SUPPLEMENTARY INFORMATION	
SS5	Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit -- General Fund 60
SS6	Schedule of Project Expenditures and Financing Resources - Capital Projects Fund 61
SS7	Net Investment in Capital Assets 62
IV. 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>	



R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Rocky Point Union Free School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

ISLANDIA: 3033 EXPRESS DRIVE NORTH, SUITE 100 • ISLANDIA, NY 11749
WHITE PLAINS: 50 MAIN STREET, SUITE 1000 • WHITE PLAINS, NY 10606
PHONE: (631) 234-4444 • FAX: (631) 234-4234

www.rsabrams.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension liability, schedule of District's contributions, and schedule of changes in District's total OPEB liability, on pages 1 through 13 and 55 through 59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of the Rocky Point Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rocky Point Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Rocky Point Union Free School District's internal control over financial reporting and compliance.

R S Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 9, 2020

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

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

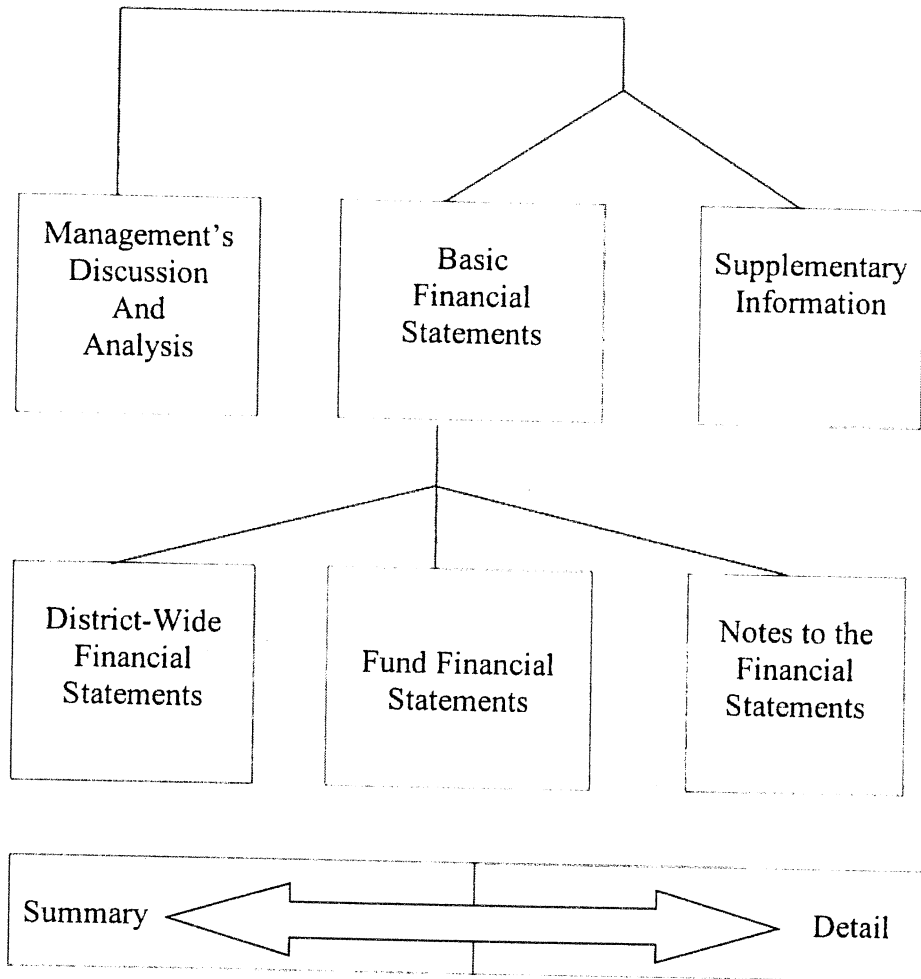
1. FINANCIAL HIGHLIGHTS

- The District's total net position, as reflected in the District-Wide Financial Statements, decreased by \$16,900,245. This was due to an excess of expenditures over revenues based on the accrual basis of accounting.
- The District's fund balance in the general fund, as reflected in the Fund Financial Statements increased \$925,799 based on the modified accrual basis of accounting.
- State and federal revenue in the general fund decreased by \$585,125 to \$28,700,259 in 2019-2020 from \$29,285,384 in 2018-2019.
- The District appropriated \$2,577,971 of fund balance toward the 2020-2021 budget to limit the tax levy increase, and reduce the burden on District taxpayers.
- The District's 2020-2021 budget includes funding for additional staffing, improvements to the District's extracurricular and occupational education programs, building renovations, and investment in capital assets.
- On December 12, 2019 the District refunded \$2,975,000 of the outstanding bonds from the 2009 serial bonds. The present value of savings from the refunding due to lower interest rates on the outstanding issues was \$156,864.
- On March 11, 2020, the World Health Organization declared coronavirus (COVID-19) disease as a global pandemic. Schools, along with all but essential businesses, were ordered closed by the State of New York, and remote learning was conducted for the remainder of the school year. The closure of schools resulted in some areas of savings primarily in the area of transportation, but also included unforeseen expenses such as personal protective equipment and cleaning of buildings.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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



A. District-Wide Statements

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported

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

as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

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

B. Fund Financial Statements

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

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

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

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

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

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

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$16,900,245 in the fiscal year ended June 30, 2020 as detailed below:

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
Current and other assets	\$29,009,689	\$32,128,539	(\$3,118,850)	-9.71%
Capital assets, net	59,951,126	57,823,434	2,127,692	3.68%
Net pension asset, proportionate share	5,005,152	3,464,167	1,540,985	44.48%
Total Assets	<u>93,965,967</u>	<u>93,416,140</u>	549,827	0.59%
Deferred outflows of resources	<u>87,810,745</u>	<u>55,160,754</u>	32,649,991	59.19%
Total Assets and Deferred Outflows of Resources	<u>181,776,712</u>	<u>148,576,894</u>	33,199,818	22.35%
Other liabilities	5,811,434	7,309,577	(1,498,143)	-20.50%
Long-term liabilities	<u>231,388,926</u>	<u>202,939,915</u>	28,449,011	14.02%
Total Liabilities	<u>237,200,360</u>	<u>210,249,492</u>	26,950,868	12.82%
Deferred inflows of resources	<u>33,021,076</u>	<u>9,871,881</u>	23,149,195	234.50%
Net Position (Deficit)				
Net investment in capital assets	44,568,633	42,668,888	1,899,745	4.45%
Restricted	14,056,364	13,326,347	730,017	5.48%
Unrestricted (Deficit)	<u>(147,069,721)</u>	<u>(127,539,714)</u>	(19,530,007)	15.31%
Total Net Position (Deficit)	<u>(\$88,444,724)</u>	<u>(\$71,544,479)</u>	(\$16,900,245)	23.62%

Current and other assets decreased by \$3,118,850 or 9.71% as compared to the prior year as a result of a decrease in cash, offset by increases in due from state and federal and due from other governments. Capital assets (net of depreciation) increased by \$2,127,692 or 3.68% due to current

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

year additions, offset by current year depreciation. The net pension asset – proportionate share for the teachers' retirement system increased \$1,540,985, or 44.48%, as a result of the actuarial valuation provided by the State. See Note 12 for additional information.

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

Current and other liabilities decreased by \$1,498,143 or 20.50% primarily due to decreases in accounts payable and due to teachers' retirement system. Long-term liabilities increased by \$28,449,011 or 14.02% primarily due to increases in other post-employment benefits obligation and net position liability-proportionate share, offset by a decrease in bonds payable.

The changes in deferred inflows of resources represent actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation, related debt (net of any unspent proceeds), and any unamortized items (discounts, premiums, gains on refunding).

The restricted net position refers to the District's reserves: workers' compensation, unemployment insurance, retirement contribution (ERS and TRS), property loss, liability, employee benefit accrued liability, and capital, as well as the net position of the debt service fund.

The unrestricted net deficit in the amount of \$147,069,721 relates to the balance of the District's net position. This number does not include the District's reserves, which are classified as restricted net position. Additionally, in accordance with state guidelines, the District is only permitted to fund other postemployment benefits (OPEB) on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB obligation. This deficit increased by \$19,530,007 or 15.31% from the prior year.

The overall net deficit increased by \$16,900,245.

B. Changes in Net Position

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

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

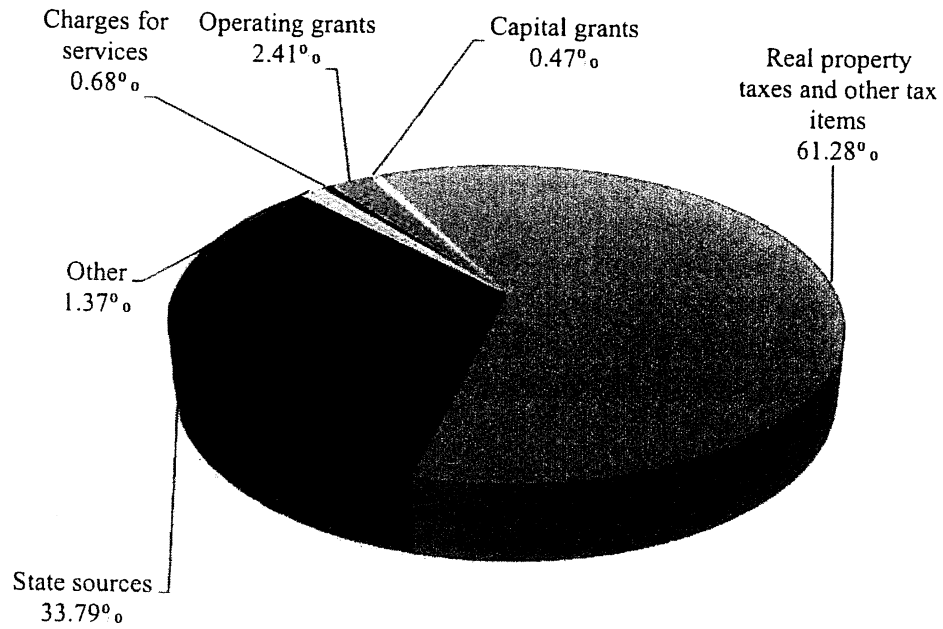
	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$579,934	\$800,503	(\$220,569)	-27.55%
Operating grants	2,059,077	2,241,668	(182,591)	-8.15%
Capital grants	399,598	640,082	(240,484)	-37.57%
General revenues				
Real property taxes and other tax items	52,440,352	51,166,234	1,274,118	2.49%
State sources	28,919,821	29,207,877	(288,056)	-0.99%
Other	1,178,441	1,486,900	(308,459)	-20.75%
Total revenues	<u>85,577,223</u>	<u>85,543,264</u>	<u>33,959</u>	0.04%
Expenses				
General support	13,638,424	13,623,266	15,158	0.11%
Instruction	82,712,610	74,697,775	8,014,835	10.73%
Pupil transportation	4,681,288	5,187,907	(506,619)	-9.77%
Debt service-interest	465,006	763,136	(298,130)	-39.07%
Food service program	980,140	1,463,900	(483,760)	-33.05%
Total expenses	<u>102,477,468</u>	<u>95,735,984</u>	<u>6,741,484</u>	7.04%
Increase (decrease) in net position	<u>(\$16,900,245)</u>	<u>(\$10,192,720)</u>	<u>(\$6,707,525)</u>	65.81%

The District's fiscal year 2020 revenues totaled \$85,577,273. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 61.28% and 33.79%, respectively of total revenue. The remainder came from charges for services, operating grants, capital grants, and other miscellaneous sources.

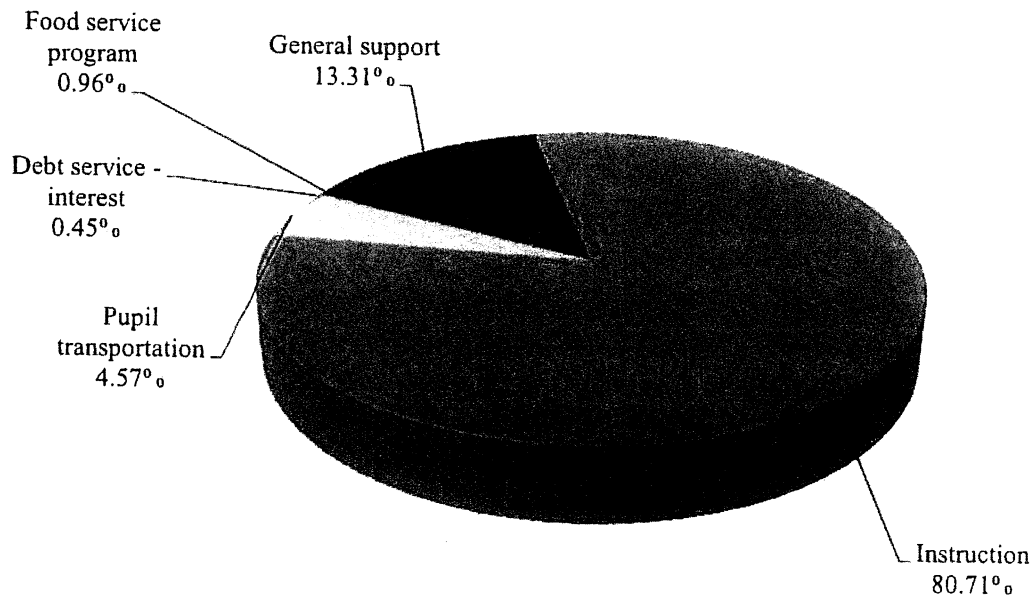
The total cost of all programs and services totaled \$102,477,468 for fiscal year 2020. These expenses are predominantly related to general instruction and caring for (pupil services) and transporting students, which account for 85.28% of District expenses. The District's general support activities accounted for 13.31% of total costs. Total expenses increased by \$6,741,484 or 7.04%, primarily due to an increase in instruction, offset by a decrease in transportation.

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

A graphic display of the distribution of revenues for the fiscal year 2020 follows:



A graphic display of the distribution of expense for the fiscal year 2020 follows:



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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As of June 30, 2020, the District's governmental funds reported a total fund balance of \$21,679,849, which is a decrease of \$2,528,722 from the prior year. This decrease is primarily due to a decrease in fund balance in the capital projects fund, offset by an increase in fund balance in the general fund.

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

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Total Percentage Change
General Fund				
Nonspendable: Prepaid expenditures	\$60,000	\$60,000	\$-	0.00%
Restricted:				
Workers' compensation	1,430,045	1,877,573	(447,528)	-23.84%
Unemployment insurance	515,531	530,779	(15,248)	-2.87%
Retirement contribution:				
Teachers' Retirement System	1,258,685	604,009	654,676	108.39%
Employees' Retirement System	2,804,270	3,675,779	(871,509)	-23.71%
Property loss	54,296	54,021	275	0.51%
Liability	54,296	54,021	275	0.51%
Employee benefit accrued liability	4,160,665	4,400,632	(239,967)	-5.45%
Capital	2,798,471	1,590,368	1,208,103	75.96%
Assigned:				
Appropriated fund balance	2,577,971	2,474,613	103,358	4.18%
Unappropriated fund balance	699,406	758,586	(59,180)	-7.80%
Unassigned fund balance	4,062,281	3,469,737	592,544	17.08%
Total fund balance - general fund	<u>\$20,475,917</u>	<u>\$19,550,118</u>	<u>\$925,799</u>	4.74%
School Food Service Fund				
Nonspendable - inventory	\$61,634	\$40,124	\$21,510	53.61%
Assigned	52,282	73,792	(21,510)	-29.15%
Total fund balance - school food service fund	<u>\$113,916</u>	<u>\$113,916</u>	<u>\$-</u>	0.00%
Debt Service Fund				
Restricted for debt service	\$139,449	\$139,925	(\$476)	-0.34%
Total fund balance - debt service fund	<u>\$139,449</u>	<u>\$139,925</u>	<u>(\$476)</u>	-0.34%
Capital Projects Fund				
Restricted for capital projects	\$840,656	\$399,240	\$441,416	110.56%
Restricted unspent bond proceeds	1,149,591	4,645,454	(3,495,863)	-75.25%
Unassigned	(1,039,680)	(640,082)	(399,598)	62.43%
Total fund balance - capital projects fund	<u>\$950,567</u>	<u>\$4,404,612</u>	<u>(\$3,454,045)</u>	-78.42%
Total Fund Balance - All funds	<u>\$21,679,849</u>	<u>\$24,208,571</u>	<u>(\$2,528,722)</u>	-10.45%

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

A. General Fund

The net change in fund balance in the general fund is an increase of \$925,799. This increase is due to actual revenues and other financing sources exceeding actual expenditures and other financing uses in the current year.

B. School Food Service Fund

There was no change in fund balance in the school food service fund from the prior year. This is due to a transfer of \$265,923 from the general fund to cover negative student balances and losses due to the school closures relating to the pandemic.

C. Debt Service Fund

The net change in fund balance in the debt service fund is a decrease of \$476 due to a transfer to the general fund which was offset by interest income.

D. Capital Projects Fund

The net change in fund balance in the capital projects fund is a decrease of \$3,454,045 due to expenditures on capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 BUDGET

The District's general fund original budget for the year ended June 30, 2020 was \$86,743,446. This amount was increased by encumbrances carried forward from the prior year in the amount of \$758,586 and budget revisions of \$3,216, which resulted in a final budget of \$87,505,248. The majority of the funding came from real property taxes and other tax items including STAR revenue of \$52,440,256.

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

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

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

Opening, unassigned fund balance	\$ 3,469,737
Revenues under budget	(53,946)
Expenditures and encumbrances under budget	5,499,262
Unused appropriated reserves	(368,170)
Interest allocated to reserves	(55,032)
Allocation to reserves	(1,851,599)
Assigned - appropriated for June 30, 2021 budget	<u>(2,577,971)</u>
Closing, unassigned fund balance	<u>\$ 4,062,281</u>

The \$3,469,737 represents the portion of the District's June 30, 2019 fund balance that was retained as unassigned fund balance.

The revenues under budget of \$53,946 were primarily the result of lower than anticipated revenue collection during the year due to state sources under budget offset by other miscellaneous sources over budget. (See Supplemental Schedule #1 for detail).

The expenditures and encumbrances under budget of \$5,499,262 were primarily the result of instruction, general support, and employee benefits coming in under budget. (See Supplemental Schedule #1 for detail).

In the 2019-20 budget, \$1,985,724 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$368,170 of this funding was not needed and was returned to the reserves for future use.

Interest in the amount of \$55,032 was allocated to the reserves as follows: \$6,509 to the workers compensation reserve, \$2,450 to the unemployment insurance reserve, \$14,215 to the retirement contribution reserve - ERS, \$3,077 to the retirement contribution reserve - TRS, \$275 to the property loss reserve, \$275 to the liability loss reserve, \$20,128 to the employee benefit accrued liability reserve, and \$8,103 to the capital reserve.

Transfers to reserves in the amount of \$1,851,599 were as follows: \$651,599 to the retirement contribution reserve for the teachers' retirement system and \$1,200,000 to the capital reserve.

The assigned, appropriated fund balance of \$2,577,971 is the amount the District has chosen to use to partially fund its operating budget for 2020-2021.

The closing, unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for the subsequent year's budget. This amount is limited to 4% of the 2020-2021 budget. At June 30, 2020, the District's unassigned fund balance exceeds the statutory limit.

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

5. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$3,886,338 in excess of depreciation of \$1,748,156 and a loss on the disposition of assets of \$10,490. The District paid for equipment and various building additions and renovations during the fiscal year 2020. A summary of the District's capital assets net of depreciation is as follows:

Category	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)
Land	\$737,304	\$737,304	\$-
Construction in progress	9,673,946	14,929,369	(5,255,423)
Buildings & improvements	47,809,121	40,542,183	7,266,938
Improvements other than buildings	102,164	134,756	(32,592)
Furniture, equipment & vehicles	1,628,591	1,479,822	148,769
Total capital assets, net	<u>\$59,951,126</u>	<u>\$57,823,434</u>	<u>\$2,127,692</u>

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$16,460,000. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt is due to current year principal payments. A summary of outstanding bonds payable at June 30, 2020 and 2019 is as follows:

	Issue Date	Interest Rate	2020	2019	Increase (Decrease)
Serial Bonds	6/15/2009	3.125%-4.00%		\$ 2,975,000	(\$2,975,000)
Refunding Serial Bonds	1/27/2010	2.00%-5.00%	\$ 425,000	2,095,000	(1,670,000)
Serial Bonds	6/27/2017	2.00%-3.00%	7,820,000	8,390,000	(570,000)
Serial Bonds	7/26/2018	3.00%	5,975,000	6,340,000	(365,000)
Refunding Serial Bonds	12/12/2019	5.00%	2,240,000		2,240,000
Total:			<u>\$16,460,000</u>	<u>\$19,800,000</u>	<u>(\$3,340,000)</u>

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

C. Other Long Term Liabilities

Included in the District's long term liabilities are the estimated amounts due for compensated absences, workers' compensation liability, termination benefits, total other post-employment benefits and net pension liability – proportionate share. The compensated absences liability and termination benefits are based on employment contracts. The workers' compensation liability is based on loss runs provided by the third party administrator. The total other post-employment benefits obligation and net pension liability – proportionate share are based on actuarial valuations.

	2020	2019	Increase (Decrease)
Compensated absences	\$5,436,366	\$5,127,023	\$309,343
Workers' compensation	608,559	970,360	(361,801)
Termination benefits	539,100	591,900	(52,800)
Total OPEB obligation	202,352,855	174,747,187	27,605,668
Net pension liability - proportionate share	5,919,962	1,559,277	4,360,685
	<u>\$214,856,842</u>	<u>\$182,995,747</u>	<u>\$31,861,095</u>

6. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 15, 2020 for the year ending June 30, 2021 is \$84,586,600. This is a decrease of \$2,156,846 or 2.49% from the previous year's budget. A property tax increase of \$42,803, levy to levy, was applied.

B. Future Budgets

Significant increases in costs of health insurance, the property tax cap, and uncertainty in state aid and federal funds will greatly influence the District's future budgets.

C. Tax Cap

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

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

D. State Aid Payments

On August 13, 2020, the New York State Division of the Budget (DOB) issued their "FY 2021 First Quarterly State Budget Financial Plan Update" which notes that the DOB approved payment of 80% for accrued General Aid, Excess Cost Aid and BOCES Aid payments. These financial statements reflect revenue at 80% of the accrued amounts for these aids in the general fund. The remaining 20% is included in deferred inflows of resources and will be recognized as revenue upon such time as this deferred aid is received.

7. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Mr. Christopher A. Van Cott
Assistant Superintendent for Business
Rocky Point Union Free School District
90 Rocky Point Yaphank Rd.
Rocky Point, NY 11778

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

Exhibit 2

ASSETS		
Current assets		
Cash		
Unrestricted		\$8,010,121
Restricted		14,238,051
Receivables		
Accounts receivable		145,371
Due from state and federal		3,847,877
Due from other governments		2,084,095
Due from fiduciary funds		562,540
Inventory		61,634
Prepaid expenditures		60,000
Non-current assets		
Capital assets		
Not being depreciated		10,411,250
Being depreciated, net of accumulated depreciation		49,539,876
Net pension asset - proportionate share - teachers' retirement system		5,005,152
TOTAL ASSETS		<u>93,965,967</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other post-employment benefits		67,955,240
Pensions		19,855,505
TOTAL DEFERRED OUTFLOWS OF RESOURCES		<u>87,810,745</u>
LIABILITIES		
Payables		
Accounts payable		2,219,213
Accrued liabilities		100,732
Accrued interest payable		21,568
Due to teachers' retirement system		3,005,341
Due to employees' retirement system		319,946
Due to other governments		21
Due to fiduciary funds		1,074
Compensated absences payable		91,340
Unearned credits		
Collections in advance		52,199
Long-term liabilities		
Due and payable within one year		
Bonds payable (inclusive of premium)		1,977,084
Compensated absences payable		200,000
Due and payable after one year		
Bonds payable		14,555,000
Compensated absences payable		5,236,366
Termination benefits payable		539,100
Workers' compensation claims payable		608,559
Other post-employment benefits obligation		202,352,855
Net pension liability - proportionate share - employees' retirement system		5,919,962
TOTAL LIABILITIES		<u>237,200,360</u>
DEFERRED INFLOWS OF RESOURCES		
Other post-employment benefits		26,095,454
Pensions		6,925,622
TOTAL DEFERRED INFLOWS OF RESOURCES		<u>33,021,076</u>
NET POSITION		
Net investment in capital assets		<u>44,568,633</u>
Restricted		
Workers' compensation		1,430,045
Unemployment insurance		515,531
Retirement contribution - ERS		2,804,270
Retirement contribution - TRS		1,258,685
Property loss		54,296
Liability		54,296
Employee benefit accrued liability		4,160,665
Capital		3,639,127
Debt service		139,449
		<u>14,056,364</u>
Unrestricted (deficit)		<u>(147,069,721)</u>
TOTAL NET POSITION (DEFICIT)		<u><u>(\$88,444,724)</u></u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General support	(\$13,638,424)				(\$13,638,424)
Instruction	(82,712,610)	\$195,507	\$1,692,348	\$399,598	(80,425,157)
Pupil transportation	(4,681,288)				(4,681,288)
Debt service - interest	(465,006)				(465,006)
Food service program	(980,140)	384,427	366,729		(228,984)
TOTAL FUNCTIONS AND PROGRAMS	<u>(\$102,477,468)</u>	<u>\$579,934</u>	<u>\$2,059,077</u>	<u>\$399,598</u>	<u>(99,438,859)</u>
GENERAL REVENUES					
Real property taxes					47,140,370
Other tax items - including STAR reimbursement					5,299,982
Use of money & property					129,273
Sale of property & compensation for loss					8,126
Miscellaneous					760,310
State sources					28,919,821
Federal sources					280,732
TOTAL GENERAL REVENUES					<u>82,538,614</u>
CHANGES IN NET POSITION					
					(16,900,245)
TOTAL NET POSITION - BEGINNING OF YEAR					
					<u>(71,544,479)</u>
TOTAL NET POSITION - END OF YEAR					
					<u>(\$88,444,724)</u>

ROCKY POINT UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents						
Unrestricted	\$7,496,024	\$227,718	\$286,379			\$8,010,121
Restricted	13,076,259			\$136,879	\$1,024,913	14,238,051
Receivables						
Accounts receivable	143,953		1,418			145,371
Due from other funds	2,483,983		258,210	2,570		2,744,763
Due from state and federal	1,563,627	1,240,645	3,925		1,039,680	3,847,877
Due from other governments	2,084,095					2,084,095
Inventory			61,634			61,634
Prepaid expenditures	60,000					60,000
TOTAL ASSETS	<u>\$26,907,941</u>	<u>\$1,468,363</u>	<u>\$611,566</u>	<u>\$139,449</u>	<u>\$2,064,593</u>	<u>\$31,191,912</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Payables						
Accounts payable	\$2,144,202		\$665		\$74,346	\$2,219,213
Accrued liabilities	88,678	\$2,989	9,065			100,732
Due to other funds	261,854	1,465,374	456,069			2,183,297
Due to other governments			21			21
Due to teachers' retirement system	3,005,341					3,005,341
Due to employees' retirement system	319,946					319,946
Compensated absences	91,340					91,340
Uncearned revenues						
Collections in advance	20,369		31,830			52,199
TOTAL LIABILITIES	<u>5,931,730</u>	<u>1,468,363</u>	<u>497,650</u>	<u>-</u>	<u>74,346</u>	<u>7,972,089</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	500,294	-	-		1,039,680	1,539,974
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>500,294</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,039,680</u>	<u>1,539,974</u>
FUND BALANCES						
Non-spendable.						
Inventory			61,634			61,634
Prepaid expenditures	60,000					60,000
Restricted						
Workers' compensation	1,430,045					1,430,045
Unemployment insurance	515,531					515,531
Retirement contribution - ERS	2,804,270					2,804,270
Retirement contribution - TRS	1,258,685					1,258,685
Property loss	54,296					54,296
Liability	54,296					54,296
Employee benefit accrued liability	4,160,665					4,160,665
Capital	2,798,471				840,656	3,639,127
Debt service				139,449		139,449
Unspent bond proceeds					1,149,591	1,149,591
Assigned						
Appropriated fund balance	2,577,971					2,577,971
Unappropriated fund balance	699,406		52,282			751,688
Unassigned	4,062,281				(1,039,680)	3,022,601
TOTAL FUND BALANCES	<u>20,475,917</u>	<u>-</u>	<u>113,916</u>	<u>139,449</u>	<u>950,567</u>	<u>21,679,849</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$26,907,941</u>	<u>\$1,468,363</u>	<u>\$611,566</u>	<u>\$139,449</u>	<u>\$2,064,593</u>	<u>\$31,191,912</u>

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

Total Governmental Fund Balances \$21,679,849

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

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

Original cost of capital assets	\$99,683,777	
Accumulated depreciation	<u>(39,732,651)</u>	59,951,126

Certain disbursements previously expended in the governmental funds relating to pensions are treated as long term assets and increase net position. The net pension asset - proportionate share at year end for TRS was: 5,005,152

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

Deferred outflows related to total OPEB liability	67,955,240	
Deferred outflows related to pensions	<u>19,855,505</u>	87,810,745

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to total OPEB liability	(26,095,454)	
Deferred inflows related to pensions	<u>(6,925,622)</u>	(33,021,076)

Deferred inflows - Certain revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds, but are recognized on the Statement of Net Position. 1,539,974

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

Accrued interest payable		(21,568)
--------------------------	--	----------

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

Bonds payable, including unamortized premium	(16,532,084)	
Compensated absences payable	(5,436,366)	
Termination benefits payable	(539,100)	
Workers' compensation claims payable	(608,559)	
Total other post-employment benefits obligation	(202,352,855)	
Net pension liability - proportionate share - ERS	<u>(5,919,962)</u>	<u>(231,388,926)</u>

Total Net Position (\$88,444,724)

ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$47,140,370					\$47,140,370
Other tax items	5,299,982					5,299,982
Charges for services	195,507					195,507
Use of money and property	104,877					104,877
Sale of property and compensation for loss	8,126		\$1,872	\$22,524		129,273
Miscellaneous	739,556		52			8,126
State sources	28,419,527	\$628,608	13,415			739,608
Federal sources	280,732	1,063,740	286,079			29,061,550
Surplus food			67,235			1,630,551
Sales - food service			384,427			67,235
						384,427
TOTAL REVENUES	82,188,677	1,692,348	753,080	22,524	-	84,656,629
EXPENDITURES						
General support	9,671,948					9,671,948
Instruction	45,417,345	1,634,174				47,051,519
Pupil transportation	4,460,033	169,337				4,629,370
Employee benefits	17,494,955		45,863			17,540,818
Debt service principal				3,185,000		3,185,000
Debt service interest	79,500			620,713		700,213
Food service program			973,140			973,140
Capital outlay					\$3,454,045	3,454,045
TOTAL EXPENDITURES	77,123,781	1,803,511	1,019,003	3,805,713	3,454,045	87,206,053
EXCESS (DEFICIENCY)						
OF REVENUES OVER EXPENDITURES	5,064,896	(111,163)	(265,923)	(3,783,189)	(3,454,045)	(2,549,424)
OTHER FINANCING SOURCES AND (USES)						
Proceeds of refunding bonds				2,820,000		2,820,000
Premium on obligations	20,702			278,095		298,797
Bond issuance costs				(57,557)		(57,557)
Payment to escrow agent - refunding				(3,040,538)		(3,040,538)
Operating transfers in	23,000	111,163	265,923	3,805,713		4,205,799
Operating transfers (out)	(4,182,799)			(23,000)		(4,205,799)
TOTAL OTHER FINANCING SOURCES AND (USES)	(4,139,097)	111,163	265,923	3,782,713	-	20,702
NET CHANGE IN FUND BALANCES	925,799	-	-	(476)	(3,454,045)	(2,528,722)
FUND BALANCES - BEGINNING OF YEAR	19,550,118	-	113,916	139,925	4,404,612	24,208,571
FUND BALANCES - END OF YEAR	\$20,475,917	\$-	\$113,916	\$139,449	\$950,567	\$21,679,849

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

Net Change in Fund Balances (all Funds) (\$2,528,722)

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

Long-Term Revenue and Expense Differences

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

Change in compensated absences payable	(309,343)	
Change in termination benefits payable	52,800	
Change in claims payable	<u>361,801</u>	105,258

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

Other post-employment benefits	(16,526,863)	
Teachers' retirement system	(3,282,981)	
Employees' retirement system	<u>(1,114,728)</u>	(20,924,572)

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

899,892

Capital Related Differences

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

Capital outlays	\$3,886,338	
Loss on disposal	(10,490)	
Depreciation expense	<u>(1,748,156)</u>	2,127,692

Long-Term Debt Differences

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

3,185,000

Governmental funds report the premiums, discounts and similar items on the refunded debt when the debt is first refunded. These amounts are deferred and amortized in the Statement of Activities.

227,084

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

8,123

Changes in Net Position

(\$16,900,245)

ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents- restricted	\$45,958	\$714,318
Due from agency funds	1,290	
Due from governmental funds	976	98
TOTAL ASSETS	<u>\$48,224</u>	<u>\$714,416</u>
LIABILITIES		
Due to trust funds		\$1,290
Due to governmental funds		562,540
Extraclassroom activity balance		59,972
Other liabilities		90,614
TOTAL LIABILITIES	<u>\$-</u>	<u>\$714,416</u>
NET POSITION		
Restricted for scholarships	\$48,224	
TOTAL NET POSITION	<u>\$48,224</u>	
TOTAL LIABILITIES AND NET POSITION	<u>\$48,224</u>	

**ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Contributions	\$7,415
Interest and earnings	320
TOTAL ADDITIONS	<u>7,735</u>
DEDUCTIONS	
Scholarships and awards	8,400
TOTAL DEDUCTIONS	<u>8,400</u>
CHANGE IN NET POSITION	(665)
NET POSITION - BEGINNING OF YEAR	<u>48,889</u>
NET POSITION - END OF YEAR	<u><u>\$48,224</u></u>

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

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education 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 Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus –An Amendment of GASB Statements No. 14 and No.34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. The District reports these assets held as an agent for the Extraclassroom organizations in the Statement of Fiduciary Net Position – Fiduciary Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

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

B) Joint venture:

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

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

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

C) Basis of presentation:

i) District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

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

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

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

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

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

The District reports the following fiduciary funds:

Fiduciary Fund: These funds are used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used.

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

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.

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

D) Measurement focus and basis of accounting:

The District-Wide Financial Statements 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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E) Real property taxes:

i) Calendar

Real property taxes are levied annually by the Board of Education no later than November 1st, and become a lien on December 1st. Taxes are collected by the Town of Brookhaven and remitted to the District from December to June.

ii) Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County (the "County"). The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted resources:

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

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

G) Interfund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-Wide 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.

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

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, termination benefits, other post-employment benefits, workers compensation claims, potential contingent liabilities, net pension liabilities and useful lives of capital assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

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

J) Receivables:

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

K) Inventories and prepaid items:

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus foods donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school food service fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset and non-spendable fund balance for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had prepaid expenditures of \$60,000 for workers' compensation claims as of June 30, 2020.

L) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at acquisition value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings & improvements	\$1,000	20-50 years
Improvements other than buildings	\$1,000	20-50 years
Furniture, equipment & vehicles	\$1,000	5-20 years

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

M) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows of resources related to pensions and the other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 14.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. Due to the COVID-19 pandemic and revenue losses suffered by the State of New York, New York mandated a 20% withholding of certain state aid allocations due to the District at June 30, 2020. In the Governmental Funds Balance Sheet, the general fund reported \$500,294 of this state aid due as unavailable revenue.

Also included in the governmental fund financial statements as deferred inflows of resources at June 30, 2020, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues in the capital projects fund at June 30, 2020 total \$1,039,680.

N) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance consisted of amounts received in advance for meals that have not yet been purchased in the school food service fund, and drivers' education fees in the general fund.

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

O) Vested employee benefits:

Compensated absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, 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. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

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

In the Fund Financial Statements only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Termination benefits

Termination benefits consists of first year eligible retirement incentive payments as specified in collective bargaining agreements or individual employment contracts. The liability is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The liability is calculated on years of service plus rates in effect at year end.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these

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

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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Q) Short-term debt:

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

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

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

R) Accrued liabilities and long-term obligations:

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

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

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

S) Equity classifications:

i) District-Wide Financial Statements:

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

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

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

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

ii) Fund Financial Statements:

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

- 1) **Non-spendable** fund balance - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the prepaid expenditures recorded in the general fund of \$60,000, and inventory recorded in the school food service fund of \$61,634.
- 2) **Restricted** fund balance - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has established the following as restricted:

Workers' Compensation Reserve

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

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

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' 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 reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund under restricted fund balance.

Property Loss Reserve and Liability Reserve

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

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p), is used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and

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

funds that may be legally appropriated. This reserve is accounted for in the general fund under restricted fund balance.

Capital

Capital reserve (EL§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. This reserve is accounted for in the general fund under restricted fund balance.

Restricted for capital in the capital projects fund includes the fund balance for projects that are funded by the capital reserve.

Debt service

The unexpended balances of proceeds of borrowing for capital projects, interest and earnings from investing proceeds of borrowing, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Unspent Bond Proceeds

Unspent, long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Scholarships

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

- 3) **Committed fund balance** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2020.
- 4) **Assigned fund balance** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies.

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

This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

- 5) **Unassigned fund balance** - Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

Unassigned fund balance includes \$4,062,281 in the general fund, and a deficit of \$1,039,680 in the capital projects fund. The deficit in the capital projects fund is the result of the District not receiving grant funding from the State yet for the smart schools bond project.

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 District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in the assigned fund balance are also excluded from the 4% limitation.

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law 1318 limit. The District plans to utilize the excess towards covering the additional operating costs attributable to the COVID-19 pandemic that are not provided for in the 2020-21 adopted budget.

Order of Use of Fund Balance:

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

T) Future changes in accounting standards:

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

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

These are the statements that the District feels may have an impact on these financial statements and are not an all-inclusive list of GASB statements issued. The District will

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

evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE 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 Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt differences:

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

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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

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

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

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

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

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

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

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

The District had \$1,686 in deposits which were not covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

Restricted cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2020 included \$14,238,051 within the governmental funds for general reserve purposes, capital projects, and debt service, and \$760,276 within the fiduciary funds.

B) Investments:

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

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2020, the District was billed \$7,937,543 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,896,526. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

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

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

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

General fund	
General aid	\$500,964
Excess cost aid	1,062,663
Total	<u>1,563,627</u>
Special aid fund	
Federal grants	827,906
State grants	412,739
Total	<u>1,240,645</u>
School food service fund	
Federal aid	3,859
State aid	66
Total	<u>3,925</u>
Capital projects fund	
Smart Schools Bond	<u>1,039,680</u>
Total - all funds	<u><u>\$3,847,877</u></u>

The general fund general aid receivable includes \$100,193 of unavailable revenues and the general fund excess cost aid receivables includes \$212,533 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet. The capital fund Smart Schools Bond receivable includes \$1,039,680 of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2020 consisted of amounts due for BOCES aid in the amount of \$2,084,095, which includes \$187,568 of unavailable revenues which are included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

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

NOTE 8 - CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$737,304			\$737,304
Construction in progress	14,929,369	\$3,454,046	(\$8,709,469)	9,673,946
Total capital assets not being depreciated	<u>15,666,673</u>	<u>3,454,046</u>	<u>(8,709,469)</u>	<u>10,411,250</u>
Capital assets that are depreciated:				
Buildings & improvements	74,369,344	90,819	8,709,469	83,169,632
Improvements other than buildings	1,219,243			1,219,243
Furniture, equipment & vehicles	4,596,216	341,473	(54,037)	4,883,652
Total capital assets being depreciated	<u>80,184,803</u>	<u>432,292</u>	<u>8,655,432</u>	<u>89,272,527</u>
Less accumulated depreciation:				
Buildings & improvements	33,827,161	1,533,350		35,360,511
Improvements other than buildings	1,084,487	32,592		1,117,079
Furniture, equipment & vehicles	3,116,394	182,214	(43,547)	3,255,061
Total accumulated depreciation	<u>38,028,042</u>	<u>1,748,156</u>	<u>(43,547)</u>	<u>39,732,651</u>
Total capital assets being depreciated, net	<u>42,156,761</u>	<u>(1,315,864)</u>	<u>8,698,979</u>	<u>49,539,876</u>
Total capital assets, net	<u>\$57,823,434</u>	<u>\$2,138,182</u>	<u>(\$10,490)</u>	<u>\$59,951,126</u>

Depreciation expense and loss on disposal were charged to the governmental functions as follows:

General support	\$218,956
Instruction	1,532,690
Food service program	<u>7,000</u>
Total depreciation expense and loss on disposal	<u>\$1,758,646</u>

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

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 2,483,983	\$ 261,854	\$ 23,000	\$ 4,182,799
Special aid fund		1,465,374	111,163	
School food service fund	258,210	456,069	265,923	
Debt Service fund	2,570		3,805,713	23,000
Total government activities	2,744,763	2,183,297	4,205,799	4,205,799
Fiduciary agency fund	98	563,830		
Private purpose fund	2,266			
Totals	<u>\$ 2,747,127</u>	<u>\$ 2,747,127</u>	<u>\$ 4,205,799</u>	<u>\$ 4,205,799</u>

The District typically transfers from the general fund to the special aid fund and debt service fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the debt service fund was for the payment of principal and interest on long term outstanding indebtedness.

The transfer from the debt service fund to the general fund was for a budgeted use of the debt service fund to offset debt service expense in the general fund. The District transferred from the general fund to the school food service fund to eliminate negative student account balances, and to subsidize the operating loss.

NOTE 10 - SHORT-TERM DEBT:

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

	Maturity	Effective Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/25/2020	2.000000%	\$ -	\$ 4,500,000	\$ (4,500,000)	\$ -
Total			<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ (4,500,000)</u>	<u>\$ -</u>

The tax anticipation note was issued for interim financing of the general fund operations. Interest on short-term debt for the year was \$79,500.

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

NOTE 11 – LONG-TERM LIABILITIES:

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

	Balance June 30, 2019	Issued	Redeemed	Ending Balance	Due Within One Year
Long term debt:					
Bonds payable	\$19,800,000	\$2,820,000	(\$6,160,000)	\$16,460,000	\$1,905,000
Add: Premium on refunding	144,168		(72,084)	72,084	72,084
	<u>19,944,168</u>	<u>2,820,000</u>	<u>(6,232,084)</u>	<u>16,532,084</u>	<u>1,977,084</u>
Other liabilities:					
Compensated absences payable	5,127,023	400,683	(91,340)	5,436,366	200,000
Termination benefits	591,900		(52,800)	539,100	
Workers' compensation	970,360	66,876	(428,677)	608,559	
Other post-employment benefits obligation	174,747,187	30,861,339	(3,255,671)	202,352,855	
Net pension liability - proportionate share	1,559,277	5,364,060	(1,003,375)	5,919,962	
	<u>182,995,747</u>	<u>36,692,958</u>	<u>(4,831,863)</u>	<u>214,856,842</u>	<u>200,000</u>
Total long-term liabilities	<u>\$202,939,915</u>	<u>\$39,512,958</u>	<u>(\$11,063,947)</u>	<u>\$231,388,926</u>	<u>\$2,177,084</u>

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

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds - Refunding	1/27/2010	6/1/2021	2.00% - 5.00%	\$425,000
Serial Bonds	6/27/2017	6/15/2032	2.00% - 3.00%	7,820,000
Serial Bonds	7/26/2018	6/15/2033	3.00%	5,975,000
Serial Bonds - Refunding	12/12/2019	6/15/2024	5.00%	2,240,000
			Total	<u>\$16,460,000</u>

On December 12, 2019 the District issued \$2,820,000 in serial bonds with an interest rate of 5.00% to refund \$2,975,000 of outstanding 2009 serial bonds with an interest rate of 3.125% - 4.000%. The net proceeds of \$3,098,095 (including a premium of \$278,095 and after payment of \$57,557 in underwriting fees, insurance and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2009 serial bonds. As a result, the 2009 refunded serial bonds are considered to be defeased and the liability for those bonds have been removed from the government wide Statement of Net Position. The District refunded the 2009 serial bonds to reduce its total debt service payments over the

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

next four years by approximately \$161,088 and to obtain an economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) of \$156,864.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$1,905,000	\$496,381	\$2,401,381
2022	1,525,000	426,031	1,951,031
2023	1,575,000	375,281	1,950,281
2024	1,630,000	322,681	1,952,681
2025	1,055,000	267,931	1,322,931
2026-2030	5,700,000	936,375	6,636,375
2031-2033	3,070,000	163,651	3,233,651
	\$16,460,000	\$2,988,331	\$19,448,331

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

Unissued Debt

On May 17, 2016 the voters approved a bond issue not to exceed \$16,439,513 for district wide capital improvements. As of June 30, 2020, debt in the amount of \$16,215,000 has been issued, leaving \$224,513 in authorized but unissued debt.

Unamortized Premiums on Bonds

The District received premiums on the advanced refunding of serial bonds. These premiums are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statement.

B) Interest Expense:

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

Interest paid	\$620,713
Less interest accrued in the prior year	(29,691)
Less amortization of bond premiums	(227,084)
Plus interest accrued in the current year	21,568
Total expense	\$385,506

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

NOTE 12 -- PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

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

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

B) Funding policies:

The Systems are noncontributory, except as follows:

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

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2020 for covered payroll was 15.9% for Tiers 3 &4, 13.3% for Tier 5, and 9.4% for Tier 6.

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

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2020	\$2,886,583	\$1,003,375
2019	\$3,415,690	\$985,327
2018	\$3,058,118	\$954,307

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

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
Net pension asset/(liability)	\$ 5,005,152	\$ (5,919,962)
District's portion of the Plan's total net pension asset/(liability)	0.192654%	0.0223559%
Change in proportion since prior measurement date	0.001080%	0.0003487%

For the fiscal year ended June 30, 2020 the District recognized pension expense of \$6,172,792 for TRS and \$2,118,243 for ERS. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 348,414	\$ 3,391,864	\$ -	\$ 372,193
Changes of assumptions	119,200	9,455,402	102,927	2,305,495
Net difference between projected and actual earnings on pension plan investments	3,034,860	-	-	4,013,874
Changes in proportion and differences between the District's contributions and proportionate share of contributions	256,682	42,554	8,598	122,535
District's contributions subsequent to the measurement date	319,946	2,886,583		
	<u>\$ 4,079,102</u>	<u>\$ 15,776,403</u>	<u>\$ 111,525</u>	<u>\$ 6,814,097</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as

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

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

Plan year ended:	<u>ERS</u>	<u>TRS</u>
2020		\$ 2,247,461
2021	\$ 660,850	126,741
2022	931,869	2,239,254
2023	1,140,861	1,475,941
2024	914,051	163,279
Thereafter		(176,953)
	<u>\$ 3,647,631</u>	<u>\$ 6,075,723</u>

Actuarial Assumptions

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

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

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

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

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

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

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

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

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8% for ERS and 6.1% for TRS) or 1-percentage-point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
District's proportionate share of the net pension asset (liability)	<u>(\$10,864,820)</u>	<u>(\$5,919,962)</u>	<u>(\$1,365,744)</u>

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension asset (liability)	<u>(\$22,592,735)</u>	<u>\$5,005,152</u>	<u>\$28,156,666</u>

Pension Plan Fiduciary Net Position

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

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$319,946

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS covered wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$3,005,341.

NOTE 13 – RETIREMENT PLANS - OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$91,339 and \$1,769,354, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$144,712.

NOTE 14 – OTHER POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (OPEB):

A) General Information about the OPEB Plan

Plan Description:

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and a small number of retirees also receive dental insurance benefits. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit

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

provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 85% and 100% of premiums for retirees, between 85% and 100% of the excess premiums for family coverage, and 0% of the premiums for surviving spouses. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2020, the District contributed an estimated \$3,255,671 to the Plan, including \$3,255,671 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	233
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	447
	680
	680

B) Total OPEB Liability:

The District’s total OPEB liability of \$202,352,855 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2018. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Varied by years of service and retirement system
Discount rate	2.21%
Healthcare cost trend rates	Actual premium increases in 2018 and 2019 followed by 5.30% for 2020, decreasing to an ultimate rate of 3.84% by 2075 for medical. 4.25% for 2019 decreasing to an ultimate rate of 3.00% by 2025 for dental, and 6.49% for 2019

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

decreasing to an ultimate rate of 3.84% by 2075 for Medicare Part B reimbursements

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (teachers for TRS group and general employees for ERS group) projected fully generationally using MP-2019.

C) Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2019	\$ 174,747,187
Changes for the fiscal year:	
Service cost	7,547,157
Interest	6,341,887
Changes of benefit terms	-
Differences between expected and actual experience	(24,942,090)
Changes in assumptions or other inputs	41,914,385
Benefit payments	(3,255,671)
Net changes	27,605,668
Balance at June 30, 2020	\$ 202,352,855

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes a decrease in the discount rate from 3.51% at the June 30, 2019 measurement date to 2.21% at the June 30, 2020 measurement date.

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

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ (245,076,351)	\$ (202,352,855)	\$ (168,987,339)

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

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

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

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB liability	\$ 160,580,471	\$ 202,352,855	\$ 258,869,927

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense (credit) of \$19,782,534. 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	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,016,204	\$ (21,824,329)
Changes of assumptions or other inputs	55,939,036	(4,271,125)
	\$ 67,955,240	\$ (26,095,454)

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

Fiscal Year ended June 30:	
2021	\$ 5,893,490
2022	5,893,490
2023	5,893,490
2024	5,893,490
2025	5,893,490
Thereafter	12,392,336
	\$ 41,859,786

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

NOTE 15 – RISK MANAGEMENT:

A) General:

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

B) Risk Retention:

The District 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. Claims activity is summarized below:

	2020	2019
Unpaid claims, beginning of year	\$970,360	\$478,526
Incurred claims and claim adjustment expenses	66,876	756,847
Claim payments	(428,677)	(265,013)
Unpaid claims, end of year	\$608,559	\$970,360

C) Public Entity Risk Pool:

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

NOTE 16- COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

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

Assigned: Unappropriated Fund Balance:

General Fund:

General support	\$528,341
Instructional	171,065
Total General Fund	699,406

Special Aid Fund:

Instructional	900
---------------	-----

Capital Projects Fund:

Capital projects	2,610,385
------------------	-----------

Total	\$ 3,310,691
-------	--------------

B) Grants:

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

B) Litigation:

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

NOTE 21 – SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 9, 2020 which is the date the financial statements were available to be issued. The following significant events were identified:

- A) On July 1, 2020, the District issued a tax anticipation note in the amount of \$5,000,000, which is due June 25, 2021, and bears an interest rate of 1.50%, and a premium of \$42,652.
- B) On August 13, 2020 the Division of the Budget (DOB) issued their "FY 2021 First Quarterly State Budget Financial Plan Update" which notes that the DOB approved payment at 80% for accrued General Aid, Excess Cost Aid and BOCES Aid payments. These financial statements reflect revenue at 80% of the accrued amounts for these aids in the general fund. The remaining 20% is included in deferred inflows of resources and will be recognized as revenue upon such time this deferred aid is received.

SUPPLEMENTARY INFORMATION

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$45,940,256	\$45,940,256	\$47,140,370	\$1,200,114
Other real property tax items	6,500,000	6,500,000	5,299,982	(1,200,018)
Charges for services	169,000	169,000	195,507	26,507
Use of money & property	83,000	83,000	104,877	21,877
Sale of property & compensation for loss			8,126	8,126
Miscellaneous	286,000	289,216	739,556	450,340
State Sources				
Basic formula	16,679,608	16,679,608	15,485,444	(1,194,164)
Excess cost aid	5,700,000	5,700,000	6,120,950	420,950
Lottery aid	4,500,000	4,500,000	4,630,796	130,796
BOCES aid	1,869,560	1,869,560	1,896,526	26,966
Textbook aid	185,000	185,000	176,964	(8,036)
Computer software aid	247,685	247,685	90,172	(157,513)
Library A/V loan program aid	25,000	25,000	18,675	(6,325)
Other state aid				
Federal Sources	75,000	75,000	280,732	205,732
TOTAL REVENUES	82,260,109	82,263,325	82,188,677	(74,648)
Other Financing Sources				
Premiums on obligations			20,702	20,702
Transfers from other funds	23,000	23,000	23,000	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	82,283,109	82,286,325	\$82,232,379	(\$53,946)
Appropriated fund balance	2,474,613	2,474,613		
Prior year's encumbrances	758,586	758,586		
Appropriated reserves	1,985,724	1,985,724		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE & RESERVES	\$87,502,032	\$87,505,248		

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$40,340	\$50,251	\$39,389	\$553	\$10,309
Central administration	413,989	411,197	321,081		90,116
Finance	912,953	1,067,037	862,966	760	203,311
Staff	778,281	834,458	611,122		223,336
Central services	7,580,350	8,014,465	6,912,278	527,028	575,159
Special items	854,725	943,121	925,112		18,009
Total general support	<u>10,580,638</u>	<u>11,320,529</u>	<u>9,671,948</u>	<u>528,341</u>	<u>1,120,240</u>
Instructional					
Instruction, adm & imp	2,735,412	2,714,559	2,468,987	1,435	244,137
Teaching - regular school	24,322,070	24,117,565	22,745,228	28,026	1,344,311
Programs for children with handicapping conditions	13,833,870	14,747,240	13,599,522	2,667	1,145,051
Occupational education	1,417,400	1,417,400	1,360,424	225	56,751
Teaching special schools	793,800	793,800	543,167		250,633
Instructional media	998,205	1,191,520	933,935	128,880	128,705
Pupil services	4,136,922	4,270,323	3,766,082	9,832	494,409
Total instructional	<u>48,237,679</u>	<u>49,252,407</u>	<u>45,417,345</u>	<u>171,065</u>	<u>3,663,997</u>
Pupil transportation	5,443,715	4,676,123	4,460,033	-	216,090
Employee benefits	19,247,156	17,959,553	17,494,955	-	464,598
Debt service interest	95,000	95,000	79,500	-	15,500
TOTAL EXPENDITURES	<u>83,604,188</u>	<u>83,303,612</u>	<u>77,123,781</u>	<u>699,406</u>	<u>5,480,425</u>
Other Financing Uses					
Transfers to other funds	3,897,844	4,201,636	4,182,799	-	18,837
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$87,502,032</u>	<u>\$87,505,248</u>	<u>81,306,580</u>	<u>\$699,406</u>	<u>\$5,499,262</u>
Net change in fund balances			925,799		
Fund balances - beginning of year			19,550,118		
Fund balances - end of year			<u>\$20,475,917</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST THREE FISCAL YEARS

Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$7,547,157	\$5,925,172	\$4,242,571
Interest	6,341,887	5,073,753	4,504,219
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(24,942,090)	15,449,404	-
Changes of assumptions or other inputs	41,914,385	24,767,935	(6,361,045)
Benefit payments	<u>(3,255,671)</u>	<u>(3,266,251)</u>	<u>(2,809,462)</u>
Net change in total OPEB liability	27,605,668	47,950,013	(423,717)
Total OPEB liability - beginning	<u>174,747,187</u>	<u>126,797,174</u>	<u>127,220,891</u>
Total OPEB liability - ending	<u>\$202,352,855</u>	<u>\$174,747,187</u>	<u>\$126,797,174</u>
Covered-employee payroll	\$39,962,602	\$36,133,095	\$34,807,204
Total OPEB liability as a percentage of covered-employee payroll	506.36%	483.62%	364.28%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

The discount rate was 2.21% as of June 30, 2020

The discount rate was 3.51% as of June 30, 2019

The discount rate was 3.87% as of June 30, 2018

Implicit liabilities were included and valued for all retirees prior to Medicare eligibility as of June 30, 2019. Mortality rates were updated to reflect Pub-2010 Teachers and General Employees Headcount-Weighted table projected using MP-2019 from MP-2018 as of June 30, 2020. Termination and retirement rates were updated as of June 30, 2019 based on NYS ERS assumptions first adopted on April 1, 2014 and NYS TRS assumptions first adopted on June 30, 2015.

Healthcare cost trend rates were updated as of June 30, 2020 to reflect known premium rate increases from 2018 to 2020.

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

	NYSTRS Pension Plan						
	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability)	0.192654%	0.191574%	0.191295%	0.190739%	0.192087%	0.192192%	0.184650%
District's proportionate share of the net pension (liability)	\$ 5,005,152	\$ 3,464,167	\$ 1,454,033	\$ (2,042,891)	\$ 19,951,689	\$ 21,408,959	\$ 1,215,462
District's covered payroll	\$ 32,579,948	\$ 31,205,286	\$ 30,361,397	\$ 29,837,597	\$ 29,330,293	\$ 28,863,547	\$ 27,413,149
District's proportionate share of the net pension (liability) as a percentage of its covered payroll	15.36%	11.10%	4.79%	6.85%	68.02%	74.17%	4.43%
Plan fiduciary net position as a percentage of the total pension (liability)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

	NYSERS Pension Plan						
	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (liability)/asset	0.0223559%	0.0220072%	0.0221614%	0.0205259%	0.0209623%	0.0213375%	0.0213375%
District's proportionate share of the net pension (liability)/asset	\$ 5,919,962	\$ (1,559,277)	\$ (715,248)	\$ (1,928,662)	\$ (3,364,507)	\$ (720,832)	\$ (964,210)
District's covered payroll	\$ 7,134,821	\$ 7,000,614	\$ 6,754,339	\$ 5,798,809	\$ 6,004,599	\$ 5,967,941	\$ 5,876,902
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	82.97%	22.27%	10.59%	33.26%	56.03%	12.08%	16.41%
Plan fiduciary net position as a percentage of the total pension (liability)/asset	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.90%

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

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

	NYSTRS Pension Plan									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,886,583	\$ 3,415,690	\$ 3,058,118	\$ 3,553,573	\$ 3,902,802	\$ 5,058,112	\$ 4,613,327	\$ 3,202,382	\$ 2,968,191	\$ 2,278,162
Contributions in relation to the contractually required contribution	2,886,583	3,415,690	3,058,118	3,553,573	3,902,802	5,058,112	4,613,327	3,202,382	2,968,191	2,278,162
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 32,579,948	\$ 32,162,806	\$ 31,205,286	\$ 30,361,397	\$ 29,837,597	\$ 29,330,293	\$ 28,863,547	\$ 27,413,149	\$ 27,067,061	\$ 26,855,362
Contributions as a percentage of covered payroll	8.86%	10.62%	9.80%	11.70%	13.08%	17.25%	15.98%	11.68%	10.97%	8.48%

	NYSERS Pension Plan									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,003,375	\$ 985,327	\$ 954,307	\$ 891,815	\$ 1,056,812	\$ 1,086,747	\$ 1,103,423	\$ 1,009,429	\$ 778,468	\$ 677,186
Contributions in relation to the contractually required contribution	1,003,375	985,327	954,307	891,815	1,056,812	1,086,747	1,103,423	1,009,429	778,468	677,186
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,074,357	\$ 6,488,826	\$ 6,393,775	\$ 5,798,809	\$ 6,170,976	\$ 6,060,580	\$ 5,896,138	\$ 5,704,899	\$ 5,621,245	\$ 5,698,163
Contributions as a percentage of covered payroll	14.18%	15.18%	14.93%	15.38%	17.13%	17.93%	18.71%	17.69%	13.85%	11.88%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$86,743,446
Add: Prior year's encumbrances	<u>758,586</u>
Original Budget	87,502,032
Budget revisions: Donations	<u>3,216</u>
Final Budget	<u><u>\$87,505,248</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter approved expenditure budget	<u><u>\$84,586,600</u></u>
Maximum allowed (4% of the 2020-2021 budget)	<u><u>\$3,383,464</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$3,277,377
Unassigned fund balance	<u>4,062,281</u>
Total unrestricted fund balance	7,339,658
Less:	
Appropriated fund balance	\$2,577,971
Encumbrances included in assigned fund balance	<u>699,406</u>
Total adjustments	<u>3,277,377</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$4,062,281</u></u>
Actual percentage	4.80%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Project Title	Project #	Original Appropriation	Revised Appropriation	Prior Year's	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Fund Balance June 30, 2020
					Current Year	Total			Local Sources	Total	
FJC Carasiti	06-0019	\$598,582	\$1,586,957	\$492,523	\$1,094,434	\$1	\$1,586,957	\$-	\$1,586,957	\$-	
FJC Carasiti	06-0018	499,543	499,543	418,860	14,013	66,670	432,873	499,543	499,543	66,670	
FJC Carasiti	06-0017	110,376	110,376	5,934	81,879	22,563	87,813	110,376	110,376	22,563	
JAE	01-0015	158,787	158,797	119,983	(110,558)	149,372	9,425	158,797	158,797	149,372	
JAE	01-0014	3,262,179	3,439,396	3,190,475	248,921	-	3,439,396	3,439,396	3,439,396	-	
JAE	02-0014	-	8,500	-	8,183	317	8,183	8,500	8,500	317	
JAE	01-0013	427,753	528,753	396,033	102,297	30,423	498,330	528,753	528,753	30,423	
MSHS	05-0031	691,386	691,386	660,388	17,165	13,833	677,553	691,386	691,386	13,833	
MSHS	05-0032	2,538,996	3,428,996	2,533,721	581,882	313,393	3,115,603	3,428,996	3,428,996	313,393	
MSHS	05-0034	3,187,494	3,702,056	3,161,276	238,532	302,248	3,399,808	3,702,056	3,702,056	302,248	
District Wide	7999-006	400,983	919,456	387,172	532,284	-	919,456	619,456	919,456	-	
District Wide	7999-004	579,104	979,104	487,148	(8,722)	500,678	478,426	729,104	979,104	500,678	
Pit Field	05-0036	1,811,544	2,078,840	1,810,566	233,423	34,851	2,043,989	2,078,840	2,078,840	34,851	
Music Room	05-0035	695,150	1,199,672	626,159	17,708	555,805	643,867	442,547	1,199,672	555,805	
MS Alarm Doors VCT	05-0037	-	3,100	-	3,006	94	3,006	3,100	3,100	94	
Smart Schools	SSBA	2,450,155	2,450,155	640,082	399,598	1,410,475	1,039,680	-	-	(1,039,680)	
TOTAL		\$17,412,032	\$21,785,088	\$14,930,370	\$3,454,045	\$3,400,723	\$18,384,365	\$15,948,967	\$19,334,932	\$950,567	

* Deficit fund balance will be eliminated when grant funding is received

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

Capital assets, net		\$59,951,126
Deduct:		
Short-term portion of bonds payable	1,905,000	
Long-term portion of bonds payable	14,555,000	
Less: Unspent bond proceeds	(1,149,591)	
Unamortized premium on bonds	72,084	
		15,382,493
Net investment in capital assets		\$44,568,633



R.S. ABRAMS & CO., LLP

Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
Alexandria M. Battaglia, CPA

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
Rocky Point Union Free School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Rocky Point Union Free School District, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Rocky Point Union Free School District's basic financial statements, and have issued our report thereon dated October 9, 2020.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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.

ISLANDIA: 3033 EXPRESS DRIVE NORTH, SUITE 100 • ISLANDIA, NY 11749
WHITE PLAINS: 50 MAIN STREET, SUITE 1000 • WHITE PLAINS, NY 10606
PHONE: (631) 234-4444 • FAX: (631) 234-4234

www.rsabrams.com

Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 9, 2020