



FREEPORT UNION FREE SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS**

June 30, 2019

FREEPORT UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Freeport Union Free School District
Freeport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary funds of the Freeport Union Free School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary funds of the Freeport Union Free School District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 15 and 51 through 55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Freeport Union Free School District's basic financial statements. The other supplementary information on pages 56 through 58 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2019 on our consideration of the Freeport Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Freeport 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 Freeport Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 24, 2019

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

The Freeport Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019 in comparison with the year ended June 30, 2018, with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

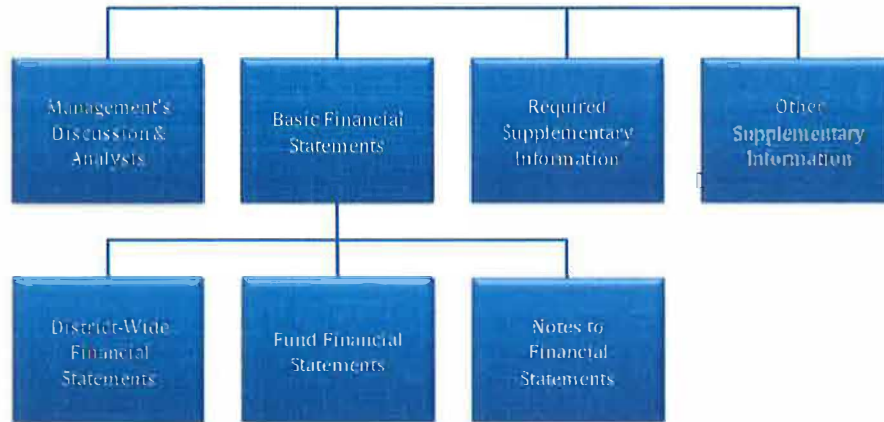
Key financial highlights for fiscal year 2019 are as follows:

- Based on a consistently strong and stable profile, low direct debt and highly rated fiscal management, the District continues to enjoy a bond rating of AA. This puts the District among the top few districts rated by Standard & Poor's.
- The District received the highest fiscal stress monitoring rating of "No Designation" (best rating) with a score of 0% from the New York State Comptroller's Office.
- The District's per-pupil spending is one of the lowest in Nassau County when compared to other K-12 school districts; the District's per-pupil tax levy is the third lowest among all Nassau County school districts.
- The community demonstrated its continuing support by approving the 2019-2020 school budget, with an overwhelming majority of 77.1%.
- The 2019-2020 budget carried a 0.12 % decrease in the tax levy, which is the fifth year in a row that it decreased and the seventh time in twelve years. The District's 2018-2019 budgeted property tax levy of \$86,942,571 was a 0.12% reduction from the 2017-2018 tax levy of \$87,047,027.
- The District received \$12,406,837 in operating and capital grants to support its instructional, food service and capital programs.
- The District's total net position, as reflected in the district-wide financial statements, increased by \$1,709,177. This was due to an excess of revenues over expenses based on the economic resources measurement focus and the accrual basis of accounting.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$554,827. This was due to an excess of revenues over expenditures based on the current financial resources measurement focus and the modified accrual basis of accounting.
- The school food service operations generated a profit of \$316,973 during the fiscal year. In addition, this was the first year the District was able to offer a breakfast and lunch program District-wide at no charge to all students.
- On May 21, 2019, the District's residents voted and authorized the District to expend \$1,500,000 from the capital reserve established on May 19, 2009, and \$2,500,000 from the capital reserve established on May 16, 2017 for the purpose of district-wide facilities improvements.

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

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

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

B. Fund Financial Statements

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

Governmental Funds

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

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

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you 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.

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$1,709,177 between fiscal year 2019 and 2018. The increase is due to revenues in excess of expenses based on the economic measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

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

	2019	2018	Increase (Decrease)	Percentage Change
Asset				
Current and Other Assets	\$ 86,299,940	\$ 79,779,676	\$ 6,520,264	8.17 %
Capital Assets, Net	86,825,604	84,403,246	2,422,358	2.87 %
Net Pension Asset - Proportionate Share	<u>7,765,371</u>	<u>3,296,953</u>	<u>4,468,418</u>	135.53 %
Total Assets	<u>180,890,915</u>	<u>167,479,875</u>	<u>13,411,040</u>	8.01 %
Deferred Outflows of Resources	<u>49,721,931</u>	<u>48,390,992</u>	<u>1,330,939</u>	2.75 %
Liabilities				
Current and Other Liabilities	14,099,789	12,419,921	1,679,868	13.53 %
Long-Term Liabilities	35,707,318	39,197,091	(3,489,773)	(8.90)%
Net Pension Liability - Proportionate Share	2,437,246	1,240,727	1,196,519	96.44 %
Total OPEB Obligation	<u>186,940,273</u>	<u>200,004,790</u>	<u>(13,064,517)</u>	(6.53)%
Total Liabilities	<u>239,184,626</u>	<u>252,862,529</u>	<u>(13,677,903)</u>	(5.41)%
Deferred Inflows of Resources	<u>41,299,125</u>	<u>14,588,420</u>	<u>26,710,705</u>	183.10 %
Net Position (Deficit)				
Net investment in capital assets	67,995,177	62,296,288	5,698,889	9.15 %
Restricted	48,449,466	44,624,724	3,824,742	8.57 %
Unrestricted (Deficit)	<u>(166,315,548)</u>	<u>(158,501,094)</u>	<u>(7,814,454)</u>	(4.93)%
Total Net Position (Deficit)	<u>\$ (49,870,905)</u>	<u>\$ (51,580,082)</u>	<u>\$ 1,709,177</u>	3.31 %

Current and other assets increased by \$6,520,264, as compared to the prior year. The increase is primarily related to an increase in the District's cash of \$9,330,822, offset by decreases in amounts due from other governments of \$1,946,269 and prepaids of \$1,300,000.

Capital assets, net increased by \$2,422,358, as compared to the prior year. This increase is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

Net pension asset – proportionate share has a balance of \$7,765,371, as the New York State Teachers' Retirement System experienced another gain in the current year.

Deferred outflows of resources represents contributions to the retirement plans subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds. In addition, it also includes actuarial adjustments for other postemployment benefits obligations.

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

Current and other liabilities increased by \$1,679,868, as compared to the prior year. This is primarily a result of an increase in accounts payable and the District's liability to the teachers' retirement system for the current year due to an increase in the contribution rate. These increases were offset by decreases in accrued liabilities and compensated absences payable.

Long-term liabilities decreased by \$3,489,773, as compared to the prior year. This decrease is primarily the result of a reduction in the workers' compensation liability, and the repayment of the current maturity of the bond and energy performance contract indebtedness, net of \$418,385 of current year amortization on advanced refundings of bonds issued in prior years to help reduce the District's overall debt. These decreases were offset by an increase in the compensated absences liability.

Net pension liability – proportionate share increased by \$1,196,519 in the current year. This liability represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year.

Total other postemployment benefits (OPEB) obligation decreased by \$13,064,517, based on the actuarial valuation for the plan. The accompanying Notes to Financial Statements, Note 13 "Postemployment Healthcare Benefits", provides additional information.

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

The net investment in capital assets is the investment in capital assets at cost such as land; construction in progress; buildings and improvements; site improvements; and, furniture and equipment, net of depreciation and related outstanding debt.

The restricted amount of \$48,449,466 relates to the District's legally established reserves. This number increased over the prior year by \$3,824,742, principally due to funding of the reserves at year end, offset partially by a decrease in the capital projects fund's capital reserve used for capital outlays.

The unrestricted deficit amount of \$166,315,548 relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation. This deficit increased over the prior year by \$7,814,454.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2019 and 2018 is as follows:

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

	2019	2018	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 842,869	\$ 869,391	\$ (26,522)	(3.05)%
Operating Grants	10,093,520	9,983,565	109,955	1.10 %
Capital Grants	2,313,317	1,896,457	416,860	21.98 %
General Revenues				
Property Taxes and STAR	86,997,007	87,367,256	(370,249)	(0.42)%
State Sources	80,599,771	77,168,735	3,431,036	4.45 %
Other	3,978,137	2,536,414	1,441,723	56.84 %
Total Revenues	<u>184,824,621</u>	<u>179,821,818</u>	<u>5,002,803</u>	2.78 %
Expenses				
General Support	19,646,309	18,298,408	1,347,901	7.37 %
Instruction	150,223,853	152,115,255	(1,891,402)	(1.24)%
Pupil Transportation	8,545,430	8,100,624	444,806	5.49 %
Debt Service - Interest	575,389	654,822	(79,433)	(12.13)%
Food Service Program	4,124,463	3,576,316	548,147	15.33 %
Total Expenses	<u>183,115,444</u>	<u>182,745,425</u>	<u>370,019</u>	0.20 %
Increase / (Decrease) in Net Position	<u>\$ 1,709,177</u>	<u>\$ (2,923,607)</u>	<u>\$ 4,632,784</u>	(158.46)%

The District's net position increased by \$1,709,177 for the year ended June 30, 2019, compared to a decrease of \$2,923,607 in the prior year.

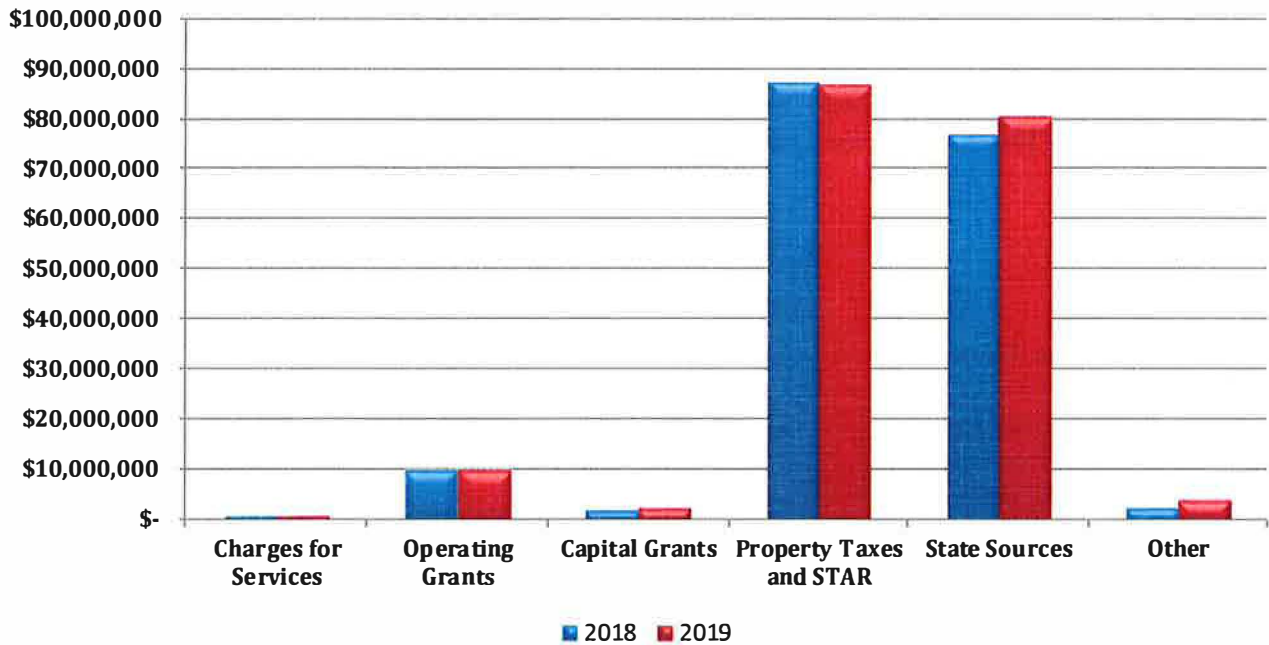
The District's revenues increased by \$5,002,803 or 2.78%. The major factor that contributed to the increase was the District received more state aid and other sources.

The District's expenses for the year increased \$370,019 or 0.20%.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 47.1% and 48.6% of the total for the years 2019 and 2018, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.0% and 83.2% of the total for the years 2019 and 2018, respectively).

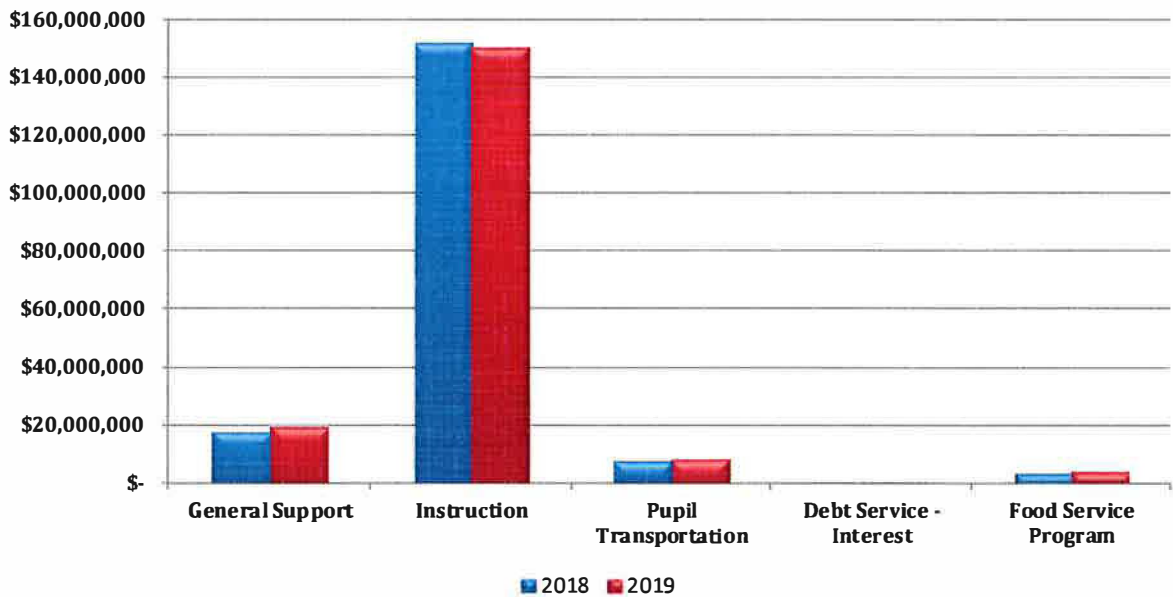
FREEPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2018	0.5%	5.6%	1.1%	48.6%	42.9%	1.3%
2019	0.5%	5.5%	1.3%	47.1%	43.6%	2.0%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2018	10.0%	83.2%	4.4%	0.4%	2.0%
2019	10.7%	82.0%	4.7%	0.3%	2.3%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2019, the District's governmental funds reported a combined fund balance of \$71,254,163 which is an increase of \$3,771,035 over the prior year. This increase is due to an excess of revenues over expenditures based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2019	2018	Increase (Decrease)
General Fund			
Nonspendable: Prepaids	\$	\$ 1,300,000	\$ (1,300,000)
Restricted			
Workers' compensation	7,794,145	7,201,142	593,003
Unemployment insurance	897,020	824,958	72,062
Retirement contribution			
Teachers' retirement system	1,398,000		1,398,000
Employees' retirement system	11,956,625	11,353,242	603,383
Employee benefit accrued liability	14,335,307	14,424,246	(88,939)
Capital	4,680,966	6,135,185	(1,454,219)
Assigned:			
Appropriated fund balance	9,000,000	8,500,000	500,000
Unappropriated fund balance	215,065	242,866	(27,801)
Unassigned: Fund balance	10,677,748	10,418,410	259,338
	<u>60,954,876</u>	<u>60,400,049</u>	<u>554,827</u>
School Food Service Fund			
Nonspendable: Inventory	94,527	115,809	(21,282)
Assigned: Unappropriated fund balance	726,973	288,718	438,255
	<u>821,500</u>	<u>404,527</u>	<u>416,973</u>
Debt Service Fund			
Restricted: Debt service	392,699	390,197	2,502
Capital Projects Fund			
Restricted:			
Capital	6,994,704	4,295,754	2,698,950
Unspent bond proceeds	396,741	358,532	38,209
Assigned: Unappropriated fund balance	1,693,643	1,634,069	59,574
	<u>9,085,088</u>	<u>6,288,355</u>	<u>2,796,733</u>
 Total Fund Balance	 <u>\$ 71,254,163</u>	 <u>\$ 67,483,128</u>	 <u>\$ 3,771,035</u>

A. General Fund

The net change in the general fund fund balance is an increase of \$554,827, as revenues of \$172,295,682 exceeded expenditures and other uses of \$171,740,855. Revenues and other financing sources increased by \$4,190,446 (2.49%) over fiscal 2018 totals, primarily because of the increase in state sources of \$3,431,036, use of money and property of \$657,870 and sale of property and compensation for loss of \$562,255, offset by a decrease in the operating transfer in of \$500,000. Expenditures and other uses

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

\$983,992, instruction of \$1,059,870 and employee benefits of \$1,464,964. The increase in instruction was mainly due to programs for students with disabilities of \$328,016 and instructional media of \$672,573. The increase in employee benefits was mainly due to an increase in health insurance coverage costs and the District's required contribution into the New York State Teachers' Retirement System.

Nonspendable prepaids decreased by \$1,300,000. Due to the timing of payments, the District prepaid its July 2018 health insurance by June 30, 2018. No prepayment was made in the current year, hence leading to the decrease.

Changes to restricted fund balances were primarily from amounts appropriated from the reserves for expenditures during the 2018-2019 fiscal year, net of allocated interest earnings plus Board-authorized funding of the reserves. The District appropriated \$425,000 from the workers' compensation reserve, \$425,000 from the retirement contribution and \$125,000 from the employee benefit accrued liability reserves to pay for expenditures as authorized in the 2018-2019 adopted budget. The District also transferred a total of \$4,000,000 from its capital reserves to the capital projects fund as approved by the District's voters on May 21, 2019. In June 2019, the Board of Education authorized the District to replenish the workers' compensation and retirement contribution reserves by \$1,000,000 each, provide \$2,500,000 of funding to the 2017 capital reserves, and transfer \$70,000 into the unemployment insurance reserve. Additionally, the Board approved the establishment of the teachers' retirement contribution reserve, which is a sub-set of the retirement contribution reserve, and contributed \$1,398,000. The restricted reserves also earned interest totaling \$100,159, which was allocated among all of the restricted reserves.

The District expects to appropriate \$3,650,000 from the reserves to fund the budget and reduce taxes for the year ending June 30, 2020.

The District also appropriated \$9,000,000 from unrestricted fund balance to fund the 2019-2020 budget.

B. School Food Service Fund

The net change in the school food service fund – fund balance is an increase of \$416,973. This increase is attributed to the District's being granted the community eligibility provision allowing for free breakfast and lunch to be served to all students, which lead to an increase in state and federal reimbursements.

C. Debt Service Fund

The net change in the debt service fund – fund balance is an increase of \$2,502 from interest earnings.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$2,796,733, as voter-authorized transfers and state aid from the Smart Schools Bond Act exceeded expenditures incurred on capital projects.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget

The District's general fund adopted budget for the year ended June 30, 2019 was \$179,926,080. This amount was increased by encumbrances carried forward from the prior year in the amount of \$242,866 and budget revisions totaling \$4,125,000 for voter-authorized transfers from capital reserves and additional state aid received to fund various expenditures for a total final budget of \$184,293,946.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$86,942,571 in estimated property taxes and STAR.

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

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

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

Opening, Unassigned Fund Balance	\$ 10,418,410
Revenues Over Budget	4,744,602
Expenditures and Encumbrances Under Budget	12,338,026
Change in Nonspendable Fund Balance	1,300,000
Unused Appropriated Reserves	(3,025,000)
Allocation to Reserves, including interest	(6,098,290)
Appropriated to Fund the June 30, 2020 Budget	<u>(9,000,000)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 10,677,748</u></u>

Opening, Unassigned Fund Balance

The \$10,481,410 shown in the table is the portion of the District's June 30, 2018 fund balance retained as unassigned. This was 5.79% of the District's 2018-2019 approved operating budget of \$179,926,080.

Revenues Over Budget

The 2018-2019 final budget for revenues was \$167,551,080. Actual revenues received for the year were \$172,295,682. The excess of actual revenue over estimated or budgeted revenue was \$4,744,602, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2018 to June 30, 2019.

Expenditures and Encumbrances Under Budget

The 2018-2019 final budget for expenditures was \$184,293,946. Actual expenditures as of June 30, 2019 were \$171,740,855 and outstanding encumbrances were \$215,065. Combined, the expenditures plus encumbrances for 2018-2019 were \$171,955,920. The final budget was under expended by \$12,338,026. This under expenditure contributes directly to the change to the general fund unassigned fund balance from June 30, 2018 to June 30, 2019, and allows the District to replenish and fund its reserves, and continue to appropriate fund balance towards the 2019-2020 budget.

Change in Nonspendable Fund Balance

In previous years, the District prepaid health insurance premiums. At June 30, 2019, the District did not, hence leading to the decrease. The decrease in nonspendable fund balance increases unassigned fund balance.

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

Unused Appropriated Reserves

In the 2018-2019 budget, \$4,000,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, only \$975,000 of this funding was needed and the remainder of \$3,025,000 was returned to the reserves and is available for future use.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers.

The \$6,098,290 shown in the previous table is made up of \$130,290 interest income allocated to the reserves, and transfers into the following reserves:

Workers' Compensation Reserve	\$ 1,000,000
Unemployment Insurance Reserve	70,000
Retirement Contribution	
Teachers' Retirement System	1,398,000
Employees' Retirement System	1,000,000
2017 Capital Reserve	2,500,000
	<u>\$ 5,968,000</u>

Appropriated Fund Balance

The District has chosen to use \$9,000,000 of the available June 30, 2019 unassigned fund balance to partially fund the 2019-2020 approved operating budget and help reduce the property tax levy. As such, the June 30, 2019 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2019 was \$10,677,748. This amount equals 5.78% of the 2019-2020 budget.

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

A. Capital Assets

At June 30, 2019, 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 net capital additions of \$5,059,802 in excess of depreciation of \$2,637,444 recorded for the year ended June 30, 2019. A summary of the District's capital assets, net of depreciation at June 30, 2019 and 2018 is as follows:

	2019	2018	Increase (Decrease)
Land	\$ 800,000	\$ 800,000	\$ -
Construction in progress	4,184,589	1,491,476	2,693,113
Buildings and improvements	75,100,693	76,577,940	(1,477,247)
Site improvements	4,061,652	2,960,655	1,100,997
Furniture and equipment	2,678,670	2,573,175	105,495
Capital assets, net	<u>\$ 86,825,604</u>	<u>\$ 84,403,246</u>	<u>\$ 2,422,358</u>

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

B. Debt Administration

At June 30, 2019, the District had total bonds payable of \$15,970,000. The bonds were issued for school building improvements and the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt represents principal payments. A summary of the outstanding bonds at June 30, 2019 and 2018 is as follows:

Issue Date	Interest Rate	2019	2018	Increase (Decrease)
2012	0.8 - 4.0%	\$ 2,895,000	\$ 3,210,000	\$ (315,000)
2016	5.00%	2,715,000	3,185,000	(470,000)
2017	5.00%	10,360,000	12,125,000	(1,765,000)
		<u>\$ 15,970,000</u>	<u>\$ 18,520,000</u>	<u>\$ (2,550,000)</u>

The District's latest underlying, long-term credit rating from Standard & Poor's, Inc. is AA. The District's outstanding serial bonds at June 30, 2019 are approximately 4.0% of the District's debt limit. The District also has an energy performance contract payable, issued in 2012, with outstanding balance of \$3,257,168 at June 30, 2019 (\$3,945,490 at June 30, 2018). The energy performance contract carries interest at 1.827%, and matures in July 2023.

C. Other Long-Term Liabilities

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

	2019	2018	Increase (Decrease)
Compensated absences payable	\$ 11,873,927	\$ 11,203,825	\$ 670,102
Workers' compensation liabilities	3,465,000	3,968,168	(503,168)
Net pension liability - proportionate share	2,437,246	1,240,727	1,196,519
Total OPEB obligation	<u>186,940,273</u>	<u>200,004,790</u>	<u>(13,064,517)</u>
	<u>\$ 204,716,446</u>	<u>\$ 216,417,510</u>	<u>\$ (11,701,064)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 21, 2019, for the year ending June 30, 2020, is \$184,847,632. This is an increase of \$4,921,552 or 2.74% over the previous year's budget. The increase is principally in the instructional program area of the budget.

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

The District budgeted revenues other than property taxes and STAR at a \$4,875,883 increase over the prior year's estimate, which is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$9,000,000 is an increase of \$500,000 over the previous year. Additionally, the District has elected to appropriate \$3,650,000 of reserves towards the next year's budget, a decrease of \$350,000. A property tax decrease of \$104,331 (0.12%), levy to levy, was levied as a result of increases in other funding.

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2019-2020 is 5.12%. The District's 2019-2020 property tax levy of \$86,838,240 is a 0.12% decrease from the 2018-2019 adjusted tax levy and did not require an override vote.

D. Property Tax Relief Credit

New York State law provides a "Property Tax Relief Credit" to eligible taxpayers through the 2019-2020 school year. To be eligible, a taxpayer, based on income tax return filings for the taxable two years prior, must be a New York State resident, who owned and primarily resided in real property receiving the STAR exemption, and had adjusted gross income no greater than \$275,000. A taxpayer is ineligible for the tax credit if the real property is located in a school district that adopted a budget in excess of the tax levy limit. Eligible District taxpayers will receive a tax credit in the form of a check. The amount of the credit (check) is a function of the basic STAR savings and the taxpayer's income. This program provides an incentive for school districts to be tax cap compliant.

8. CONTACTING THE DISTRICT

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

Dr. Kishore Kuncham
Superintendent of Schools
Freeport Union Free School District
235 N. Ocean Avenue
Freeport, New York 11520

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

ASSETS

Cash	
Unrestricted	\$ 19,051,257
Restricted	48,846,207
Receivables	
Accounts receivable	413,409
Taxes receivable	4,518,175
Due from fiduciary funds	1,297,912
Due from state and federal	9,449,171
Due from other governments	2,629,282
Inventories	94,527
Capital assets:	
Not being depreciated	4,984,589
Being depreciated, net of accumulated depreciation	81,841,015
Net pension asset - proportionate share	7,765,371
Total Assets	<u>180,890,915</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	275,394
Pensions	43,489,299
Other postemployment benefits obligation	5,957,238
Total Deferred Outflows of Resources	<u>49,721,931</u>

LIABILITIES

Payables	
Accounts payable	4,907,618
Accrued liabilities	197,862
Due to other governments	9,036
Due to teachers' retirement system	7,982,575
Due to employees' retirement system	419,883
Compensated absences payable	566,018
Unearned credits	
Collections in advance	16,797
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	3,013,264
Energy performance contract	700,955
Compensated absences payable	500,000
Due and payable after one year	
Bonds payable, net	14,097,959
Energy performance contract	2,556,213
Compensated absences payable	11,373,927
Workers' compensation liabilities	3,465,000
Net pension liability - proportionate share	2,437,246
Total other postemployment benefits obligation	186,940,273
Total Liabilities	<u>239,184,626</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	10,855,567
Other postemployment benefits obligation	30,443,558
Total Deferred Inflows of Resources	<u>41,299,125</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>67,995,177</u>
Restricted	
Workers' compensation	7,794,145
Unemployment insurance	897,020
Retirement contribution	
Teachers' retirement system	1,398,000
Employees' retirement system	11,956,625
Employee benefit accrued liability	14,335,307
Capital	11,675,670
Debt service	392,699
	<u>48,449,466</u>
Unrestricted (deficit)	<u>(166,315,548)</u>
Total Net Position (Deficit)	<u>\$ (49,870,905)</u>

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2019

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants	Grants	Changes in
					Net Position
FUNCTIONS/PROGRAMS					
General support	\$ 19,646,309	\$	\$	\$	\$ (19,646,309)
Instruction	150,223,853	421,344	6,564,338	2,313,317	(140,924,854)
Pupil transportation	8,545,430				(8,545,430)
Debt service - interest	575,389				(575,389)
Food service program	4,124,463	421,525	3,529,182		(173,756)
Total Functions and Programs	<u>\$ 183,115,444</u>	<u>\$ 842,869</u>	<u>\$ 10,093,520</u>	<u>\$ 2,313,317</u>	<u>(169,865,738)</u>
GENERAL REVENUES					
Real property taxes					77,688,757
Other tax items					10,084,552
Use of money and property					996,997
Sale of property and compensation for loss					820,221
Miscellaneous					1,165,720
State sources					80,599,771
Medicaid reimbursement					218,897
Total General Revenues					<u>171,574,915</u>
Change in Net Position					1,709,177
Total Net Position (Deficit) - Beginning of Year					<u>(51,580,082)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (49,870,905)</u>

FREEPORT UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 16,440,001	\$ 494,697	\$ 531,602	\$	\$ 1,584,957	\$ 19,051,257
Restricted	41,063,789			390,973	7,391,445	48,846,207
Receivables						
Accounts receivable	390,697		22,712			413,409
Taxes receivable	4,518,175					4,518,175
Due from other funds	8,371,332	1,105,820	1,144	1,726		9,480,022
Due from state and federal	2,334,450	5,088,524	279,197		1,747,000	9,449,171
Due from other governments	2,629,282					2,629,282
Inventories			94,527			94,527
Total Assets	<u>\$ 75,747,726</u>	<u>\$ 6,689,041</u>	<u>\$ 929,182</u>	<u>\$ 392,699</u>	<u>\$ 10,723,402</u>	<u>\$ 94,482,050</u>
LIABILITIES						
Payables						
Accounts payable	\$ 4,014,239	\$ 316,330	\$ 28,644	\$	\$ 548,405	\$ 4,907,618
Accrued liabilities	75,939	7,284	10,259			93,482
Due to other funds	1,726,671	6,365,427	50,471		39,541	8,182,110
Due to other governments	8,669		367			9,036
Due to teachers' retirement system	7,982,575					7,982,575
Due to employees' retirement system	419,883					419,883
Compensated absences payable	564,874		1,144			566,018
Unearned credits						
Collections in advance			16,797			16,797
Total Liabilities	<u>14,792,850</u>	<u>6,689,041</u>	<u>107,682</u>	<u>-</u>	<u>587,946</u>	<u>22,177,519</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue					1,050,368	1,050,368
FUND BALANCES						
Nonspendable:						
Inventories			94,527			94,527
Restricted:						
Workers' compensation	7,794,145					7,794,145
Unemployment insurance	897,020					897,020
Retirement contribution						
Teachers' retirement system	1,398,000					1,398,000
Employees' retirement system	11,956,625					11,956,625
Employee benefit accrued liability	14,335,307					14,335,307
Capital	4,680,966				6,994,704	11,675,670
Debt service				392,699		392,699
Unspent bond proceeds					396,741	396,741
Assigned:						
Appropriated fund balance	9,000,000					9,000,000
Unappropriated fund balance	215,065		726,973		1,693,643	2,635,681
Unassigned: Fund balance	<u>10,677,748</u>					<u>10,677,748</u>
Total Fund Balances	<u>60,954,876</u>	<u>-</u>	<u>821,500</u>	<u>392,699</u>	<u>9,085,088</u>	<u>71,254,163</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 75,747,726</u>	<u>\$ 6,689,041</u>	<u>\$ 929,182</u>	<u>\$ 392,699</u>	<u>\$ 10,723,402</u>	<u>\$ 94,482,050</u>

FREEPORT UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total Governmental Fund Balances \$ 71,254,163

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

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

Original cost of capital assets	\$ 139,022,305	
Accumulated depreciation	<u>(52,196,701)</u>	86,825,604

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.		275,394
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Proportionate share of long-term asset, liability and deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net pension asset - teachers' retirement system	7,765,371	
Deferred outflows of resources	43,489,299	
Net pension liability - employees' retirement system	(2,437,246)	
Deferred inflows of resources	<u>(10,855,567)</u>	37,961,857

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

Deferred outflows of resources	5,957,238	
Total other postemployment benefits obligation	(186,940,273)	
Deferred inflows of resources	<u>(30,443,558)</u>	(211,426,593)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.		1,050,368
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued interest on bonds payable	(104,380)	
Bonds payable	(17,111,223)	
Energy performance contract	(3,257,168)	
Compensated absences payable	(11,873,927)	
Workers' compensation liabilities	<u>(3,465,000)</u>	(35,811,698)

Total Net Position (Deficit)		<u>\$ (49,870,905)</u>
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FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 77,688,757	\$	\$	\$	\$	\$ 77,688,757
Other tax items	10,084,552					10,084,552
Charges for services	421,344					421,344
Use of money and property	994,494			2,503		996,997
Sale of property and compensation for loss	820,221					820,221
Miscellaneous	1,165,720	67,970	598			1,234,288
Interfund revenue	88,069					88,069
State sources	80,599,771	2,542,593	112,994		1,262,949	84,518,307
Medicaid reimbursement	218,897					218,897
Federal sources	213,857	3,739,918	3,416,188			7,369,963
Sales			420,927			420,927
Total Revenues	172,295,682	6,350,481	3,950,707	2,503	1,262,949	183,862,322
EXPENDITURES						
General support	14,285,422	176,536				14,461,958
Instruction	103,195,038	6,237,148				109,432,186
Pupil transportation	8,474,287					8,474,287
Employee benefits	34,491,534	988,345	678,693			36,158,572
Debt service						
Principal				3,238,322		3,238,322
Interest				904,705		904,705
Food service program			2,955,041			2,955,041
Capital outlay					4,466,216	4,466,216
Total Expenditures	160,446,281	7,402,029	3,633,734	4,143,027	4,466,216	180,091,287
Excess (Deficiency) of Revenues Over Expenditures	11,849,401	(1,051,548)	316,973	(4,140,524)	(3,203,267)	3,771,035
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in		1,051,548	100,000	4,143,026	6,000,000	11,294,574
Operating transfers (out)	(11,294,574)					(11,294,574)
Total Other Financing Sources and (Uses)	(11,294,574)	1,051,548	100,000	4,143,026	6,000,000	-
Net Change in Fund Balances	554,827	-	416,973	2,502	2,796,733	3,771,035
Fund Balances -						
Beginning of Year	60,400,049		404,527	390,197	6,288,355	67,483,128
End of Year	\$ 60,954,876	\$ -	\$ 821,500	\$ 392,699	\$ 9,085,088	\$ 71,254,163

FREEPORT UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For The Year Ended June 30, 2019

Net Change in Fund Balances \$ 3,771,035

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

Long-Term Revenue and Expense Differences

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

\$ 1,050,368

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

Decrease in workers' compensation claims liability 503,168

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

Increase in compensated absences (670,102)

883,434

Capital Related Differences

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

Capital outlays 5,059,802
Depreciation expense (2,637,444)

2,422,358

Long-Term Debt Transactions Differences

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities.

310,323

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

Repayment of bond principal 2,550,000
Repayment of installment purchase debt 688,322

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2018 to June 30, 2019.

18,993

3,567,638

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system 1,391,165
Employees' retirement system (252,423)
Other postemployment benefits (10,074,030)

(8,935,288)

Change in Net Position of Governmental Activities \$ 1,709,177

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2019

	<u>Agency</u>	<u>Private Purpose Trust</u>
ASSETS		
Cash		
Unrestricted	\$ 1,710,441	\$
Restricted		<u>291,041</u>
Total Assets	<u>\$ 1,710,441</u>	<u>291,041</u>
 LIABILITIES		
Extraclassroom activity balances	\$ 140,968	
Due to governmental funds	1,297,912	
Other liabilities	<u>271,561</u>	
Total Liabilities	<u>\$ 1,710,441</u>	<u>-</u>
 NET POSITION		
Restricted for scholarships		<u>\$ 291,041</u>

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position -
Fiduciary Funds
For The Year Ended June 30, 2019

	Private Purpose Trust
	<u> </u>
ADDITIONS	
Contributions	\$ 48,400
Investment earnings	
Interest	<u>534</u>
Total Additions	48,934
 DEDUCTIONS	
Scholarships and awards	<u>40,445</u>
Change in Net Position	8,489
Net Position - Beginning of Year	<u>282,552</u>
Net Position - End of Year	<u><u>\$ 291,041</u></u>

FREEPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6).

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

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than August and become a lien on October 1st and April 1st. Taxes are collected by the Town of Hempstead and remitted to the District from November to June.

Enforcement

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

Payments in Lieu of Taxes (PILOT)

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

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law Section 1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, "Tax Abatement Disclosures", under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$501,998 in LIPA PILOT revenue during the 2018-2019 fiscal year.

F. Restricted Resources

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

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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

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

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

H. Use of Estimates

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

I. Cash and Cash Equivalents

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

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

J. Receivables

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

K. Inventory

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

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

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

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

L. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 1,000	50 years
Site improvements	1,000	20-50 years
Furniture and equipment	500	5-10 years

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has four items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on weighted average basis over the remaining life of the new debt. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the differences between expected and actual experience.

N. Collections in Advance

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

O. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenue reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current year. This includes amounts due from New York State for Smart Schools Bond Act expenditure incurred. In subsequent periods, when the availability criterion is met, unavailable revenue will be reclassified as revenue. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

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

P. Employee Benefits – Compensated Absences

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

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

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

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

The liability for compensated absences has been calculated using the 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, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Q. Other Benefits

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

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

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

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75.

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

R. Short-Term Debt

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

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

No short-term debt was issued during the year ended June 30, 2019.

S. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

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

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Effective April 1, 2019, a board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

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

Capital Reserve

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

Restricted for Debt Service

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

Restricted – 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.

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

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

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

T. New Accounting Standard

Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, become effective for the year ended June 30, 2019. This statement improves the information that is disclosed in the notes to financial statements related to debt.

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Capital reserves appropriated for transfer to Capital Projects Fund	\$ 4,000,000
Supplemental state aid revenue used for athletics, general instruction and food service program expenditures	<u>125,000</u>
	<u>\$ 4,125,000</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

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

B. Encumbrances

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

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding its reserves to a fiscally prudent level and the capital needs of the District.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

5. PARTICIPATION IN BOCES

During the year ended June 30, 2019, the District was billed \$19,468,073 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$4,707,834. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

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

6. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2019 consisted of:

General Fund	
New York State - excess cost aid	\$ 2,106,565
New York State - general aid	227,885
	<u>2,334,450</u>
Special Aid Fund	
Federal and state grants	5,088,524
School Food Service	
Federal and state food service program reimbursement	279,197
Capital Projects Fund	
New York State - Smart Schools Bond Act	<u>1,747,000</u>
	<u><u>\$ 9,449,171</u></u>

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2019 consisted of:

General Fund	
BOCES aid	\$ 2,505,046
Other	124,236
	<u>\$ 2,629,282</u>

8. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2019, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 8,371,332	\$ 1,726,671	\$	\$ 11,294,574
Special Aid Fund	1,105,820	6,365,427	1,051,548	
School Food Service Fund	1,144	50,471	100,000	
Debt Service Fund	1,726		4,143,026	
Capital Projects Fund		39,541	6,000,000	
Total Governmental Funds	<u>9,480,022</u>	<u>8,182,110</u>	<u>\$ 11,294,574</u>	<u>\$ 11,294,574</u>
Fiduciary Funds		<u>1,297,912</u>		
Total	<u>\$ 9,480,022</u>	<u>\$ 9,480,022</u>		

The District typically transfers from the general fund to the special aid fund, school food service 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 school food service fund was to provide support for the program per the approved budget. The transfer to

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

the debt service fund was for the payment of principal and interest on long-term outstanding indebtedness. The transfers to the capital projects fund included voter-authorized transfers of the capital reserves totaling \$4,000,000, as well as a budgeted transfer of \$2,000,000 for various school improvements. Interfund balances are expected to be repaid within one year.

9. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land	\$ 800,000	\$	\$	\$ 800,000
Construction in progress	1,491,476	4,466,216	(1,773,103)	4,184,589
Total capital assets not being depreciated	2,291,476	4,466,216	(1,773,103)	4,984,589
Capital assets being depreciated				
Buildings and improvements	114,802,382	443,686		115,246,068
Site improvements	6,369,146	1,329,417		7,698,563
Furniture and equipment	11,322,213	593,586	(822,714)	11,093,085
Total capital assets being depreciated	132,493,741	2,366,689	(822,714)	134,037,716
Less accumulated depreciation for:				
Buildings and improvements	38,224,442	1,920,933		40,145,375
Site improvements	3,408,491	228,420		3,636,911
Furniture and equipment	8,749,038	488,091	(822,714)	8,414,415
Total accumulated depreciation	50,381,971	2,637,444	(822,714)	52,196,701
Total capital assets, being depreciated, net	82,111,770	(270,755)	-	81,841,015
Capital assets, net	\$ 84,403,246	\$ 4,195,461	\$ (1,773,103)	\$ 86,825,604

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,213,224
Instruction	1,424,220
Total depreciation expense	\$ 2,637,444

10. LONG-TERM LIABILITIES

A. Changes

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

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

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 15,310,000	\$	\$ (2,235,000)	\$ 13,075,000	\$ 2,355,000
Add: Premium on refunding	1,559,608		(418,385)	1,141,223	338,264
	16,869,608	-	(2,653,385)	14,216,223	2,693,264
Qualified school construction bond	3,210,000		(315,000)	2,895,000	320,000
Energy performance contract	3,945,490		(688,322)	3,257,168	700,955
	24,025,098	-	(3,656,707)	20,368,391	3,714,219
<u>Other long-term liabilities</u>					
Compensated absences	11,203,825	670,102		11,873,927	500,000
Workers' compensation	3,968,168	815,599	(1,318,767)	3,465,000	-
	15,171,993	1,485,701	(1,318,767)	15,338,927	500,000
	<u>\$ 39,197,091</u>	<u>\$ 1,485,701</u>	<u>\$ (4,975,474)</u>	<u>\$ 35,707,318</u>	<u>\$ 4,214,219</u>

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2019
Qualified school construction bond	2012	6/15/2027	0.8 - 4.0%	\$ 2,895,000
Refunding bond	2016	4/1/2024	5.00%	2,715,000
Refunding bond	2017	12/1/2028	5.00%	10,360,000
				<u>\$ 15,970,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2020	\$ 2,675,000	\$ 712,805	\$ 3,387,805
2021	2,800,000	582,440	3,382,440
2022	2,940,000	445,510	3,385,510
2023	2,215,000	322,780	2,537,780
2024	1,420,000	237,700	1,657,700
2025-2029	3,920,000	450,575	4,370,575
Total	<u>\$ 15,970,000</u>	<u>\$ 2,751,810</u>	<u>\$ 18,721,810</u>

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(Continued)

C. Advance Refunding

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

<u>Year Ending June 30,</u>	<u>Amortization of Deferred Charges</u>	<u>Amortization of Premium</u>	<u>Interest Expense Increase / (Decrease)</u>
2020	\$ 88,927	\$ (338,264)	\$ (249,337)
2021	68,874	(254,212)	(185,338)
2022	49,497	(179,722)	(130,225)
2023	32,625	(129,437)	(96,812)
2024	16,935	(91,270)	(74,335)
2025-2028	18,536	(148,318)	(129,782)
Total	<u>\$ 275,394</u>	<u>\$ (1,141,223)</u>	<u>\$ (865,829)</u>

D. Energy Performance Contract

Energy performance contract is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2019</u>
Energy performance contract	2012	7/15/2023	1.827%	<u>\$ 3,257,168</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 700,955	\$ 56,321	\$ 757,276
2021	713,820	43,456	757,276
2022	726,921	30,355	757,276
2023	740,262	17,014	757,276
2024	375,210	3,428	378,638
Total	<u>\$ 3,257,168</u>	<u>\$ 150,574</u>	<u>\$ 3,407,742</u>

E. Interest Expense

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

Interest paid	\$ 904,705
Less interest accrued in the prior year	(123,373)
Plus interest accrued in the current year	104,380
Less net amortization of premium and deferred charge on refunded bonds	<u>(310,323)</u>
Total interest expense on long-term debt	<u>\$ 575,389</u>

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

11. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and

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

employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2018. The District's average contribution rate was 15.79% of covered payroll for the ERS' fiscal year ended March 31, 2019.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2019, was \$7,490,536 for TRS at the contribution rate of 10.62%, and \$1,761,227 for ERS at an average contribution rate of 14.30%.

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

At June 30, 2019, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2018, for TRS and March 31, 2019 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
District's proportionate share of the net pension asset/(liability)	\$ 7,765,371	\$ (2,437,246)
District's portion of the Plan's total net pension asset/(liability)	0.4294380%	0.0343986%
Change in proportion since the prior measurement date	(0.0043150)	(0.0040444)

For the year ended June 30, 2019, the District recognized pension expense of \$6,153,357 for TRS and \$1,995,076 for ERS. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 5,802,999	\$ 479,945	\$ 1,051,150	\$ 163,608
Changes of assumptions	27,145,066	612,624		
Net difference between projected and actual earnings on pension plan investments			8,620,153	625,532
Changes in proportion and differences between the District's contributions and proportionate share of contributions	604,552	934,107	198,841	196,283
District's contributions subsequent to the measurement date	7,490,123	419,883		
Total	\$ 41,042,740	\$ 2,446,559	\$ 9,870,144	\$ 985,423

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

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

Year Ending June 30,	TRS	ERS
2020	\$ 7,861,945	\$ 838,746
2021	5,362,991	(269,798)
2022	635,763	105,151
2023	5,344,696	367,154
2024	3,596,788	
Thereafter	880,290	
	<u>\$ 23,682,473</u>	<u>\$ 1,041,253</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:

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
Actuarial valuation date	June 30, 2017	April 1, 2018
Inflation	2.25%	2.50%
Salary increases	1.90-4.72%	4.20%
Investment rate of return (net of investment expense, including inflation)	7.25%	7.00%
Cost of living adjustments	1.50%	1.30%

For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

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

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

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2018		March 31, 2019
Asset type				
Domestic equity	33.0%	5.80%	36.0%	4.55%
International equity	16.0%	7.30%	14.0%	6.35%
Global equity	4.0%	6.70%		
Real estate	11.0%	4.90%	10.0%	5.55%
Private equities	8.0%	8.90%	10.0%	7.50%
Alternatives investments			8.0%	3.75-5.68%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.50%		
Bonds and mortgages	8.0%	2.80-6.80%	17.0%	1.31%
Short-term	1.0%	0.30%		
Cash			1.0%	-0.25%
Inflation indexed bonds			4.0%	1.25%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.3% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.25% for TRS and 7.0% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.25% for TRS and 7.0% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.25% for TRS and 6.0% for ERS) or 1 percentage point higher (8.25% for TRS and 8.0% for ERS) than the current rate:

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NOTES TO FINANCIAL STATEMENTS
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TRS	1% Decrease (6.25)%	Current Assumption (7.25)%	1% Increase (8.25)%
District's proportionate share of the net pension asset (liability)	\$ (53,349,367)	\$ 7,765,371	\$ 58,962,538
ERS	1% Decrease (6.00)%	Current Assumption (7.00)%	1% Increase (8.00)%
District's proportionate share of the net pension asset (liability)	\$ (10,656,027)	\$ (2,437,246)	\$ 4,467,114

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2018	March 31, 2019
Employers' total pension liability	\$ (118,107,254)	\$ (189,803,429)
Plan fiduciary net position	119,915,518	182,718,124
Employers' net pension asset/(liability)	\$ 1,808,264	\$ (7,085,305)
Ratio of plan fiduciary net position to the employers' total pension liability	101.53%	96.27%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019, are paid to the system in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019, represent employer and employee contributions for the fiscal year ended June 30, 2019, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2019 amounted to \$7,490,123 of employer contributions and \$492,452 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2019, represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$419,883 of employer contributions. Employee contributions are remitted monthly.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2019, totaled \$528,893 and \$4,295,422 respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. Contributions made by the District and eligible employees for the year ended June 30, 2019 totaled \$519,196.

13. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	657
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,015</u>
	<u><u>1,672</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$186,940,273 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

Inflation	2.20%
Salary increases	2.60% average, including inflation
Discount rate	3.50%
Healthcare cost trend rates	6.10% for 2018, decreasing to an ultimate rate of 4.1% by 2075
Retirees' share of benefit-related costs	50-100% of projected health insurance premiums for retirees

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

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2016.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

Changes of assumptions and other inputs that affected measurement of the total OPEB Liability since the last measurement date of June 30, 2018 include: an increase in discount rate from 3.00% to 3.50%; a decrease in average percentage of salary increases including inflation from 3.00% to 2.60%; and a lower medical trend rate range from 7.5% decreasing to an ultimate rate of 4.5% over 7 years, to 6.1% decreasing to 4.1% over 57 years.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	<u>\$ 200,004,790</u>
Changes for the year	
Service cost	11,434,404
Interest	6,282,296
Changes of benefit terms	-
Differences between expected and actual experience	6,820,606
Changes in assumptions or other inputs	(33,512,968)
Benefit payments	<u>(4,088,855)</u>
	<u>(13,064,517)</u>
Balance at June 30, 2019	<u><u>\$ 186,940,273</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current discount rate:

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

OPEB	1% Decrease (2.50)%	Discount Rate (3.50)%	1% Increase (4.50)%
Total OPEB liability	\$ 220,036,669	\$ 186,940,273	\$ 160,423,941

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

OPEB	1% Decrease (5.10)% decreasing to (3.10)%	Healthcare Cost Trend Rates (6.10)% decreasing to (4.10)%	1% Increase (7.10)% decreasing to (5.10)%
Total OPEB liability	\$ 158,579,518	\$ 186,940,273	\$ 227,387,270

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$14,162,885. At June 30, 2019, the District reported 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	\$ 5,957,238	\$ 1,172,738
Changes of assumptions		29,270,820
District's contributions subsequent to the measurement date		
Total	\$ 5,957,238	\$ 30,443,558

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

Year Ending June 30,	Amount
2020	\$ 3,553,815
2021	3,553,815
2022	3,553,815
2023	3,553,815
2024	3,553,815
Thereafter	6,717,245
	\$ 24,486,320

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NOTES TO FINANCIAL STATEMENTS
(Continued)

14. RISK MANAGEMENT

A. General Information

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

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities discounted at 3.0% include an amount for reported and unreported claims which were incurred on or before year end but not reported (IBNR). Claims activity is summarized below:

	<u>2018</u>	<u>2019</u>
Unpaid claims at beginning of year	\$ 3,866,203	\$ 3,968,168
Incurred claims and claim adjustment expenses	1,376,437	815,599
Claim payments	<u>(1,274,472)</u>	<u>(1,318,767)</u>
Unpaid claims at year end	<u>\$ 3,968,168</u>	<u>\$ 3,465,000</u>

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.

15. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate \$3,650,000 from reserves, which are reported in the June 30, 2019 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2020 .

16. ASSIGNED – APPROPRIATED FUND BALANCE

The amount of \$9,000,000 has been appropriated to reduce taxes for the year ending June 30, 2020.

17. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those programs, the District's 2018-2019 property taxes were abated by \$296,876; the District received payment in lieu of taxes (PILOT) payments totaling \$252,211.

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NOTES TO FINANCIAL STATEMENTS
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18. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2019, the District encumbered the following amounts:

Restricted:

Capital Projects Fund	
Capital projects	<u>\$ 2,162,311</u>

Assigned: Unappropriated Fund Balance

General Fund	
General Support	71,899
Instruction	<u>143,166</u>
	<u>215,065</u>

Capital Projects Fund	
Capital projects	<u>1,596,498</u>
	<u><u>\$ 3,973,874</u></u>

B. Grants

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

C. Litigation

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

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$238,165. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 207,645
2021	185,452
2022	144,240
2023	<u>55,366</u>
	<u><u>\$ 592,703</u></u>

20. SUBSEQUENT EVENTS

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

FREEPORT UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 77,142,571	\$ 77,634,321	\$ 77,688,757	\$ 54,436
Other tax items	10,568,665	10,076,915	10,084,552	7,637
Charges for services	352,000	352,000	421,344	69,344
Use of money and property	225,000	225,000	994,494	769,494
Sale of property and compensation for loss	100,500	100,500	820,221	719,721
Miscellaneous	538,971	538,971	1,165,720	626,749
Interfund revenues	198,000	198,000	88,069	(109,931)
Total Local Sources	89,125,707	89,125,707	91,263,157	2,137,450
State Sources	78,068,373	78,193,373	80,599,771	2,406,398
Medicaid Reimbursement	120,000	120,000	218,897	98,897
Federal Sources	112,000	112,000	213,857	101,857
Total Revenues	167,426,080	167,551,080	172,295,682	\$ 4,744,602
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	8,500,000	8,500,000		
Prior Year's Encumbrances	242,866	242,866		
Appropriated Reserves	4,000,000	8,000,000		
Total Appropriated Fund Balance	12,742,866	16,742,866		
Total Revenues and Appropriated Fund Balance	\$ 180,168,946	\$ 184,293,946		

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.

FREEPORT UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 73,441	\$ 95,766	\$ 61,269	\$ 455	\$ 34,042
Central administration	482,051	505,830	505,131		699
Finance	973,382	994,382	966,937	6,840	20,605
Staff	906,312	888,108	731,261		156,847
Central services	10,591,989	10,782,902	10,353,909	64,604	364,389
Special items	1,726,807	1,677,239	1,666,915		10,324
Total General Support	14,753,982	14,944,227	14,285,422	71,899	586,906
Instruction					
Administration & improvement	9,574,236	9,696,730	9,103,005	9,798	583,927
Teaching - regular school	60,714,860	60,833,657	55,614,775	130,215	5,088,667
Programs for students with disabilities	28,781,413	26,801,449	26,504,511	105	296,833
Teaching - special school	997,456	969,510	721,577		247,933
Instructional media	3,133,788	4,362,577	4,237,055	1,980	123,542
Pupil services	8,338,544	8,335,501	7,014,115	1,068	1,320,318
Total Instruction	111,540,297	110,999,424	103,195,038	143,166	7,661,220
Pupil Transportation	9,484,852	9,488,840	8,474,287		1,014,553
Employee Benefits	37,377,433	37,304,583	34,491,534		2,813,049
Total Expenditures	173,156,564	172,737,074	160,446,281	215,065	12,075,728
OTHER USES					
Operating Transfers Out	7,012,382	11,556,872	11,294,574		262,298
Total Expenditures and Other Uses	\$ 180,168,946	\$ 184,293,946	171,740,855	\$ 215,065	\$ 12,338,026
Net Change in Fund Balance			554,827		
Fund Balances - Beginning of Year			60,400,049		
Fund Balances - End of Year			\$ 60,954,876		

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.

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

	<i>Teachers' Retirement System</i>				
	2019	2018	2017	2016	2015
District's proportion of the net pension asset	0.4294380%	0.4337530%	0.4312830%	0.4399300%	0.4368150%
District's proportionate share of the net pension asset	\$ 7,765,371	\$ 3,296,953	\$ (4,619,219)	\$ 45,694,752	\$ 48,658,441
District's covered payroll	\$ 69,926,598	\$ 68,735,179	\$ 66,551,271	\$ 66,083,521	\$ 64,524,342
District's proportionate share of the net pension asset as a percentage of its covered payroll	11.11 %	4.80 %	6.94 %	69.15 %	75.41 %
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%

	<i>Employees' Retirement System</i>				
	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0343986%	0.0384430%	0.0400000%	0.0369805%	0.0360605%
District's proportionate share of the net pension liability	\$ (2,437,246)	\$ (1,240,727)	\$ (3,360,154)	\$ (5,935,480)	\$ (1,218,212)
District's covered payroll	\$ 12,356,166	\$ 12,177,644	\$ 12,977,410	\$ 11,521,488	\$ 11,479,147
District's proportionate share of the net pension liability as a percentage of its covered payroll	19.72 %	10.19 %	25.89 %	51.52 %	10.61 %
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

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

Note to Required Supplementary Information

Teachers' Retirement System

The discount rate decreased from 8.0% to 7.5% to 7.25%, as reflected in 2016, 2017 and 2018 above.

Employees' Retirement System

The discount rate decreased from 7.5% to 7.0% as reflected in 2015 and 2016 above.

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

Teachers' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 7,490,536	\$ 6,852,807	\$ 8,055,763	\$ 8,824,699	\$ 11,584,441	\$ 10,590,655	\$ 7,514,033	\$ 7,221,374	\$ 5,635,644	\$ 3,772,191
Contributions in relation to the contractually required contribution	7,490,536	6,852,807	8,055,763	8,824,699	11,584,441	10,590,655	7,514,033	7,221,374	5,635,644	3,772,191
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$72,344,665	\$69,926,598	\$68,735,179	\$66,551,271	\$66,083,521	\$64,524,342	\$63,497,687	\$64,998,865	\$65,390,306	\$64,332,562
Contributions as a percentage of covered payroll	10%	10%	12%	13%	18%	16%	12%	11%	9%	6%

Employees' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,761,227	\$ 1,922,944	\$ 1,707,906	\$ 2,097,478	\$ 2,036,533	\$ 2,140,908	\$ 2,303,641	\$ 1,709,054	\$ 1,257,466	\$ 894,550
Contributions in relation to the contractually required contribution	1,761,227	1,922,944	1,707,906	2,097,478	2,036,533	2,140,908	2,303,641	1,709,054	1,257,466	894,550
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$12,318,681	\$12,176,977	\$12,721,486	\$11,521,217	\$11,515,860	\$11,524,591	\$10,988,248	\$10,715,249	\$11,305,534	\$11,053,691
Contributions as a percentage of covered payroll	14%	16%	13%	18%	18%	19%	21%	16%	11%	8%

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

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 11,434,404	\$ 9,890,048
Interest	6,282,296	5,902,789
Changes in benefit terms	-	-
Differences between expected and actual experience	6,820,606	(1,522,808)
Changes of assumptions or other inputs	(33,512,968)	-
Benefit payments	<u>(4,088,855)</u>	<u>(2,253,036)</u>
Net change in total OPEB liability	(13,064,517)	12,016,993
Total OPEB liability, beginning	<u>200,004,790</u>	<u>187,987,797</u>
Total OPEB liability, ending	<u><u>\$ 186,940,273</u></u>	<u><u>\$ 200,004,790</u></u>
 Covered employee payroll	 \$ 77,276,377	 \$ 88,951,122
Total OPEB liability as a percentage of covered employee payroll	241.91%	224.85%

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

Notes to Required Supplementary Information

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

The discount rate increased from 3.00% to 3.50% as reflected in 2018 and 2019 above.

FREEPORT UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For The Year Ended June 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 179,926,080
Additions:	
Prior year's encumbrances	<u>242,866</u>
Original Budget	180,168,946
Budget revisions	<u>4,125,000</u>
Final Budget	<u><u>\$ 184,293,946</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-2020 voter-approved expenditure budget	<u><u>\$ 184,847,632</u></u>
Maximum allowed (4% of 2019-2020 budget)	<u><u>\$ 7,393,905</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 9,215,065
Unassigned fund balance	<u>10,677,748</u>
	\$ 19,892,813
Less:	
Appropriated fund balance	9,000,000
Encumbrances	<u>215,065</u>
Total adjustments	<u>9,215,065</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 10,677,748</u></u>
Actual Percentage	5.78%

FREEPORT UNION FREE SCHOOL DISTRICT

Schedule of Project Expenditures and Financing Resources - Capital Projects Fund

For The Year Ended June 30, 2019

Unrealized state aid from Smart Schools Bond Act	(1,713,279)
Fund Balance	\$ 9,085,088

FREEPORT UNION FREE SCHOOL DISTRICT
Net Investment in Capital Assets
June 30, 2019

Capital assets, net	<u>\$ 86,825,604</u>
Deduct:	
Short-term portion of bonds payable	2,675,000
Long-term portion of bonds payable	13,295,000
Less:	
Unspent bond proceeds	(396,741)
Short-term portion of energy performance contract	700,955
Long-term portion of energy performance contract	<u>2,556,213</u>
	<u>18,830,427</u>
Net Investment in Capital Assets	<u><u>\$ 67,995,177</u></u>

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

To the Board of Education
Freeport Union Free School District
Freeport, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Freeport Union Free School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee and management of the Freeport Union Free School District in a separate letter dated September 24, 2019.

Purpose of this Report

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

Cullen & Danowski, LLP

September 24, 2019

