



FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2020

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Little Flower Union Free School District
Wading River, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios pages 3 through 13 and 47 through 51, 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 Little Flower Union Free School District's basic financial statements. The other supplementary information on pages 52 and 53 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 November 13, 2020 on our consideration of the Little Flower 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 Little Flower 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 Little Flower Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

November 13, 2020

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Little Flower 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, 2020 in comparison with the year ended June 30, 2019, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

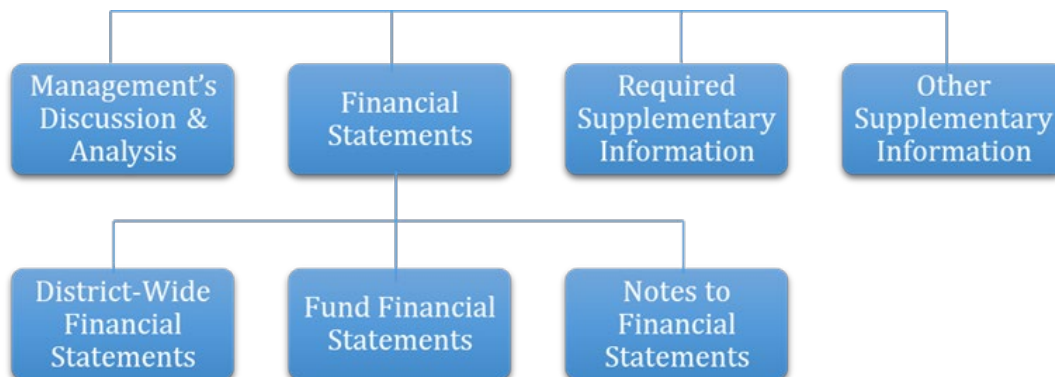
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position (deficit), as reflected in the district-wide financial statements, increased by \$2,175,668. This was due to expenses of \$10,173,628 exceeding revenues of \$7,997,960, using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$10,173,628. Of this amount, \$7,748,446 was offset by program charges for services and operating grants, which accounted for 96.9% of total revenues.
- The District received \$7,560,408 in charges for services to support instructional programs, a decrease of \$236,344 from the prior year, and \$188,038 in operating grants to support instructional programs, a slight increase of \$8,548 over the prior year.
- The general fund's total fund balance deficit, as reflected in the fund financial statements, decreased by \$52,305. This was due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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.

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 fund.

Governmental Funds

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

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

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented

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

for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds: general fund, special aid 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 a separate statement. 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 deficit increased by \$2,175,668 between fiscal year 2020 and 2019. The deficit increase is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2020	2019	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 3,707,215	\$ 2,160,571	\$ 1,546,644	71.58 %
Capital Assets, Net	5,124,307	5,518,884	(394,577)	(7.15)%
Net Pension Asset - Proportionate Share	525,034	359,024	166,010	46.24 %
Total Assets	<u>9,356,556</u>	<u>8,038,479</u>	<u>1,318,077</u>	16.40 %
Deferred Outflows of Resources	<u>7,360,353</u>	<u>2,857,159</u>	<u>4,503,194</u>	157.61 %
Liabilities				
Current and Other Liabilities	3,748,234	2,251,051	1,497,183	66.51 %
Long-Term Liabilities	5,715,572	5,669,075	46,497	0.82 %
Net Pension Liability - Proportionate Share	751,522	162,382	589,140	362.81 %
Total OPEB Liability	<u>17,777,893</u>	<u>13,803,451</u>	<u>3,974,442</u>	28.79 %
Total Liabilities	<u>27,993,221</u>	<u>21,885,959</u>	<u>6,107,262</u>	27.90 %
Deferred Inflows of Resources	<u>2,960,792</u>	<u>1,071,115</u>	<u>1,889,677</u>	176.42 %
Net Position (Deficit)				
Net Investment in Capital Assets	\$ 464,307	\$ 1,244,124	\$ (779,817)	(62.68)%
Restricted	1,874	13,297	(11,423)	(85.91)%
Unrestricted (Deficit)	<u>(14,703,285)</u>	<u>(13,318,857)</u>	<u>(1,384,428)</u>	10.39 %
Total Net Position (Deficit)	<u>\$ (14,237,104)</u>	<u>\$ (12,061,436)</u>	<u>\$ (2,175,668)</u>	(18.04)%

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

The increase in current and other assets is primarily attributable to increases in cash and accounts receivable, as well as increases in due from state and federal and due from other governments. These increases were offset by a decrease in restricted investments. The increase in cash is the result of the overall increase in RAN issuances as compared to the prior year. The District issued \$1,800,000 in RANs in June as compared to \$800,000 issued in the prior year. The decrease in restricted investments is due to the payment of final invoices on the District's capital construction project. These investments were held by the Dormitory Authority of the State of New York (DASNY). The District issued bonds through DASNY in July 2016 to finance capital construction, and these investments were held by (DASNY). The unspent bond proceeds along with interest earned and tuition charges paid by participating districts at a separate billing rate are held by DASNY for future debt service payments and continuing construction work. As construction costs come due, the investments are liquidated and released to the District to pay contractor invoices.

The decrease in capital assets, net is due to depreciation expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 12, "Capital Assets," provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 15, "Pension Plans – New York State," provides additional information.

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

The increase in current liabilities is primarily attributable to an increase in outstanding RANs, as well as increases in accounts payable, accrued liabilities, and due to other governments. These increases were offset by decreases in compensated absences payable and the liability to the teachers' retirement system.

This increase in long-term liabilities is the result of an increase in the compensated absences liability, offset by the repayments of the current maturity of bond indebtedness and other long-term liabilities. The accompanying Notes to Financial Statements, Note 14, "Long-Term Liabilities," provides additional information.

Net pension liability – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability, at the measurement date of the respective year. The accompanying Notes to Financial Statements, Note 15, "Pension Plans – New York State," provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 17, "Postemployment Healthcare Benefits," provides additional information.

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

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

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

The restricted amount relates to the District's restricted for debt service. This number decreased from the prior year.

The unrestricted deficit amount relates to the balance of the District's net position. Certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. 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 liability.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 7,560,408	\$ 7,796,752	\$ (236,344)	(3.03)%
Operating Grants	188,038	179,490	8,548	4.76 %
General Revenues				
State Sources	221,096	32,554	188,542	579.17 %
Other	28,418	29,469	(1,051)	(3.57)%
Total Revenues	<u>7,997,960</u>	<u>8,038,265</u>	<u>(40,305)</u>	<u>(0.50)%</u>
Expenses				
General Support	1,741,936	1,645,584	96,352	5.86 %
Instruction	8,182,914	7,095,127	1,087,787	15.33 %
Debt Service - Interest	248,778	255,731	(6,953)	(2.72)%
Total Expenses	<u>10,173,628</u>	<u>8,996,442</u>	<u>1,177,186</u>	<u>13.09 %</u>
Decrease in Net Position (Deficit)	<u>\$ (2,175,668)</u>	<u>\$ (958,177)</u>	<u>\$ (1,217,491)</u>	<u>127.06 %</u>

The District's net position decreased by \$2,175,668 and \$958,177 for the years ended June 30, 2020, and June 30, 2019, respectively.

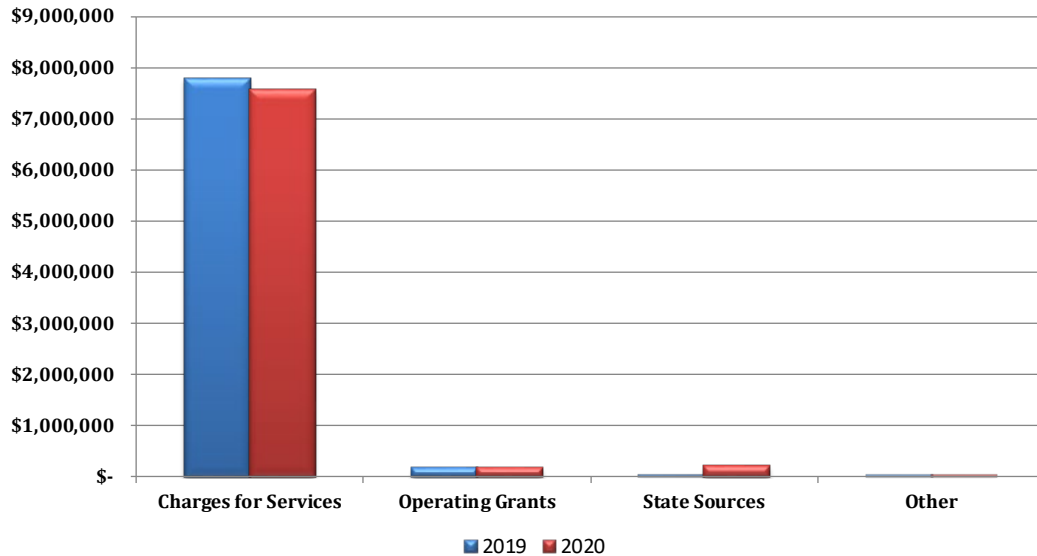
The District's revenues decreased by \$40,305 or 0.5%. The primary reason for the decrease was due to decreases in charges for services of \$236,344. There was a slight decrease in the full-time equivalent of students billed. Additionally, the District received its reconciled rate for 2017-18 in the current year. This rate was lower than the prospective rate previously billed and resulted in the issuance of credits to the districts that had students enrolled in that time period. There was also a decrease in revenue for one-to-one aides as the District utilized less aides in the current year due to the switch to virtual learning mandated by the state in mid-March.

The District's expenses increased \$1,177,186 or 13.09%. The increase in expenses is primarily due to increases in instruction and general support. The primary reason for the increase is due to the impact of the net change in other postemployment benefit costs and pension costs allocated.

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

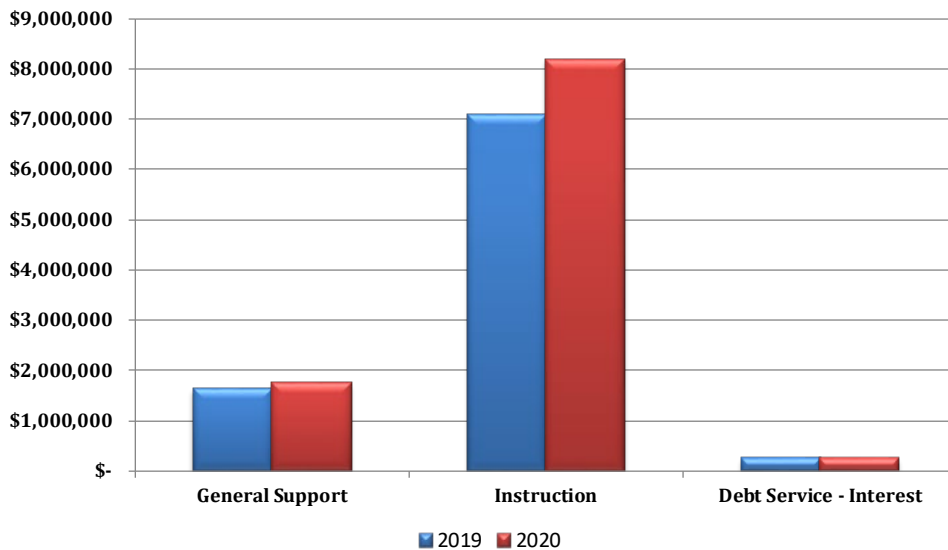
As indicated on the graphs that follow, charges for services is the largest component of revenues recognized (i.e., 94.5% and 97.0% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 80.5% and 78.9% of the total for the years 2020 and 2019, respectively).

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



	Charges for Services	Operating Grants	State Sources	Other
2019	97.0%	2.2%	0.4%	0.4%
2020	94.5%	2.4%	2.8%	0.3%

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



	General Support	Instruction	Debt Service - Interest
2019	18.3%	78.9%	2.8%
2020	17.1%	80.5%	2.4%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance deficit of \$(228,296), which is a reduction in the deficit of \$40,882 from the prior year. This decrease in the deficit is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2020	2019	Increase (Decrease)
General Fund			
Unassigned: Fund balance (deficit)	\$ (230,170)	\$ (282,475)	\$ 52,305
Debt Service Fund			
Restricted: Debt	1,874	5,577	(3,703)
Capital Projects Fund			
Restricted: Capital	7,720	7,720	(7,720)
Total Fund Balance (Deficit)	\$ (228,296)	\$ (269,178)	\$ 40,882

A. General Fund

The net change in the general fund – fund balance is a decrease of its deficit by \$52,305. This resulted from revenues in excess of expenditures.

The District's revenues decreased by \$53,498 or 0.72%, as compared to the prior year. This decrease is primarily attributable to a decrease in charges for services. There was a slight decrease in the full-time equivalent of students billed. Additionally there was a decrease in the billings for one-to-one aides due to the switch to virtual learning mandated by the state mid-March.

Expenditures decreased by \$140,520 or 1.87% from the prior year. This decrease was primarily due to a decrease in instruction. The decrease in instruction is primarily the result of a decrease in salaries for one-to-one aides. As evidenced in the revenue billing, there were fewer one-to-one aides needed due to the shutdown in March and the switch to virtual learning.

B. Debt Service Fund

At June 30, 2020, the debt service fund – fund balance was \$1,874. The decrease of \$3,703 is the result of principal and interest payments in serials bonds in excess of state sources, revenues from charges for services, transfers from the capital projects fund, and interest, as reported in DASNY's June 30, 2020, financial statements for the District's borrowing related to capital construction.

C. Capital Projects Fund

The capital projects fund – fund balance was eliminated in the current year. The decrease of \$7,720 represents the bond interest earned less a transfer to the debt service fund.

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-2020 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$8,075,800. There were no budget revisions.

The final budget was primarily funded through \$8,018,160 in estimated charges for services.

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. 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 (Deficit)	\$ (282,475)
Revenues Under Budget	(654,155)
Expenditures Under Budget	<u>706,460</u>
Closing, Unassigned Fund Balance (Deficit)	<u>\$ (230,170)</u>

Opening, Unassigned Fund Balance (Deficit)

The \$(282,475) shown in the table is the portion of the District's June 30, 2019 fund balance that was considered unassigned.

Revenues Under Budget

The 2019-2020 final budget for revenues was \$8,075,800. Actual revenues recognized for the year were \$7,421,645. The deficiency of actual revenue under estimated or budgeted revenue was \$654,155, primarily in the charges for services area. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2019-2020 budget for expenditures was \$8,075,800. Actual expenditures as of June 30, 2020 were \$7,369,340. The final budget variance was \$706,460, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2019 to June 30, 2020. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Closing, Unassigned Fund Balance (Deficit)

Based upon the summary changes shown in the table, the unassigned fund balance deficit at June 30, 2020, was \$(230,170).

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

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

A. Capital Assets

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the following table. The net decrease in capital assets is due to depreciation expense of \$418,413 in excess of capital additions of \$23,836 recorded for the year ended June 30, 2020. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Construction in progress	\$	\$ 242,109	\$ (242,109)
Buildings	4,973,406	5,112,148	(138,742)
Equipment	<u>150,901</u>	<u>164,627</u>	<u>(13,726)</u>
Capital assets, net	<u>\$ 5,124,307</u>	<u>\$ 5,518,884</u>	<u>\$ (394,577)</u>

B. Debt Administration

During the year ended June 30, 2020, the District issued several revenue anticipation notes in various amounts. The accompanying Notes to Financial Statements, Note 13, "Short-Term Debt," provides additional information.

At June 30, 2020, the District had total bonds payable of \$4,660,000, which were issued in a prior year through DASNY. The bonds were issued for school building renovations and additions. The other liabilities is the outstanding principal balance of a long-term liability to the Agency for the repayment of repairs to the District's lobby, which were paid for by the Agency. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Bonds Payable				
7/27/2016	4.500%	<u>\$ 4,660,000</u>	<u>\$ 4,840,000</u>	<u>\$ (180,000)</u>
Other Liabilities				
7/1/2014	2.905%	<u>\$ 288,363</u>	<u>\$ 299,577</u>	<u>\$ (11,214)</u>

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

C. Other Long-Term Liabilities

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

	2020	2019	Increase (Decrease)
Compensated absences payable	\$ 767,209	\$ 529,498	\$ 237,711
Net pension liability - proportionate share	751,522	162,382	589,140
Total other postemployment benefits liability	17,777,893	13,803,451	3,974,442
	\$ 19,296,624	\$ 14,495,331	\$ 4,801,293

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 Board of Education for the year ending June 30, 2021, is \$7,857,742. This is a decrease of \$218,058 or 2.7% from the previous year's budget. The decrease is principally in the instructional program (\$136,015), and pupil services (\$108,769) areas of the budget.

The District budgeted revenues at a \$218,058 decrease from the prior year's estimate. This decrease is primarily in estimated charges for services.

B. Future Budgets

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

C. Rate Reconciliation

The District's prior years' tuition rates are subject to the rate reconciliation process by the New York State Education Department. The final reconciliation tuition rates could result in additional, retroactive billings for the District if they are more than the prospective rates used in billings, or reimbursements due back to the paying school districts and counties if the final tuition rates are lower than the prospective rates. The District may also petition the state to increase its tuition rates beyond the final reconciliation rates through a "waiver" process.

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

8. CONTACTING THE DISTRICT

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

Mr. Philip Kenter, Ed. D.
School Business Administrator
Little Flower Union Free School District
2460 North Wading River Road
Wading River, NY 11792

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

ASSETS

Cash		
Unrestricted	\$	1,019,643
Restricted		296,724
Receivables		
Accounts receivable		2,193,400
Due from fiduciary funds		578
Due from state and federal		148,201
Due from other governments		48,669
Capital assets:		
Being depreciated, net of accumulated depreciation		5,124,307
Net pension asset - proportionate share		<u>525,034</u>
 Total Assets		 <u>9,356,556</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions		2,202,960
Other postemployment benefits		<u>5,157,393</u>
 Total Deferred Outflows of Resources		 <u>7,360,353</u>

LIABILITIES

Payables		
Accounts payable		432,485
Accrued liabilities		936,343
Due to other governments		119,230
Due to teachers' retirement system		333,720
Due to employees' retirement system		24,856
Compensated absences payable		101,600
Notes payable		
Revenue anticipation		1,800,000
Long-term liabilities		
Due and payable within one year		
Bonds payable		190,000
Compensated absences payable		105,723
Other liabilities		11,544
Due and payable after one year		
Bonds payable		4,470,000
Compensated absences payable		661,486
Other liabilities		276,819
Net pension liability - proportionate share		751,522
Total other postemployment benefits liability		<u>17,777,893</u>
 Total Liabilities		 <u>27,993,221</u>

DEFERRED INFLOWS OF RESOURCES

Pensions		786,302
Other postemployment benefits		<u>2,174,490</u>
 Total Deferred Inflows of Resources		 <u>2,960,792</u>

NET POSITION (DEFICIT)

Net investment in capital assets		464,307
Restricted: Debt service		1,874
Unrestricted (deficit)		<u>(14,703,285)</u>
 Total Net Position (Deficit)		 <u><u>\$ (14,237,104)</u></u>

LITTLE FLOWER UNION FREE SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS				
General support	\$ 1,741,936	\$	\$	\$ (1,741,936)
Instruction	8,182,914	7,560,408	188,038	(434,468)
Debt service - interest	248,778			(248,778)
				<hr/>
Total Functions and Programs	<u>\$ 10,173,628</u>	<u>\$ 7,560,408</u>	<u>\$ 188,038</u>	<u>(2,425,182)</u>
GENERAL REVENUES				
Use of money and property				926
Sale of property and compensation for loss				4,886
Miscellaneous				22,606
State sources				221,096
				<hr/>
Total General Revenues				249,514
				<hr/>
Change in Net Position (Deficit)				(2,175,668)
				<hr/>
Total Net Position (Deficit) - Beginning of Year				(12,061,436)
				<hr/>
Total Net Position (Deficit) - End of Year				<u>\$ (14,237,104)</u>

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

	General	Special Aid	Debt Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	\$ 1,016,857	\$ 2,786	\$	\$	\$ 1,019,643
Restricted			296,724		296,724
Receivables					
Accounts receivable	2,193,400				2,193,400
Due from other funds	147,702				147,702
Due from state and federal		148,201			148,201
Due from other governments	48,669				48,669
Total Assets	<u>\$ 3,406,628</u>	<u>\$ 150,987</u>	<u>\$ 296,724</u>	<u>\$ -</u>	<u>\$ 3,854,339</u>
LIABILITIES					
Payables					
Accounts payable	\$ 428,622	\$ 3,863	\$	\$	\$ 432,485
Accrued liabilities	828,770				828,770
Due to other funds		147,124			147,124
Due to other governments	119,230				119,230
Due to teachers' retirement system	333,720				333,720
Due to employees' retirement system	24,856				24,856
Compensated absences payable	101,600				101,600
Notes payable					
Revenue anticipation	1,800,000				1,800,000
Total Liabilities	<u>3,636,798</u>	<u>150,987</u>	<u>-</u>	<u>-</u>	<u>3,787,785</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue			294,850		294,850
FUND BALANCES (DEFICIT)					
Restricted: Debt service			1,874		1,874
Unassigned: Fund balance (deficit)	<u>(230,170)</u>				<u>(230,170)</u>
Total Fund Balances (Deficit)	<u>(230,170)</u>	<u>-</u>	<u>1,874</u>	<u>-</u>	<u>(228,296)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,406,628</u>	<u>\$ 150,987</u>	<u>\$ 296,724</u>	<u>\$ -</u>	<u>\$ 3,854,339</u>

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

Total Governmental Fund Balances \$ (228,296)

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

The costs of building and acquiring capital assets (buildings, furniture, 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	\$ 8,386,240	
Less: Accumulated depreciation	<u>(3,261,933)</u>	5,124,307

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	525,034	
Deferred outflows of resources	2,202,960	
Net pension liability - employees' retirement system	(751,522)	
Deferred inflows of resources	<u>(786,302)</u>	1,190,170

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

Deferred outflows of resources	5,157,393	
Total other postemployment benefits liability	(17,777,893)	
Deferred inflows of resources	<u>(2,174,490)</u>	(14,794,990)

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. 294,850

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

Accrued interest on long-term debt	(107,573)	
Bonds payable	(4,660,000)	
Compensated absences payable	(767,209)	
Other liabilities payable	<u>(288,363)</u>	(5,823,145)

Total Net Position (Deficit) \$ (14,237,104)

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

	General	Special Aid	Debt Service	Capital Projects	Total Governmental Funds
REVENUES					
Charges for services	\$ 7,364,476	\$	\$ 189,982	\$	\$ 7,554,458
Use of money and property	349		315	262	926
Sale of property and compensation for loss	4,886				4,886
Miscellaneous	22,606	2,790			25,396
State sources	29,328		191,768		221,096
Federal sources		185,248			185,248
Total Revenues	7,421,645	188,038	382,065	262	7,992,010
EXPENDITURES					
General support	1,153,173				1,153,173
Instruction	3,856,936	188,038			4,044,974
Employee benefits	2,310,360				2,310,360
Debt Service					
Principal	11,214		180,000		191,214
Interest	37,657		213,750		251,407
Total Expenditures	7,369,340	188,038	393,750	-	7,951,128
Excess (Deficiency) of Revenues Over Expenditures	52,305	-	(11,685)	262	40,882
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in			7,982		7,982
Operating transfers out				(7,982)	(7,982)
Total Other Financing Sources and (Uses)	-	-	7,982	(7,982)	-
Net Change in Fund Balance	52,305	-	(3,703)	(7,720)	40,882
Fund Balances (Deficit) - Beginning of Year	(282,475)		5,577	7,720	(269,178)
End of Year	\$ (230,170)	\$ -	\$ 1,874	\$ -	\$ (228,296)

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

Net Change in Fund Balances \$ 40,882

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).

\$ 5,950

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

Increase in compensated absences payable

(237,711)

(231,761)

Capital Related Differences

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

Capital outlays and other additions
Depreciation expense

23,836
(418,413)

(394,577)

Long-Term Debt Transactions Differences

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

Repayment of bond principal
Repayment of other long-term liabilities

180,000
11,214

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

2,629

193,843

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
Employees' retirement system
Other postemployment benefits

(346,358)
(168,813)
(1,268,884)

(1,784,055)

Change in Net Position (Deficit) of Governmental Activities

\$ (2,175,668)

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Fund
June 30, 2020

		<u>Agency</u>
ASSETS		
Cash	\$	<u>600</u>
LIABILITIES		
Due to governmental funds	\$	578
Other liabilities		<u>22</u>
	\$	<u>600</u>

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Little Flower 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 operates in accordance with the provisions of the Education Law of the State of New York. The District is a special act school district created by a special act of the State Legislature. The District serves populations of students referred through the courts and committees on special education, as well as counties' Department of Social Services. The Board of Education is responsible for the overall operation of the District and is comprised of eight members; of those eight, six are appointed by the Board of Directors of Little Flower Children and Family Services of New York (Agency), the District's sponsoring agency, and two members are appointed by the Commissioner of Education (in accordance with Chapters 628 and 629 of the Laws of 2004 regarding boards of special act school districts). The Superintendent serves as the chief executive officer. The District's primary function is to provide education for its students. Services such as transportation of the students, administration, finance, and plant maintenance support the primary function.

Special act school districts cannot collect property taxes. Instead these districts rely on tuition paid by the student's home district or county. The tuition rates are set by the New York State Education Department (SED) using a complex set of variables including inflation factors. The calculated tuition rate is subject to the approval of the State's Division of Budget.

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, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

C. Related Party

The District's operations are located on the premises of its sponsoring agency, the Little Flower Children and Family Services of New York (Agency), who leases the parcel of land to the District for the annual rent of \$1. The District also contracts for various services from the Agency and pays the Agency for its share of utility costs. See Notes to Financial Statements, Note 19 "Related Party Transactions" for detailed information.

D. 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 tuition charges, 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 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.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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 is the District’s fiduciary fund:

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 payroll or employee withholding.

E. Measurement Focus and Basis of Accounting

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

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

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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, pension costs, other postemployment benefits, potential contingent liabilities, and useful lives of capital assets.

I. Cash and Cash Equivalents / Investments

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.

Investments are recorded at fair value, based on quoted market prices. 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.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

K. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life	
Building improvements	\$ 750	20 years	
Equipment	750	5-20 years	

L. Deferred Outflows of Resources

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

M. Short-Term Debt

The District may issue revenue anticipation notes (RAN) 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 represent a liability that will be extinguished by the use of expendable, available resources of the fund.

N. 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.

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

O. Other Benefits

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

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

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

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

P. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes tuition charges received by DASNY to be used for debt service payments on July 1, 2019. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents changes in the total other postemployment benefits liability not included in OPEB expense.

Q. Equity Classifications

District-Wide Statements

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Fund Statements

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

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:

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.

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.

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.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law or by formal action of the Board of Education. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the 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.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

R. Charges for Services

The District charges other school districts and counties tuition based on a per diem rate for all students from that district assigned to Little Flower Union Free School District. The preliminary rate charged is set by the New York State Education Department. After the end of the year, the New York State Education Department, based upon actual revenues and expenses for the year, will set an approved rate resulting in adjustments in the tuition rates to participating districts and counties in the ensuing years. This approved rate is subject to review and appeal by the District. Adjustments in tuition revenues for the final rates will be reflected in later years when future rates are adjusted, normally two years after the end of each fiscal year.

2. FUTURE ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

C. Unassigned Fund Balance Deficit

The general fund has an unassigned fund balance deficit of \$252,416. As a special act school district, the District's general fund revenues are based on prospective rates provided by the state's rate setting unit and ultimately affected by the final reconciliation rates determined by the state.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. DEPOSITS WITH TRUSTEES (RESTRICTED ASSETS DEBT SERVICE FUND)

Bond proceeds not expended for new construction and used to establish debt service funds and related accumulated investment income are held on deposit with trustees. The District has entered into various financing agreements to finance construction projects and has deposited funds with trustees for such projects. Bond proceeds, including interest income in excess of construction costs, are restricted for future projects or debt service. Additionally, under the financing agreements with the Dormitory Authority of the State of New York (DASNY), deposits with trustees represent required reserves for debt service and building replacement, together with earnings on such funds.

Total deposits with trustees consist of:

Cash	<u>\$ 296,724</u>
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The District does not maintain control over these assets. Instead, the assets are governed by the investment policies of the DASNY. Those policies, including interest rate risk, credit risk, and custodial risk, are disclosed within the DASNY's March 31, 2020, financial statement notes.

Financial information is available from the DASNY at 515 Broadway, Albany, New York, 12207-2964.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2020, the District was billed \$92,579 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$29,328. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York, 11772.

8. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020, represents amounts due to the District for tuition charges as follows:

General Fund	
Suffolk County DSS	\$ 416,896
Nassau County DSS	297,973
NYC Department of Education	394,120
Other school districts	<u>1,084,411</u>
	<u>\$ 2,193,400</u>

District management expects these amounts to be fully collectible.

9. DUE FROM STATE AND FEDERAL

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

Special Aid Fund	
Federal grants	<u>\$ 148,201</u>

District management expects these amounts to be fully collectible.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. DUE FROM OTHER GOVERNMENTS

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

General Fund		
BOCES aid	\$	26,777
Other entities		<u>21,892</u>
	<u>\$</u>	<u>48,669</u>

District management expects these amounts to be fully collectible.

11. INTERFUND TRANSACTIONS

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

	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 147,702	\$	\$	\$
Special Aid Fund		147,124		
Debt Service Fund			7,982	
Capital Projects Fund				7,982
Total Governmental Funds	<u>147,702</u>	<u>147,124</u>	<u>\$ 7,982</u>	<u>\$ 7,982</u>
Fiduciary Fund		<u>578</u>		
Total	<u>\$ 147,702</u>	<u>\$ 147,702</u>		

The general fund pays for certain expenditures that are related to grant-funded programs of the special aid fund. The general fund will be reimbursed for these advances when funds become available in the special aid fund. Interfund payables are expected to be repaid within one year. The transfer from the capital projects fund to the debt service fund was reflected in the Dormitory Authority's report to the District and represented interest/unspent proceeds to be applied to debt service payments.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

12. CAPITAL ASSETS

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Governmental activities				
Capital assets not being depreciated:				
Construction in progress	\$ 242,109	\$	\$ (242,109)	\$ -
Total capital assets not being depreciated	<u>242,109</u>	<u>-</u>	<u>(242,109)</u>	<u>-</u>
Capital assets being depreciated				
Building improvements	7,617,017	242,109		7,859,126
Equipment	503,278	23,836		527,114
Total capital assets being depreciated	<u>8,120,295</u>	<u>265,945</u>	<u>-</u>	<u>8,386,240</u>
Less accumulated depreciation for:				
Building improvements	2,504,869	380,851		2,885,720
Equipment	338,651	37,562		376,213
Total accumulated depreciation	<u>2,843,520</u>	<u>418,413</u>	<u>-</u>	<u>3,261,933</u>
Capital assets, net	<u>\$ 5,518,884</u>	<u>\$ (152,468)</u>	<u>\$ (242,109)</u>	<u>\$ 5,124,307</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 29,289
Instruction	<u>389,124</u>
Total depreciation expense	<u>\$ 418,413</u>

13. SHORT-TERM DEBT

A revenue anticipation note (RAN) is a short-term interest bearing note issued by the District in anticipation of revenues to be received at a later date.

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

	Issue Date	Maturity	Stated Interest Rate	Balance June 30, 2019	Issued	Redeemed	Balance June 30, 2020
RAN	6/12/2019	6/11/2020	3.21%	\$ 800,000	\$	\$ (800,000)	\$ -
RAN	5/22/2020	6/30/2020	5.66%	-	500,000	(500,000)	-
RAN	6/11/2020	6/10/2021	3.31%	-	1,000,000		1,000,000
RAN	6/15/2020	1/29/2021	2.35%	-	300,000		300,000
RAN	6/16/2020	2/23/2021	5.66%	-	500,000		500,000
				<u>\$ 800,000</u>	<u>\$ 2,300,000</u>	<u>\$ (1,300,000)</u>	<u>\$ 1,800,000</u>

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Interest paid	\$ 29,103
Less interest accrued in the prior year	(1,302)
Plus interest accrued in the current year	<u>2,723</u>
 Total interest expense on short-term debt	 <u><u>\$ 30,524</u></u>

14. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due Within One Year
Long-term liabilities:					
Bonds payable	\$ 4,840,000	\$	\$ (180,000)	\$ 4,660,000	\$ 190,000
Other long-term liabilities:					
Compensated absences	529,498	237,711		767,209	105,723
Other liabilities	<u>299,577</u>		<u>(11,214)</u>	<u>288,363</u>	<u>11,544</u>
	<u><u>\$ 5,669,075</u></u>	<u><u>\$ 237,711</u></u>	<u><u>\$ (191,214)</u></u>	<u><u>\$ 5,715,572</u></u>	<u><u>\$ 307,267</u></u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2020
DASNY Construction	7/27/2016	7/1/2036	4.50%	<u><u>\$ 4,660,000</u></u>

The District, through the Dormitory Authority of the state of New York (DASNY), participated in the issuance of a DASNY private placement bond in July 2016, to finance the repair, renovation and addition of a new wing to the existing school building in order to provide adequate and appropriate instructional space. The private placement bond is secured by an assignment of State building aid that would be received by the District, an assignment of a portion of the tuition payable to the District by local school districts and social service agencies that are financially responsible for the education of the students attending the District, a standby intercept of the District's State operating aid, and leasehold interest and other real property interests.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The State legislation enabling DASNY to finance special act school districts authorizes DASNY to enter into a lease agreement with the District. Under the lease agreement, the District is required to pay, or cause to be paid, DASNY annual rentals which equal the principal and interest on the bond and all fees and expenses of DASNY and the trustee in relation to the issuance of the bond on behalf of the District. The District's building aid and a portion of the tuition from local school districts and social services agencies will be paid directly to the State Comptroller for deposit in the State's School Financing Reserve Fund. The State Comptroller will then make semi-annual debt service payments on behalf of the District from the School Financing Reserve Fund. The State Comptroller is authorized to intercept state aid to the local school districts and social service agencies that fail to pay the assigned tuition.

The debt service payments are recorded as expenditures, while the tuition from local school districts and state aid paid directly to the State Comptroller are recorded as revenues, in the District's fund financial statements.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 190,000	\$ 205,425	\$ 395,425
2022	195,000	196,763	391,763
2023	205,000	196,763	401,763
2024	215,000	178,313	393,313
2025	225,000	168,413	393,413
2026 - 2030	1,285,000	677,363	1,962,363
2031 - 2035	1,600,000	354,375	1,954,375
2036 - 2037	745,000	33,863	778,863
Total	<u>\$ 4,660,000</u>	<u>\$ 2,011,278</u>	<u>\$ 6,671,278</u>

C. Other Liabilities

Other liabilities consist of amounts due to the Agency for the repairs and renovations to the lobby of the school building required by the New York State Education Department. The renovations totaled \$351,017. The District executed an agreement with the Agency to pay \$1,647 per month commencing on July 1, 2014 through June 30, 2039 at an interest rate of 2.905%. Total interest paid for the year ended June 30, 2020, was \$8,554.

The following is a summary of debt service requirements for other liabilities:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 11,544	\$ 8,224	\$ 19,768
2022	11,884	7,884	19,768
2023	12,234	7,534	19,768
2024	12,594	7,174	19,768
2025	12,965	6,803	19,768
2026 - 2030	70,781	28,062	98,843
2031 - 2035	81,831	17,011	98,842
2036 - 2039	74,530	4,545	79,075
Total	<u>\$ 288,363</u>	<u>\$ 87,237</u>	<u>\$ 375,600</u>

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Interest Expense

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

Interest paid	\$ 222,304
Less interest accrued in the prior year	(108,900)
Plus interest accrued in the current year	<u>104,850</u>
Total interest expense on long-term debt	<u>\$ 218,254</u>

15. 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.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 10.62% of covered payroll for the TRS' fiscal year ended June 30, 2019. The District's average contribution rate was 13.68% of covered payroll for the ERS' fiscal year ended March 31, 2020.

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2020 was \$304,783 for TRS at the contribution rate of 8.86% and \$88,614 for ERS at an average contribution rate of 13.23%.

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

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

	TRS	ERS	
Measurement date	June 30, 2019	March 31, 2020	
District's proportionate share of the net pension asset/(liability)	\$ 525,034	\$ (751,522)	
District's portion of the Plan's total net pension asset/(liability)	0.020209%	0.0028380%	
Change in proportion since the prior measurement date	0.000354	0.0005462	

For the year ended June 30, 2020, the District recognized pension expense of \$651,544 for TRS and \$257,009 for ERS. At June 30, 2020, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 355,802	\$ 44,230	\$ 39,043	\$
Changes of assumptions	991,859	15,132	241,843	13,066
Net difference between projected and actual earnings on pension plan investments		385,267	421,050	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	46,645	34,386	50,475	20,825
District contributions subsequent to the measurement date	<u>304,783</u>	<u>24,856</u>		
Total	<u>\$ 1,699,089</u>	<u>\$ 503,871</u>	<u>\$ 752,411</u>	<u>\$ 33,891</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2021	\$ 239,782	\$ 73,785
2022	17,321	112,198
2023	238,921	143,962
2024	156,332	115,179
2025	11,276	
Thereafter	<u>(21,737)</u>	
	<u>\$ 641,895</u>	<u>\$ 445,124</u>

Actuarial Assumptions

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Discount Rate

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

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

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

TRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset (liability)	\$ (2,369,948)	\$ 525,034	\$ 2,953,596
ERS	1% Decrease 5.80 %	Current Assumption 6.80 %	1% Increase 7.80 %
District's proportionate share of the net pension asset (liability)	\$ (1,379,256)	\$ (751,522)	\$ (173,377)

Pension Plan Fiduciary Net Position

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020, are paid to the system in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020, represent employer and employee contributions for the fiscal year ended June 30, 2020, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2020 amounted to \$304,783 employer contributions and \$28,937 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020, represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$24,856 of employer contributions. Employee contributions are remitted monthly.

16. 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, 2020, totaled \$64,714 and \$168,540, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. No amounts were deferred by eligible employees for the year ended June 30, 2020.

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

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

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Inactive employees or beneficiaries currently receiving benefit payments	20
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	52
	72

B. Total OPEB Liability

The District's total OPEB liability of \$17,777,893 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2019. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.40%	
Salary increases		varied by years of service and retirement system.
Discount rate	2.21%	
Healthcare cost trend rates	5.40%	for 2020, decreasing to an ultimate rate of 3.94% by 2075
Retirees' share of benefit-related costs	10-50%	of projected health insurance premiums for retirees contingent on years of service with the District

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

Mortality rates were updated to Pub-2010 Teachers, General Employees, and Retirees Headcount-Weighted table projected fully generationally based on Society of Actuaries' Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 13,803,451</u>
Changes for the year	
Service cost	606,417
Interest	502,247
Differences between expected and actual experience	(1,923,368)
Changes of assumptions or other inputs	4,992,584
Benefit payments	<u>(203,438)</u>
	<u>3,974,442</u>
Balance at June 30, 2020	<u>\$ 17,777,893</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.51% in 2019 to 2.21% in 2020, inflation rate from 3% in 2019 to 2.4% in 2020, and healthcare cost initial trend rate from 5.50% in 2019 to 5.40% in 2020.

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

	1% Decrease	Discount Rate	1% Increase
OPEB	1.21 %	2.21 %	3.21 %
Total OPEB liability	<u>\$ (21,617,925)</u>	<u>\$ (17,777,893)</u>	<u>\$ (14,788,196)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB	4.40 % decreasing to 2.94 %	5.40 % decreasing to 3.94 %	6.40 % decreasing to 4.94 %
Total OPEB liability	<u>\$ (14,158,782)</u>	<u>\$ (17,777,893)</u>	<u>\$ (22,683,682)</u>

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,472,322. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$	\$ 1,709,660
Changes of assumptions and other inputs	5,157,393	464,830
Total	\$ 5,157,393	\$ 2,174,490

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

Fiscal Year Ending June 30,	Amount
2021	\$ 363,658
2022	363,658
2023	363,658
2024	363,658
2025	363,658
Thereafter	1,164,613
	\$ 2,982,903

18. RISK MANAGEMENT

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 commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

19. RELATED PARTY TRANSACTIONS

The District contracts with Little Flower Children and Family Services of New York (Agency), a related party, for various services including nursing, maintenance, water charges, etc. Total expenditures related to these services for the year ended June 30, 2020 were \$132,000. The Agency also billed the District for monthly electric costs not included in the contract, which totaled \$24,921 for the year ended June 30, 2020.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District has an agreement with the Agency for the lease of a parcel of land upon which DASNY - financed capital facilities and improvements are constructed by the District. The lease is for a period of fifty years, ending July 17, 2040, and may continue for five-year extension periods upon mutual agreement between the District and the Agency. The District pays the Agency \$1 per year for basic rent.

On July 14, 2014, an amendment to the agreement was made, whereby the District agreed to repay the Agency for repairs to the school building lobby incurred by the Agency in the amount of \$351,017. This amount is to be repaid monthly over twenty-five years at an interest rate of 2.905% per annum. Total principal and interest repaid by the District was \$19,768 for the year ended June 30, 2020. The principal balance outstanding at June 30, 2020 was \$288,362. See Note 14, Long-Term Liabilities for further details.

At June 30, 2020, \$27,453 was due to the Agency for services provided, which was included in accounts payable.

20. COMMITMENTS AND CONTINGENCIES

A. Tuition Rate

During the year, the District charges other school districts and counties tuition at a rate set at the beginning of the fiscal year by the New York State Education Department (SED). The final tuition rate will be determined by the SED at a future date based on actual revenues and expenditures. The effect of this revised rate is not determinable at this time and is not reflected in the financial statements.

B. Grants

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

C. Concentrations

As of June 30, 2020, Suffolk County's Department of Social Services, New York City's Department of Education, and Nassau County Department of Social Services comprised approximately 19.0%, 17.3%, and 13.6% of accounts receivable, respectively. New York City's Department of Education, Suffolk County's Department of Social Services and William Floyd Union Free School District comprised 15.0%, 12.7% and 10.1% of tuition revenue, respectively.

D. Litigation

The District may become involved in lawsuits arising from the normal conduct of its affairs. The District maintains insurance coverage and believes that the outcome of any matters will not have a material effect on these financial statements.

LITTLE FLOWER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Operating Leases

In addition to the lease agreement with the Little Flower Children and Family Services of New York to lease a parcel of land for the annual rent of \$1 through July 17, 2040, as outlined in Note 19, the District leases various office equipment under non-cancelable operating leases. Rental expense for the year ended June 30, 2020, was \$5,250. The minimum remaining operating lease payments on these equipment leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 6,762
2022	6,406
2023	<u>1,869</u>
	<u>\$ 15,037</u>

21. SUBSEQUENT EVENTS

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

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

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Charges for services	\$ 8,018,160	\$ 8,018,160	\$ 7,364,476	\$ (653,684)
Use of money and property	300	300	349	49
Sale of property and compensation for loss			4,886	4,886
Miscellaneous	22,500	22,500	22,606	106
Total Local Sources	8,040,960	8,040,960	7,392,317	(648,643)
State Sources	34,840	34,840	29,328	(5,512)
Total Revenues	<u>\$ 8,075,800</u>	<u>\$ 8,075,800</u>	<u>\$ 7,421,645</u>	<u>\$ (654,155)</u>

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
EXPENDITURES				
General Support				
Board of education	\$ 14,080	\$ 12,181	\$ 11,402	\$ 779
Central administration	227,040	223,227	219,517	3,710
Finance	287,240	283,731	280,150	3,581
Staff	28,295	36,194	32,833	3,361
Central services	662,200	662,200	548,477	113,723
Special items	55,160	60,968	60,794	174
Total General Support	<u>1,274,015</u>	<u>1,278,501</u>	<u>1,153,173</u>	<u>125,328</u>
Instruction				
Administration & improvement	197,495	197,495	196,784	711
Teaching - regular school	2,857,700	2,856,268	2,689,694	166,574
Programs for students with disabilities	602,175	601,957	318,305	283,652
Teaching - special schools	115,660	122,310	87,602	34,708
Instructional media	30,000	27,900	10,715	17,185
Pupil services	565,460	565,460	553,836	11,624
Total Instruction	<u>4,368,490</u>	<u>4,371,390</u>	<u>3,856,936</u>	<u>514,454</u>
Employee Benefits	<u>2,387,845</u>	<u>2,377,037</u>	<u>2,310,360</u>	<u>66,677</u>
Debt Service				
Principal	11,215	11,214	11,214	-
Interest	34,235	37,658	37,657	1
Total Debt Service	<u>45,450</u>	<u>48,872</u>	<u>48,871</u>	<u>1</u>
Total Expenditures	<u>\$ 8,075,800</u>	<u>\$ 8,075,800</u>	<u>7,369,340</u>	<u>\$ 706,460</u>
Net Change in Fund Balance			52,305	
Fund Balance (Deficit) - Beginning of Year			<u>(282,475)</u>	
Fund Balance (Deficit) - End of Year			<u>\$ (230,170)</u>	

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	<i>Teachers' Retirement System</i>					
	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.020209%	0.019855%	0.019347%	0.019936%	0.020423%	0.020900%
District's proportionate share of the net pension asset/(liability)	\$ 525,034	\$ 359,024	\$ 147,060	\$ (213,522)	\$ 2,121,287	\$ 2,328,087
District's covered payroll	\$ 3,373,227	\$ 3,320,538	\$ 3,083,217	\$ 3,115,034	\$ 3,107,525	\$ 3,136,066
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	15.56 %	10.81 %	4.77 %	6.85 %	68.26 %	74.24 %
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
	<i>Employees' Retirement System</i>					
	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0028380%	0.0022918%	0.0020693%	0.2112500%	0.0024083%	0.0023086%
District's proportionate share of the net pension liability	\$ (751,522)	\$ (162,382)	\$ (66,784)	\$ (198,493)	\$ (386,536)	\$ (77,990)
District's covered payroll	\$ 730,162	\$ 686,861	\$ 599,126	\$ 536,510	\$ 543,909	\$ 578,682
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.93%	23.64%	11.15%	37.00%	71.07%	13.48%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

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

Teachers' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 304,783	\$ 358,237	\$ 316,941	\$ 359,327	\$ 407,919	\$ 537,785	\$ 501,670	\$ 342,515	\$ 338,882	\$ 265,937
Contributions in relation to the contractually required contribution	<u>304,783</u>	<u>358,237</u>	<u>316,941</u>	<u>359,327</u>	<u>407,919</u>	<u>537,785</u>	<u>501,670</u>	<u>342,515</u>	<u>338,882</u>	<u>265,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,439,988	\$ 3,373,227	\$ 3,320,538	\$ 3,083,217	\$ 3,115,034	\$ 3,107,525	\$ 3,136,066	\$ 2,922,566	\$ 3,076,622	\$ 3,130,387
Contributions as a percentage of covered payroll	9%	11%	10%	12%	13%	17%	16%	12%	11%	8%

Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 88,614	\$ 87,741	\$ 78,719	\$ 82,438	\$ 91,963	\$ 109,630	\$ 101,455	\$ 105,967	\$ 110,872	\$ 66,186
Contributions in relation to the contractually required contribution	<u>88,614</u>	<u>87,741</u>	<u>78,719</u>	<u>82,438</u>	<u>91,963</u>	<u>109,630</u>	<u>101,455</u>	<u>105,967</u>	<u>110,872</u>	<u>66,186</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 669,979	\$ 708,525	\$ 635,921	\$ 540,088	\$ 510,325	\$ 603,333	\$ 539,650	\$ 526,851	\$ 552,456	\$ 519,059
Contributions as a percentage of covered payroll	13%	12%	12%	15%	18%	18%	19%	20%	20%	13%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 606,417	\$ 523,171	\$ 550,453
Interest	502,247	483,640	424,641
Differences between expected and actual experience	(1,923,368)	-	-
Changes of assumptions or other inputs	4,992,584	888,393	(650,206)
Benefit payments	<u>(203,438)</u>	<u>(130,239)</u>	<u>(147,878)</u>
Net change in total OPEB liability	3,974,442	1,764,965	177,010
Total OPEB liability, beginning	<u>13,803,451</u>	<u>12,038,486</u>	<u>11,861,476</u>
Total OPEB liability, ending	<u>\$ 17,777,893</u>	<u>\$ 13,803,451</u>	<u>\$ 12,038,486</u>
Covered employee payroll	\$ 3,528,838	\$ 3,686,555	\$ 3,621,573
Total OPEB liability as a percentage of covered employee payroll	503.79%	374.43%	332.41%
Discount rate	2.21%	3.51%	4.10%
Healthcare trend rates	5.4% to 3.94% by 2075	5.5% to 3.84% by 2075	8.0% to 5.0% by 2021

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

Notes to Required Supplementary Information

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

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

Capital assets, net	<u>\$ 5,124,307</u>
Deduct:	
Short-term portion of bonds payable	190,000
Long-term portion of bonds payable	<u>4,470,000</u>
	<u>4,660,000</u>
Net Investment in Capital Assets	<u><u>\$ 464,307</u></u>



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**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
Little Flower Union Free School District
Wading River, 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 fund of the Little Flower Union Free School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Little Flower 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 Little Flower Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Little Flower 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 Little Flower 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 Little Flower Union Free School District in a separate letter dated November 13, 2020.

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

November 13, 2020

