JERICHO UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2019

JERICHO UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 3 through 15 and 50 through 54, 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 Jericho Union Free School District's basic financial statements. The other supplementary information on pages 55 through 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2019 on our consideration of the Jericho 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 Jericho 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 Jericho Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 17, 2019

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

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2019 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, increased by $6,772,468. This was due to an excess of revenues over expenses based on the economic resources measurement focus and the accrual basis of accounting.

- The District received $1,404,566 in operating grants to support instructional programs and the food service program.

- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $116,743,031. Of this amount, $4,550,162 was offset by program charges for services and operating grants. General revenues of $118,965,337 amount to 96.3% of total revenues, and were adequate to cover the balance of program expenses.

- The general fund's total fund balance, as reflected in the fund financial statements, decreased by $1,673,698. On May 21, 2019, the residents of the District voted on and authorized the Board of Education to expend a sum not to exceed $9,831,850 from capital reserves and fund balance as follows; $500,000 from a donation; $6,000,000 from the capital reserve fund established on May 16, 2017; and $3,331,850 from fund balance for the purpose of completing capital improvements and upgrades throughout the District. The District transferred $9,331,850 to the capital projects fund as of June 30, 2019. The decrease in the general fund's total fund balance was related to this one-time transfer as authorized by the capital proposition.

- The District's 2018-2019 property tax levy of $106,236,917 was the same as the 2017-2018 tax levy.

- On May 21, 2019, the proposed 2019-2020 budget in the amount of $124,341,752, was authorized by the District's voters. This is a 1.38% increase in budgeted expenditures over the prior year.

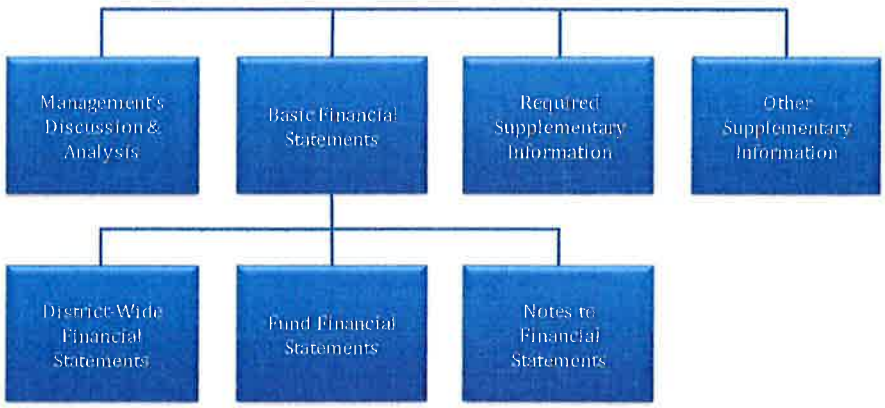
- Over the past several years, voters in the Jericho School District have overwhelmingly supported the District's budget, and have also approved several propositions authorizing the District to spend over $40 million, cumulatively, in capital improvement projects funded by already existing capital reserves with no borrowing/bonding necessary. In fact, after this year the District will have no long-term debt on its financial statements; on August 1, 2019, the District made the last payment on its outstanding serial bonds.

2. DISTRICT HIGHLIGHTS

- During the 2018-2019 school year, Jericho High School had a 100% graduation rate with 98% of the graduates attending college and 91% earning an Advanced Regents Diploma.
- The District had 27 National Merit Commended Students with 12 National Merit Finalists and 4 National Merit winners.
- With numerous National Merit awards, Advanced Placement Scholars, School of Distinction awards, Intel/Siemens finalists and semi-finalists, Jericho High School has consistently ranked as one of the top public high schools in New York State and the United States of America. In fact, the Jericho School District has recently been recognized as the number one public school district in the United States of America by Niche.com, sponsored by Business Insider. The District continues to offer all programs without reducing services.
- 92% of the Jericho High School student body takes at least one Advanced Placement course.
- The District had 11 Regeneron Scholars of the top 300 nationally, and 2 finalists of the top 40 nationally.
- Jericho High School has been named a New York School of Distinction for 15 consecutive years, the most by any school district in New York State (NYS).
- The District has been a NYS Scholar Athlete High School of Distinction for 15 consecutive years, the most by any school district in NYS.
- In addition to the countless individual and group awards the District's music students have won, the Jericho Union Free School District Music Department has been selected to receive the 2019 NYSSMA Presidential Citation Award. This is the most prestigious award offered by NYSSMA.

3. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

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

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Fiduciary Funds

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

4. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by $6,772,468 between fiscal year 2019 and 2018. The increase is due to revenues in excess of expenses based on the economic measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2019	2018	Increase (Decrease)	Percentage Change
Asset				
Current and Other Assets	$ 98,036,753	$ 96,703,610	$ 1,333,143	1.38 %
Capital Assets, Net	54,051,225	47,595,349	6,455,876	13.56 %
Net Pension Asset - Proportionate Share	5,547,221	2,334,766	3,212,455	137.59 %
Total Assets	157,635,199	146,633,725	11,001,474	7.50 %
Deferred Outflows of Resources	32,839,170	36,014,272	(3,175,102)	(8.82)%
Liabilities				
Current and Other Liabilities	9,537,655	10,075,859	(538,204)	(5.34)%
Long-Term Liabilities	20,886,170	22,168,165	(1,281,995)	(5.78)%
Net Pension Liability - Proportionate Share	2,923,562	1,471,744	1,451,818	98.65 %
Total OPEB Obligation	89,190,955	98,852,202	(9,661,247)	(9.77)%
Total Liabilities	122,538,342	132,567,970	(10,029,628)	(7.57)%
Deferred Inflows of Resources	22,298,353	11,214,821	11,083,532	98.83 %
Net Position				
Net investment in capital assets	53,316,225	45,455,349	7,860,876	17.29 %
Restricted	62,724,918	62,772,317	(47,399)	(0.08)%
Unrestricted (Deficit)	(70,403,469)	(69,362,460)	(1,041,009)	1.50 %
Total Net Position	$ 45,637,674	$ 38,865,206	$ 6,772,468	17.43 %

Current and other assets increased by $1,333,143, as compared to the prior year. The increase is primarily related to increases in cash, taxes receivable and due from state and federal, offset by a decrease in amounts due from other governments.

Capital assets, net increased by $6,455,876, as compared to the prior year. This increase is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Net pension asset – proportionate share has a balance of $5,547,221, as the New York State Teachers' Retirement System experienced a gain resulting in an ending balance that increased this asset by $3,212,455. The accompanying Notes to Financial Statements, Note 12 "Pension Plans – New York State", provides additional information.

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

Current and other liabilities decreased by $538,204, as compared to the prior year. This decrease is partially related to decreases in accounts payable, accrued liabilities and amounts due to fiduciary funds, offset partially by an increase in the District's liability to the teachers' retirement system for the current year's contribution at an increased contribution rate.

Long-term liabilities decreased by $1,281,995, as compared to the prior year. This decrease is the result of the repayment of the current maturity of the bond indebtedness of $1,405,000, and an increase in the compensated absences liability.

Net pension liability – proportionate share increased by $1,451,818 in the current year, as the result of an increase in 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 years.

Total other postemployment benefits (OPEB) obligation decreased by $9,661,247, as compared to the prior year. The accompanying Notes to Financial Statements, Note 14 "Postemployment Healthcare Benefits", provides additional information.

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

The net investment in capital assets is the investment in capital assets at cost such as land; construction in progress; buildings and improvements; site improvements; and, furniture and equipment, net of depreciation and related outstanding debt. This number increased over the prior year as follows:

	Increase (Decrease)
Capital asset additions - total	$ 8,502,603
Principal debt reduction of construction bonds	1,405,000
Depreciation expense	(2,046,727)
	$ 7,860,876

The restricted amount of $62,724,918 relates to the District's reserves. This number decreased from the prior year by $47,399, as the use of reserves including capital outlays related to projects funded by voter approved capital reserves, exceeded the funding and interest earnings of the reserves.

The unrestricted (deficit) amount of $(70,403,469) relates to the balance of the District's net position, excluding the District's reserves, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB obligation.

B. Changes in Net Position

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

	2019	2018	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 3,145,596	$ 3,248,517	$ (102,921)	(3.17)%
Operating Grants	1,404,566	1,341,356	63,210	4.71 %
General Revenues				
Property Taxes and STAR	106,236,917	106,236,917	-	0.00 %
State Sources	6,761,373	6,175,337	586,036	9.49 %
Other	5,967,047	4,601,108	1,365,939	29.69 %
Total Revenues	123,515,499	121,603,235	1,912,264	1.57 %
Expenses				
General Support	13,077,171	13,860,851	(783,680)	(5.65)%
Instruction	96,161,930	95,100,718	1,061,212	1.12 %
Pupil Transportation	5,666,141	5,732,715	(66,574)	(1.16)%
Community Service		79,184	(79,184)	(100.00)%
Debt Service - Interest	258,205	251,806	6,399	2.54 %
Food Service Program	1,579,584	1,700,776	(121,192)	(7.13)%
Total Expenses	116,743,031	116,726,050	16,981	0.01 %
Increase in Net Position	$ 6,772,468	$ 4,877,185	$ 1,895,283	38.86 %

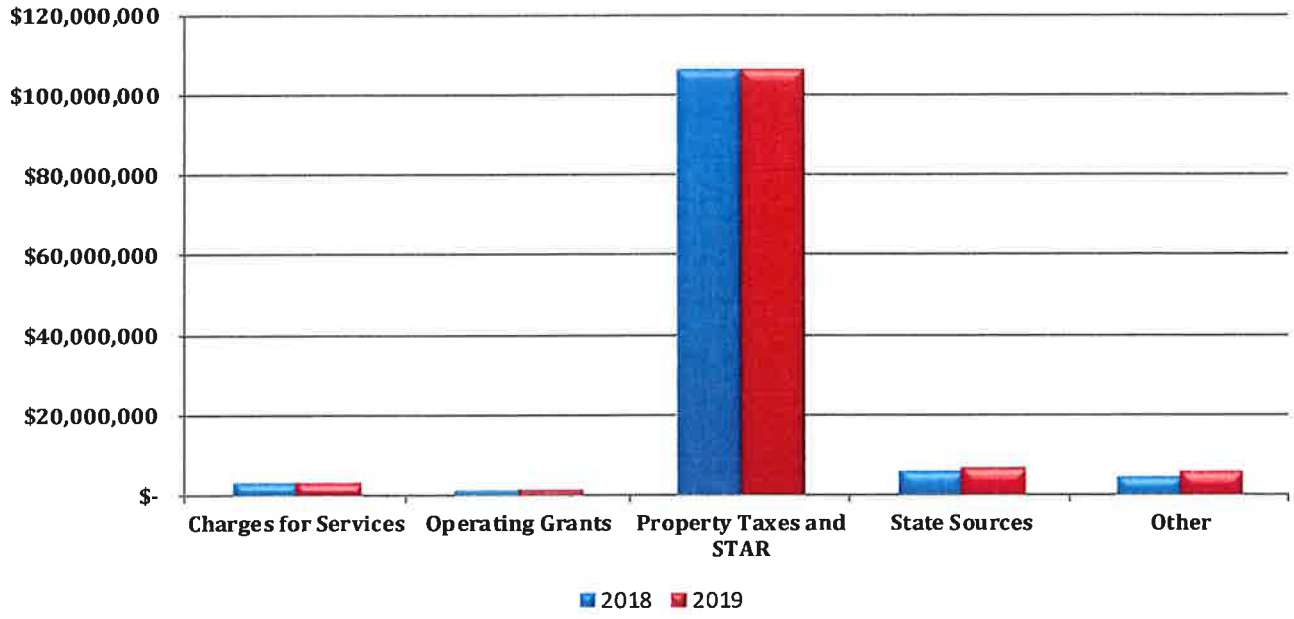
The District's net position increased by $6,772,468 and $4,877,185 for the years ended June 30, 2019 and June 30, 2018, respectively.

The District's revenues on the accrual basis increased by $1,912,264 or 1.57%. The major factors that contributed to the increase were higher PILOT and state sources revenue in the current year compared to the prior year.

The District's expenses on the accrual basis for the year increased by $16,981 or 0.01%.

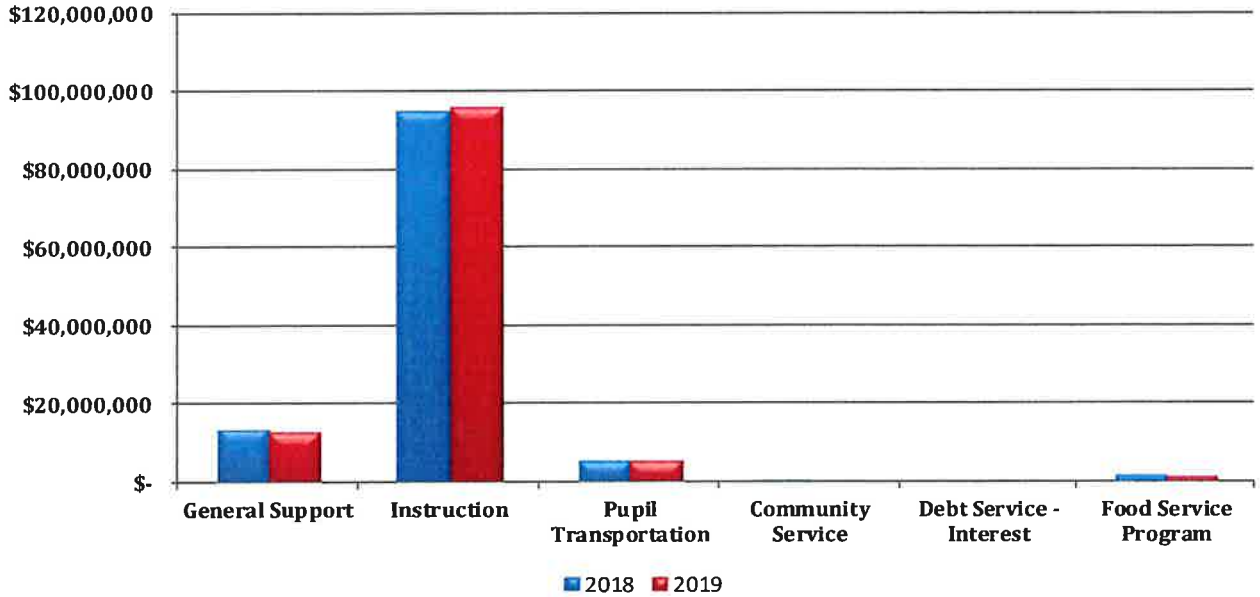
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 86.0% and 87.4% of the total for years 2019 and 2018, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.3% and 81.4% of the total for the years 2019 and 2018, respectively).

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



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2018	2.7%	1.1%	87.4%	5.1%	3.7%
2019	2.5%	1.1%	86.0%	5.5%	4.9%

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



	General Support	Instruction	Pupil Transportation	Community Service	Debt Service - Interest	Food Service Program
2018	11.9%	81.4%	4.9%	0.1%	0.2%	1.5%
2019	11.2%	82.3%	4.9%	0.0%	0.2%	1.4%

5. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2019, the District's governmental funds reported a combined fund balance of $86,715,014, which is an increase of $1,609,878 over the prior year. This increase is due to an excess of revenues over expenditures based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

	2019	2018	Increase (Decrease)
General Fund			
Nonspendable: Prepaids	$	$ 29,375	$ (29,375)
Restricted			
Unemployment insurance	252,666	252,161	505
Retirement contribution			
Teachers' retirement system	900,000		900,000
Employees' retirement system	15,319,404	16,756,709	(1,437,305)
Employee benefit accrued liability	19,275,822	19,282,491	(6,669)
Capital	5,264,041	6,081,621	(817,580)
Assigned:			
Appropriated fund balance	3,600,000	4,100,000	(500,000)
Unappropriated fund balance	552,373	403,167	149,206
Unassigned: Fund balance	4,973,670	4,906,150	67,520
	50,137,976	51,811,674	(1,673,698)
School Food Service Fund			
Nonspendable: Inventory	43,878	47,580	(3,702)
Assigned: Unappropriated fund balance	428,869	439,031	(10,162)
	472,747	486,611	(13,864)
Debt Service Fund			
Restricted: Debt service	753,375	905,908	(152,533)
Capital Projects Fund			
Restricted: Capital	20,959,610	19,493,427	1,466,183
Assigned: Unappropriated fund balance	14,391,306	12,407,516	1,983,790
	35,350,916	31,900,943	3,449,973
Total Fund Balance	$ 86,715,014	$ 85,105,136	$ 1,609,878

A. General Fund

The net change in the general fund – fund balance is a decrease of $1,673,698, as expenditures exceeded revenues. Total expenditures included $9,331,850 of a one-time transfer to the capital projects fund, as authorized by the District's voters on May 21, 2019. During 2018-2019, the District appropriated $6,000,000 from the 2017 capital reserves and $3,331,850 from fund balance, as authorized by the voters in Proposition #2 of the May 21, 2019 budget vote, and transferred the funds to the capital projects fund for the purpose of completing capital projects throughout the District. The District also appropriated funds from the retirement contribution reserve and the employee benefit accrued liability reserve for expenditures. In June 2019, in accordance with a new provision of General Municipal Law and authorizations by the Board of Education, the District established a teachers' retirement system (TRS) reserve sub-fund within its retirement contribution reserve fund, and transferred $900,000 into the TRS reserve from the employees' retirement system (ERS) portion of the retirement contribution reserve fund. The District also partially replenished the employee benefit accrued liability (EBAL) reserve, and

provided final funding of $4,000,000 to the 2017 Capital Reserve III, and $1,100,000 to the new 2019 Capital Reserve IV.

The District expects to appropriate $518,946 from the retirement contribution reserve to help fund the 2019-2020 budget.

B. School Food Service Fund

The school food service fund - fund balance decreased by $13,864, as compared to the prior year. This decrease is primarily attributable to the increase in food costs for the food service program during the year.

C. Debt Service Fund

The debt service fund – fund balance decreased by $152,533 from the prior year. The District used this amount to offset current year debt service payments. The remaining fund balance of $753,375 as of June 30, 2019 will be used to pay for the final debt service payment of the bond in 2019-2020.

D. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of $3,449,973, due to voter-approved transfers from the general fund, offset by current year capital outlay.

6. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2018-2019 Budget

The District's general fund adopted budget for the year ended June 30, 2019 was $122,653,735. This amount was increased by encumbrances carried forward from the prior year in the amount of $403,167 and budget revisions totaling $10,253,460 for a total final budget of $133,310,362.

The budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $106,236,917 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	$ 4,906,150
Revenues Over Budget	2,761,887
Expenditures and Encumbrances Under Budget	10,327,190
Change in Nonspendable Fund Balance	29,375
Allocation and transfers to Reserves	(6,119,082)
Appropriation for voter-authorized additional transfer from fund balance to Capital Projects Fund	(3,331,850)
Appropriated to Fund the June 30, 2020 Budget	(3,600,000)
Closing, Unassigned Fund Balance	$ 4,973,670

Opening, Unassigned Fund Balance

The $4,906,150 shown in the table is the portion of the District's June 30, 2018 fund balance that was retained as unassigned. This was 4.0% of the District's 2018-2019 approved operating budget of $122,653,735. It was the maximum unassigned fund balance permitted by law.

Revenues Over Budget

The 2018-2019 final budget for revenues was $117,995,214. Actual revenues received for the year were $120,757,101. The excess of actual revenue over estimated or budgeted revenue was $2,761,887. This positive variance contributes directly to the District's ability to fund the capital reserves for needed capital projects.

Expenditures and Encumbrances Under Budget

The 2018-2019 final budget for expenditures was $133,310,362. Actual expenditures as of June 30, 2019 were $122,430,799 and outstanding encumbrances were $552,373. Combined, the expenditures plus encumbrances for 2018-2019 were $122,983,172. The final budget was under expended by $10,327,190. The under expenditure of the budget contributes directly to the District's ability to continue to fund the capital reserves.

Change in Nonspendable Fund Balance

The District prepaid certain BOCES services at June 30, 2018, but had no such pre-payments in 2019 resulting in a decrease in nonspendable fund balance.

Allocation to Reserves

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

The $(6,119,082) shown in the previous table is made up of the following funding and transfers: $900,000 to the retirement contribution reserve (TRS); $515,293 to the employee benefit accrued liability reserve; and $4,000,000 to the 2017 Capital Reserve III and $1,100,000 to the new 2019 Capital

Reserve IV, offset by the transfer of $900,000 from the retirement contribution reserve (ERS) to the new TRS reserve. Additionally, interest earnings of $503,788 were allocated to the reserves.

Appropriation for Transfer to Capital

On May 21, 2019, the residents of the District voted and authorized the Board of Education to expend $3,331,850 from fund balance for the purpose of completing capital improvements throughout the District.

Appropriated Fund Balance

The District has chosen to use $3,600,000 of the available June 30, 2019 unassigned fund balance to partially fund the 2019-2020 approved operating budget. As such, the June 30, 2019 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2019 was $4,973,670. This amount equals 4.0% of the 2019-2020 budget and is at the statutory limit.

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

A. Capital Assets

At June 30, 2019, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital additions of $8,502,603 in excess of depreciation of $2,046,727 recorded for the year ended June 30, 2019. A summary of the District's capital assets, net of depreciation at June 30, 2019 and June 30, 2018 is as follows:

	2019	2018	Increase (Decrease)
Land	$ 357,356	$ 357,356	$ -
Construction in progress	8,016,877	12,863,122	(4,846,245)
Buildings and improvements	44,059,852	32,950,486	11,109,366
Furniture and equipment	1,617,140	1,424,385	192,755
Capital assets, net	$ 54,051,225	$ 47,595,349	$ 6,455,876

The District will continue to make significant capital expenditures funded by voter-approved capital reserves for capital improvements to District facilities.

B. Debt Administration

At June 30, 2019, the District had total bonds payable of $735,000. The bonds, which will mature during the 2019-2020 fiscal year, were issued in 2007 to advance refund bonds that were originally issued for school building improvements. The decrease in outstanding debt represents principal payments. There were no new issuances of long-term debt during the year ended June 30, 2019. A summary of the outstanding debt at June 30, 2019 and June 30, 2018 is as follows:

Issue Date	Interest Rate	2019	2018	Increase (Decrease)
3/2007	3.48-5.00%	$ 735,000	$ 2,140,000	$ (1,405,000)

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1. The District's outstanding serial bonds at June 30, 2019 are approximately 0.14% of the District's debt limit.

C. Other Long-Term Liabilities

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

	2019	2018	Increase (Decrease)
Compensated absences payable	$ 20,151,170	$ 20,028,165	$ 123,005
Net pension liability - proportionate share	2,923,562	1,471,744	1,451,818
Total OPEB obligation	89,190,955	98,852,202	(9,661,247)
	$ 112,265,687	$ 120,352,111	$ (8,086,424)

8. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, as approved by the voters on May 21, 2019, for the year ending June 30, 2020, is $124,341,752. This is an increase of $1,688,017 or 1.38% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a $697,365 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of $3,600,000 is a $500,000 decrease from the previous year. Additionally, the District has elected to appropriate $518,946 from the retirement contribution reserve towards the next year's budget. The 2019-2020 tax levy increased $1,551,059 or 1.46% compared to the total property tax levy in 2018-2019.

B. Future Budgets

Future budgets will be affected by rising costs of operations such as increases in the health insurance premiums and potential future costs which may arise from uncertainties surrounding the Affordable Care Act. The property tax cap, uncertainty in state aid and federal aid funding as well as changes in enrollment level may also impact the District's future budgets.

The District has also been authorized by its residents to establish capital reserves. The funding and utilization of capital reserves continue to allow the District to address much-needed capital needs without having to borrow or significantly increase annual budgets, and therefore tax levies, in the near future.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2019-2020 is 1.46%. The District's actual 2019-2020 property tax levy increase was at the tax levy cap and did not require an override vote.

9. 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. Victor Manuel
Assistant Superintendent for Business Affairs
Jericho Union Free School District
99 Cedar Swamp Road
Jericho, New York 11753-1202

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

ASSETS	
Cash	
Unrestricted	$ 28,171,698
Restricted	62,724,918
Receivables	
Accounts receivable	18,955
Taxes receivable	2,978,577
Due from fiduciary funds	171,564
Due from state and federal	3,049,972
Due from other governments	877,191
Inventory	43,878
Capital assets:	
Not being depreciated	8,374,233
Being depreciated, net of accumulated depreciation	45,676,992
Net pension asset - proportionate share	5,547,221
Total Assets	157,635,199
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	32,031,887
Other postemployment benefits obligation	807,283
Total Deferred Outflows of Resources	32,839,170
LIABILITIES	
Payables	
Accounts payable	1,934,910
Accrued liabilities	917,381
Due to fiduciary funds	117,289
Due to other governments	95,069
Due to teachers' retirement system	5,703,098
Due to employees' retirement system	641,458
Unearned credits	
Collections in advance	128,450
Long-term liabilities	
Due and payable within one year	
Bonds payable	735,000
Compensated absences payable	700,000
Due and payable after one year	
Compensated absences payable	19,451,170
Net pension liability - proportionate share	2,923,562
Total other postemployment benefits obligation	89,190,955
Total Liabilities	122,538,342
DEFERRED INFLOWS OF RESOURCES	
Pensions	8,168,577
Other postemployment benefits obligation	14,129,776
Total Deferred Inflows of Resources	22,298,353
NET POSITION	
Net investment in capital assets	53,316,225
Restricted:	
Unemployment insurance	252,666
Retirement contribution	
Teachers' retirement system	900,000
Employees' retirement system	15,319,404
Employee benefit accrued liability	19,275,822
Capital	26,223,651
Debt service	753,375
	62,724,918
Unrestricted (deficit)	(70,403,469)
Total Net Position	$ 45,637,674

See Notes to Financial Statements

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

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 13,077,171	$	$	$ (13,077,171)
Instruction	96,161,930	2,004,217	1,099,603	(93,058,110)
Pupil transportation	5,666,141			(5,666,141)
Debt service - interest	258,205			(258,205)
Food service program	1,579,584	1,141,379	304,963	(133,242)
Total Functions and Programs	$ 116,743,031	$ 3,145,596	$ 1,404,566	(112,192,869)
GENERAL REVENUES				
Real property taxes				103,115,884
Other tax items				7,250,834
Use of money and property				1,215,723
Forfeitures				7,370
Miscellaneous				501,362
State sources				6,761,373
Medicaid reimbursement				112,791
Total General Revenues				118,965,337
Change in Net Position				6,772,468
Total Net Position - Beginning of Year				38,865,206
Total Net Position - End of Year				$ 45,637,674

See Notes to Financial Statements

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

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 12,432,451	$ 163,486	$ 447,724	$	$ 15,128,037	$ 28,171,698
Restricted	41,011,933			753,375	20,959,610	62,724,918
Receivables						
Accounts receivable	16,496		2,459			18,955
Taxes receivable	2,978,577					2,978,577
Due from other funds	1,372,919	954,062	130,000		42,733	2,499,714
Due from state and federal	2,600,753	433,618	15,601			3,049,972
Due from other governments	877,191					877,191
Inventory			43,878			43,878
Total Assets	$ 61,290,320	$ 1,551,166	$ 639,662	$ 753,375	$ 36,130,380	$ 100,364,903
LIABILITIES						
Accounts payable	$ 1,129,214	$ 21,887	$ 11,948	$	$ 771,861	$ 1,934,910
Accrued liabilities	890,139	1,619	10,310			902,068
Due to other funds	894,731	1,522,503	20,602		7,603	2,445,439
Due to other governments	94,307		762			95,069
Due to teachers' retirement system	5,703,098					5,703,098
Due to employees' retirement system	641,458					641,458
Unearned credits						
Collections in advance		5,157	123,293			128,450
Total Liabilities	9,352,947	1,551,166	166,915	-	779,464	11,850,492
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	1,799,397					1,799,397
FUND BALANCES						
Nonspendable: Inventory			43,878			43,878
Restricted:						
Unemployment insurance	252,666					252,666
Retirement contribution						
Teachers' retirement system	900,000					900,000
Employees' retirement system	15,319,404					15,319,404
Employee benefit accrued liability	19,275,822					19,275,822
Capital	5,264,041				20,959,610	26,223,651
Debt service				753,375		753,375
	41,011,933	-	-	753,375	20,959,610	62,724,918
Assigned:						
Appropriated fund balance	3,600,000					3,600,000
Unappropriated fund balance	552,373		428,869		14,391,306	15,372,548
	4,152,373	-	428,869	-	14,391,306	18,972,548
Unassigned fund balance	4,973,670					4,973,670
Total Fund Balances	50,137,976	-	472,747	753,375	35,350,916	86,715,014
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 61,290,320	$ 1,551,166	$ 639,662	$ 753,375	$ 36,130,380	$ 100,364,903

See Notes to Financial Statements

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

Total Governmental Fund Balances		$ 86,715,014
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The costs of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 83,648,871	
Accumulated depreciation	(29,597,646)	
		54,051,225
Proportionate share of long-term 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	5,547,221	
Deferred outflows of resources	32,031,887	
Net pension liability - employees' retirement system	(2,923,562)	
Deferred inflows of resources	(8,168,577)	
		26,486,969
Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.		1,799,397
Total other postemployment benefits obligation and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or obligations and are not reported in the funds.		
Deferred outflows of resources	807,283	
Total other postemployment benefits obligation	(89,190,955)	
Deferred inflows of resources	(14,129,776)	
		(102,513,448)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(15,313)	
Bonds payable	(735,000)	
Compensated absences payable	(20,151,170)	
		(20,901,483)
Total Net Position		$ 45,637,674

JERICHO UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For The Year Ended June 30, 2019

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	$ 103,115,884	$	$	$	$	$ 103,115,884
Other tax items	7,250,834					7,250,834
Charges for services	2,129,204					2,129,204
Use of money and property	1,215,723					1,215,723
Forfeitures	7,370					7,370
Miscellaneous	501,362	15,677				517,039
Interfund revenue	19,746					19,746
State sources	6,404,187	264,975	15,682			6,684,844
Medicaid reimbursement	112,791					112,791
Federal sources		818,951	289,281			1,108,232
Sales			1,141,379			1,141,379
Total Revenues	120,757,101	1,099,603	1,446,342	-	-	123,303,046
EXPENDITURES						
General support	10,504,003					10,504,003
Instruction	67,732,833	1,387,326				69,120,159
Pupil transportation	5,368,047	47,857				5,415,904
Employee benefits	25,353,544		343,960			25,697,504
Debt service						
Principal				1,405,000		1,405,000
Interest	215,600			71,875		287,475
Food service program			1,246,246			1,246,246
Capital outlay					8,016,877	8,016,877
Total Expenditures	109,174,027	1,435,183	1,590,206	1,476,875	8,016,877	121,693,168
Excess (Deficiency) of Revenues Over Expenditures	11,583,074	(335,580)	(143,864)	(1,476,875)	(8,016,877)	1,609,878
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in		335,580	130,000	1,324,342	11,466,850	13,256,772
Operating transfers (out)	(13,256,772)					(13,256,772)
Total Other Financing Sources and Uses	(13,256,772)	335,580	130,000	1,324,342	11,466,850	-
Net Change in Fund Balances	(1,673,698)	-	(13,864)	(152,533)	3,449,973	1,609,878
Fund Balances - Beginning of Year	51,811,674		486,611	905,908	31,900,943	85,105,136
End of Year	$ 50,137,976	$ -	$ 472,747	$ 753,375	$ 35,350,916	$ 86,715,014

See Notes to Financial Statements

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

Net Change in Fund Balances		$ 1,609,878
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).		
Change in unavailable revenue	$ 232,199	
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	(123,005)	
		109,194
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which, capital outlays exceeded depreciation in the period.		
Capital outlays	8,502,603	
Depreciation expense	(2,046,727)	
		6,455,876
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	1,405,000	
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2018 to June 30, 2019.	29,270	
		1,434,270
Pension and Other Postemployment Benefits Differences		
The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.		
Teachers' retirement system	1,024,709	
Employees' retirement system	(171,939)	
Other postemployment benefits	(3,689,520)	
		(2,836,750)
Change in Net Position of Governmental Activities		$ 6,772,468

See Notes to Financial Statements

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

	Agency	Private Purpose Trust
ASSETS		
Cash		
Unrestricted	$ 660,751	$
Restricted		63,758
Due from governmental funds	301,453	5,550
Total Assets	$ 962,204	69,308
LIABILITIES		
Extraclassroom activity balances	$ 164,274	
Due to governmental funds	361,278	
Other liabilities	436,652	
Total Liabilities	$ 962,204	-
NET POSITION		
Restricted for scholarships		$ 69,308

See Notes to Financial Statements

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

	Private Purpose Trust
ADDITIONS	
Contributions	$ 39,316
Investment earnings	
Interest	121
Total Additions	39,437
DEDUCTIONS	
Scholarships and awards	29,562
Change in Net Position	9,875
Net Position - Beginning of Year	59,433
Net Position - End of Year	$ 69,308

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

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

B. Joint Venture

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

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

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected without penalty by the towns of Oyster Bay and North Hempstead from October 1st to November 10th, and April 1st through May 10th, and remitted to the District.

Enforcement

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

Payments in Lieu of Taxes

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

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

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, termination benefits, pension costs, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Cash Equivalents

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

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

J. Receivables

Receivables are shown net of an allowance for uncollectibles, if any.

K. Inventory

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

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

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

L. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	$ 15,000	50 years
Furniture and equipment	5,000	5-20 years
Land improvements	15,000	20 years
Vehicles	5,000	8 years

M. Deferred Outflows of Resources

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

N. Collections in Advance

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

O. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations and amounts due from other governments for tuition charges. 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. This represents the effect of the net changes of assumptions or other inputs.

P. Employee Benefits – Compensated Absences

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

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

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

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

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

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Q. Other Benefits

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

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

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

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

R. Short-Term Debt

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

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

S. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Restricted for Debt Service

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or Board approved budget revision and then from the assigned fund balance to the extent that there is an appropriation and then from the unassigned fund balance.

T. New Accounting Standard

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

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.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Instructional supplies funded by donations	$ 20,832
Voter authorized transfer to the capital projects fund funded by capital reserves	6,000,000
Voter authorized transfer to the capital projects fund funded by appropriated fund balance	3,331,850
Employee benefit accrued liability reserve appropriation	900,778
	$ 10,253,460

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.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

Investment Pool

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYLAF investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

NYLAF measures its investments at fair value in accordance with Paragraph 41 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and Paragraph 11 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* Total investments of the cooperative at June 30, 2019 are $127,200,266, which consisted of $10,338,999 in collateralized bank deposits, $96,917,000 in repurchase agreements and $19,944,267 in U.S. Treasury securities, with various interest rates and due dates.

At June 30, 2019, the District's General Fund has $8,081,901 in NYLAF investments which are included as cash.

The Lead Participant of NYLAF is the Red Hook Central School District of Red Hook, NY. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org.

5. PARTICIPATION IN BOCES

During the year ended June 30, 2019, the District was billed $4,037,112 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $1,021,500. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

6. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State - excess cost aid	$ 854,457
New York State - homeless aid	932,977
BOCES aid	813,319
	2,600,753
Special Aid Fund	
Federal and state grants	433,618
School Food Service Fund	
Federal and state grants	15,601
	$ 3,049,972

7. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Tuition receivable	$ 338,834
Health services	244,480
Split line property taxes	252,508
Nassau County drug and alcohol grant	41,369
	$ 877,191

8. CAPITAL ASSETS

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Governmental activities				
Capital assets not being depreciated				
Land	$ 357,356	$	$	$ 357,356
Construction in progress	12,863,122	8,016,877	(12,863,122)	8,016,877
Total capital assets not being depreciated	13,220,478	8,016,877	(12,863,122)	8,374,233
Capital assets being depreciated				
Buildings and improvements	58,415,818	12,863,122		71,278,940
Furniture and equipment	3,509,972	485,726		3,995,698
Total capital assets being depreciated	61,925,790	13,348,848	-	75,274,638
Less accumulated depreciation for:				
Buildings and improvements	25,465,332	1,753,756		27,219,088
Furniture and equipment	2,085,587	292,971		2,378,558
Total accumulated depreciation	27,550,919	2,046,727		29,597,646
Total capital assets, being depreciated, net	34,374,871	11,302,121	-	45,676,992
Capital assets, net	$ 47,595,349	$ 19,318,998	$ (12,863,122)	$ 54,051,225

Depreciation expense was charged to governmental functions as follows:

General support	$ 230,638
Instruction	1,705,238
Pupil transportation	90,552
Food service program	20,299
Total depreciation expense	$ 2,046,727

9. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	$ 1,372,919	$ 894,731	$	$ 13,256,772
Special Aid Fund	954,062	1,522,503	335,580	
School Food Service Fund	130,000	20,602	130,000	
Debt Service Fund			1,324,342	
Capital Projects Fund	42,733	7,603	11,466,850	
Total Governmental Funds	2,499,714	2,445,439	$ 13,256,772	$ 13,256,772
Fiduciary Funds	307,003	361,278		
Total	$ 2,806,717	$ 2,806,717		

The District typically transfers from the general fund to the special aid fund, school food service fund, debt service fund and capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the school food service fund was to provide support for the program per the approved budget. The transfer to the debt service fund was to pay debt-related payments for outstanding debt of the District per the approved budget. The transfers to the capital projects fund were for capital improvements in accordance with voters-approved budget and capital reserves spending propositions. Interfund balances are expected to be repaid within one year.

10. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2018	Issued	Redeemed	Balance June 30, 2019
TAN	6/21/2019	1.96%	$	$ 9,800,000	$ (9,800,000)	$

Interest on short-term debt for the year was $215,600. The District did receive an issuance premium in the amount of $72,227, which was recorded as miscellaneous revenue.

11. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 2,140,000	$	$ (1,405,000)	$ 735,000	$ 735,000
Other long-term liabilities					
Compensated absences	20,028,165	123,005		20,151,170	700,000
	$22,168,165	$ 123,005	$ (1,405,000)	$20,886,170	$ 1,435,000

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, 2019
Refunding serial bond	3/8/2007	8/1/2019	3.48-5.00%	$ 735,000

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

Year Ending June 30,	Principal	Interest	Total
2020	$ 735,000	$ 18,375	$ 753,375

C. Interest Expense

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

Interest paid	$ 71,875
Less interest accrued in the prior year	(44,583)
Plus interest accrued in the current year	15,313
Total interest expense on long-term debt	$ 42,605

12. 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 on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2018. The District's average contribution rate was 15.44% of covered payroll for the ERS' fiscal year ended March 31, 2019.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2019, was $5,415,866 for TRS at the contribution rate of 10.62%, and $2,017,311 for ERS at an average contribution rate of 15.06%.

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

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

	TRS	ERS
Measurement date	June 30, 2018	March 31, 2019
District's proportionate share of the net pension asset/(liability)	$ 5,547,221	$ (2,923,562)
District's portion of the Plan's total net pension asset/(liability)	0.3067700%	0.0412623%
Change in proportion since the prior measurement date	(0.0003960)	(0.0043386)

For the year ended June 30, 2019, the District recognized pension expense of $4,393,696 for TRS and $2,122,499 for ERS. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 4,145,393	$ 575,711	$ 750,892	$ 196,253
Changes of assumptions	19,391,175	734,864		
Net difference between projected and actual earnings on pension plan investments	512,765		6,157,837	750,348
Changes in proportion and differences between the District's contributions and proportionate share of contributions		614,666	102,295	210,952
District's contributions subsequent to the measurement date	5,415,855	641,458		
Total	$ 29,465,188	$ 2,566,699	$ 7,011,024	$ 1,157,553

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

Year Ending June 30,	TRS	ERS
2020	5,648,683	$ 806,056
2021	3,863,547	(444,036)
2022	486,634	7,098
2023	3,850,478	398,570
2024	2,588,500	
Thereafter	600,467	
	$ 17,038,309	$ 767,688

Actuarial Assumptions

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

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

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

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

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2018		March 31, 2019
Asset type				
Domestic equity	33.0%	5.80%	36.0%	4.55%
International equity	16.0%	7.30%	14.0%	6.35%
Global equity	4.0%	6.70%		
Real estate	11.0%	4.90%	10.0%	5.55%
Private equities	8.0%	8.90%	10.0%	7.50%
Alternatives investments			8.0%	3.75-5.68%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.90%		
High-yield fixed income securities	1.0%	3.50%		
Bonds and mortgages	8.0%	2.8%-6.80%	17.0%	1.31%
Short-term	1.0%	0.30%		
Cash			1.0%	(0.25)%
Inflation indexed bonds			4.0%	1.25%
	100.0%		100.0%	

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

Discount Rate

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

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

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

TRS	1% Decrease (6.25)%	Current Assumption (7.25)%	1% Increase (8.25)%
District's proportionate share of the net pension asset (liability)	$ (38,110,311)	$ 5,547,221	$ 42,120,100

ERS	1% Decrease (6.00)%	Current Assumption (7.00)%	1% Increase (8.00)%
District's proportionate share of the net pension asset (liability)	$ (12,782,280)	$ (2,923,562)	$ 5,358,460

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019, are paid to the system in September, October and November 2019 through a state aid intercept. Accrued retirement

contributions as of June 30, 2019, represent employer and employee contributions for the fiscal year ended June 30, 2019, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2019 amounted to $5,415,855 of employer contributions and $287,243 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2019, represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to $641,568 of employer contributions. Employee contributions are remitted monthly.

13. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2019, totaled $169,095 and $3,347,890, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2019 totaled $1,143, 533.

14. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB to retired employees in accordance with employment contracts. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides medical and Medicare part B reimbursement, and dental and vision coverage for retirees and their survivors. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

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

Inactive employees or beneficiaries currently receiving benefit payments	381
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	549
	930

B. Total OPEB Liability

The District's total OPEB liability of $89,190,955 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

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

Inflation	2.60%	
Salary increases	2.60%	average, including inflation
Discount rate	3.50%	
Healthcare cost trend rates	6.10%	decreasing to 4.10% over 57 years
Retirees' share of benefit-related costs	50-65%	of projected health insurance premiums for retirees and surviving spouses

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

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

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	$ 98,852,202
Changes for the year	
Service cost	4,762,629
Interest	3,075,841
Changes of benefit terms	-
Differences between expected and actual experience	897,727
Changes in assumptions or other inputs	(16,207,684)
Benefit payments	(2,189,760)
	(9,661,247)
Balance at June 30, 2019	$ 89,190,955

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

OPEB	1% Decrease (2.50)%	Discount Rate (3.50)%	1% Increase (4.50)%
Total OPEB liability	$ (104,558,607)	$(89,190,955)	$(76,864,855)

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

OPEB	1% Decrease (5.10)% decreasing to (3.10)%	Healthcare Cost Trend Rates (6.10)% decreasing to (4.10)%	1% Increase (7.10)% increasing to (5.10)%
Total OPEB liability	$(76,273,283)	$(89,190,955)	$(107,501,657)

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

For the year ended June 30, 2019, the District recognized OPEB expense of $5,879,280. At June 30, 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 807,283	$
Changes of assumptions		14,129,776
Total	$ 807,283	$ 14,129,776

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

Year Ended June 30,	Amount
2020	$ 1,959,190
2021	1,959,190
2022	1,959,190
2023	1,959,190
2024	1,959,190
Thereafter	3,526,543
	$ 13,322,493

15. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool

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

The District participates in the Nassau County Schools Cooperative Workers' Compensation Self Insured Plan (the 'Workers' Compensation Plan'), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to administer claims, finance liability and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. The Workers' Compensation Plan's total discounted liability for unbilled and open claims at June 30, 2019 was $15,794,170 at 3%. The Workers' Compensation Plan has assets of $20,655,439 at June 30, 2019 to pay these liabilities.

16. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate $518,946 from the retirement contribution reserve, which is reported in the June 30, 2019 restricted fund balances, to fund the budget for the year ending June 30, 2020.

17. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of $3,600,000 has been appropriated to partially fund the budget for the year ending June 30, 2020.

18. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those abatement programs, the District's 2018-2019 property taxes were abated by $2,130,057. The District received payment in lieu of taxes (PILOT) payments totaling $1,656,400.

19. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	$ 370,693
Instruction	181,680
	552,373
Capital Projects Fund	
Capital Projects	8,289,117
	$ 8,841,490

B. Grants

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

C. Litigation

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

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was approximately $180,616. The minimum remaining operating lease payments are as follows:

Year Ending June 30,	Amount
2020	$ 153,470
2021	148,772
2022	148,772
2023	111,579
	$ 562,593

20. SUBSEQUENT EVENTS

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

On September 17, 2019, the District awarded the bid for the sale of its tax anticipation notes (TANs) in the amount $9,700,000. The winning bid offered a stated interest rate of 1.75% and an issuance premium of $20,663, for a net effective interest rate of 1.4584%. The District expects to close the sale and issue the TANs on or about September 26, 2019, with a maturity date of June 19, 2020.

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 106,236,917	$ 103,115,884	$ 103,115,884	$ -
Other tax items	4,019,465	7,140,498	7,250,834	110,336
Charges for services	1,668,000	1,668,000	2,129,204	461,204
Use of money and property	700,000	700,000	1,215,723	515,723
Forfeiture			7,370	7,370
Miscellaneous	350,000	370,832	501,362	130,530
Interfund revenues			19,746	19,746
Total Local Sources	112,974,382	112,995,214	114,240,123	1,244,909
State Sources	5,000,000	5,000,000	6,404,187	1,404,187
Medicaid Reimbursement			112,791	112,791
Total Revenues	117,974,382	117,995,214	120,757,101	$ 2,761,887
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	4,100,000	7,431,850 *		
Prior Year's Encumbrances	403,167	403,167		
Appropriated Reserves				
Retirement contribution	579,353	579,353		
Employee benefit accrued liability	-	900,778 **		
Capital	-	6,000,000 *		
Total Appropriated Fund Balance	5,082,520	15,315,148		
Total Revenues, Other Sources and Appropriated Fund Balance	$ 123,056,902	$ 133,310,362		

* On May 21, 2019, the District's voters authorized an additional $3,331,850 to be appropriated from fund balance and $6,000,000 to be expended from the capital reserve for the purpose of completing projects throughout the District.

** Board authorized appropriation for compensated absences payments.

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.

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 101,200	$ 101,200	$ 83,144	$	$ 18,056
Central administration	502,217	502,217	493,339		8,878
Finance	1,176,668	1,185,918	1,060,350	24,090	101,478
Staff	876,444	913,194	843,639	1,526	68,029
Central services	8,141,061	8,148,144	7,223,838	345,077	579,229
Special items	885,000	885,000	799,693		85,307
Total General Support	11,682,590	11,735,673	10,504,003	370,693	860,977
Instruction					
Administration & improvement	5,052,143	5,138,077	4,941,972	3,684	192,421
Teaching - regular school	38,334,200	38,879,515	35,302,308	154,920	3,422,287
Programs for students with disabilities	20,685,431	20,796,907	18,313,534	7,500	2,475,873
Occupational education	150,000	154,000	153,168		832
Instructional media	3,744,815	3,801,048	3,415,763	5,174	380,111
Pupil services	5,950,838	6,016,408	5,606,088	10,402	399,918
Total Instruction	73,917,427	74,785,955	67,732,833	181,680	6,871,442
Pupil Transportation	6,063,391	6,063,391	5,368,047		695,344
Community Services	83,000	83,000	-		83,000
Employee Benefits	27,051,152	27,035,551	25,353,544		1,682,007
Debt Service: Interest	200,000	215,600	215,600		-
Total Expenditures	118,997,560	119,919,170	109,174,027	552,373	10,192,770
OTHER FINANCING USES					
Operating Transfers Out	4,059,342	13,391,192	13,256,772		134,420
Total Expenditures and Other Uses	$ 123,056,902	$ 133,310,362	122,430,799	$ 552,373	$ 10,327,190
Net Change in Fund Balance			(1,673,698)		
Fund Balances - Beginning of Year			51,811,674		
Fund Balances - End of Year			$ 50,137,976		

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.

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

Teachers' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.3067700%	0.3071660%	0.3105830%	0.3183840%	0.3132890%
District's proportionate share of the net pension asset/(liability)	$ 5,547,221	$ 2,334,766	$ (3,326,473)	$ 33,069,962	$ 34,898,485
District's covered payroll	$ 49,969,482	$ 48,675,674	$ 47,778,311	$ 47,825,613	$ 46,227,722
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	11.10 %	4.80 %	(7.00)%	69.10 %	75.50 %
Plan fiduciary net position as a percentage of the total pension asset	101.53%	100.66%	99.01%	110.46%	111.48%

Employees' Retirement System

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0412623%	0.0456009%	0.0461609%	0.0440387%	0.0446373%
District's proportionate share of the net pension liability	$ (2,923,562)	$ (1,471,744)	$ (4,337,379)	$ (7,068,327)	$ (1,507,956)
District's covered payroll	$ 13,640,291	$ 13,694,990	$ 14,483,504	$ 14,043,651	$ 13,444,094
District's proportionate share of the net pension liability as a percentage of its covered payroll	(21.43)%	(10.75)%	(29.95)%	(50.33)%	(11.22)%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.68%	97.95%

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

Note to Required Supplementary Information

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

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

See Paragraph on Required Supplementary Information Included in Auditor's Report

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

Teachers' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 5,415,866	$ 4,897,009	$ 5,704,789	$ 6,354,997	$ 8,383,830	$ 7,520,130	$ 5,459,091	$ 5,109,591	$ 3,984,451	$ 2,818,371
Contributions in relation to the contractually required contribution	5,415,866	4,897,009	5,704,789	6,354,997	8,383,830	7,520,130	5,459,091	5,109,591	3,984,451	2,818,371
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$50,596,752	$49,969,482	$48,675,674	$47,778,311	$47,825,613	$46,227,722	$46,107,185	$45,990,914	$46,223,333	$45,531,039
Contributions as a percentage of covered payroll	11%	10%	12%	13%	18%	16%	12%	11%	9%	6%

Employees' Retirement System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 2,017,311	$ 2,095,993	$ 1,993,467	$ 2,101,938	$ 2,238,549	$ 2,690,137	$ 2,635,354	$ 1,813,703	$ 1,518,861	$ 972,349
Contributions in relation to the contractually required contribution	2,017,311	2,095,993	1,993,467	2,101,938	2,238,549	2,690,137	2,635,354	1,813,703	1,518,861	972,349
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$14,379,325	$13,665,066	$13,890,970	$13,861,931	$12,825,571	$12,506,699	$13,340,531	$13,318,780	$12,141,573	$12,748,206
Contributions as a percentage of covered payroll	14%	15%	14%	15%	17%	22%	20%	14%	13%	8%

See Paragraph on Required Supplementary Information Included in Auditor's Report

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

	2019	2018
Total OPEB liability		
Service cost	$ 4,762,629	$ 4,539,915
Interest	3,075,841	2,910,598
Changes in benefit terms	-	-
Differences between expected and actual experience	897,727	31,899
Changes of assumptions or other inputs	(16,207,684)	-
Benefit payments	(2,189,760)	(2,204,186)
Net change in total OPEB liability	(9,661,247)	5,278,226
Total OPEB liability, beginning	98,852,202	93,573,976
Total OPEB liability, ending	$ 89,190,955	$ 98,852,202
Covered employee payroll	$ 55,558,600	$ 57,197,915
Total OPEB liability as a percentage of covered employee payroll	160.53%	172.82%

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

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

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 122,653,735
Additions:		
Prior year's encumbrances		403,167
Original Budget		123,056,902
Budget revision		
Instructional supplies funded by donations		20,832
Voter-authorized transfer to the capital projects fund funded by capital reserve		6,000,000
Voter-authorized transfer to the capital projects fund funded by fund balance		3,331,850
Employee benefit accrued liability reserve appropriation		900,778
Total budget revisions		10,253,460
Final Budget		$ 133,310,362

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-2020 voter-approved expenditure budget		$ 124,341,752
Maximum allowed (4% of 2019-2020 budget)		$ 4,973,670
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 4,152,373	
Unassigned fund balance	4,973,670	
		$ 9,126,043
Less:		
Appropriated fund balance	3,600,000	
Encumbrances	552,373	
Total adjustments		4,152,373
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 4,973,670
Actual Percentage		4.00%

See Paragraph on Other Supplementary Information Included in Auditor's Report

JERICHO UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
June 30, 2019

PROJECT TITLE	Budget June 30, 2018	Budget June 30, 2019	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations/ State Aid	Methods of Financing: Local Sources	Methods of Financing: Capital Reserve	Methods of Financing: Total	Fund Balance June 30, 2019
Springer gym roof	$ 300,000	$ 300,000	$ 296,524	$	$ 296,524	$ 3,476	$	$ 300,000	$	$ 300,000	$ 3,476
Pool roof	375,000	375,000	346,455		346,455	28,545		375,000		375,000	28,545
Robert Williams Elementary	1,000,000	1,000,000	993,911		993,911	6,089		1,000,000		1,000,000	6,089
Middle School/High School freight elevator/walk-in boxes/generator	1,156,516	1,156,516	1,110,305		1,110,305	46,211		1,156,516		1,156,516	46,211
Middle School/High School auditorium	3,618,069	3,618,069	3,611,531		3,611,531	6,538		3,618,069		3,618,069	6,538
2014-15 District-wide upgrades and replacements	900,000	900,000	625,890	273,178	899,068	932		900,000		900,000	932
2015-16 District-wide upgrades and replacements	900,000	900,000	558,905	341,023	899,928	72		900,000		900,000	72
Emergency projects	1,535,000	1,535,000	1,403,164		1,403,164	131,836		1,535,000		1,535,000	131,836
2015-16 Proposition No. 2	16,306,125	16,306,125	11,200,229	1,961,405	13,161,634	3,144,491		6,219,637	10,086,488	16,306,125	3,144,491
2016-17 Proposition No. 2	9,301,260	9,301,260	598,570	3,653,199	4,251,769	5,049,491			9,301,260	9,301,260	5,049,491
District-wide upgrades and replacements	900,000	900,000	471,356	427,783	899,139	861		900,000		900,000	861
2017-18 District-wide upgrades and replacements	925,000	925,000	224,321	367,214	591,535	333,465		925,000		925,000	333,465
2018-19 Proposition No. 2	16,125,134	16,125,134		880,618	880,618	15,244,516		5,334,397	10,790,737	16,125,134	15,244,516
2018-19 District-wide upgrades and replacements		2,135,000		112,457	112,457	2,022,543		2,135,000		2,135,000	2,022,543
2019-20 Proposition No. 2		9,331,850				9,331,850		3,331,850	6,000,000	9,331,850	9,331,850
Totals	$ 53,342,104	$ 64,808,954	$ 21,441,161	$ 8,016,877	$ 29,458,038	$ 35,350,916	$ -	$ 28,630,469	$ 36,178,485	$ 64,808,954	35,350,916

See Paragraph on Other Supplementary Information Included in Auditor's Report

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

Capital assets, net	$ 54,051,225
Short-term portion of bonds payable	735,000
Net Investment in Capital Assets	$ 53,316,225

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Jericho Union Free School District (District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Jericho 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 Jericho Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jericho 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 Jericho 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 Jericho Union Free School District in a separate letter dated September 17, 2019.

Purpose of this Report

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

Cullen & Danowski, LLP

September 17, 2019