

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
South Huntington Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the South Huntington Union Free School District (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District as of June 30, 2021, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis on Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 1 through 16 and 60 through 64, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP

Islandia, NY

September 30, 2021

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the South Huntington Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- On the District-Wide Financial Statements, revenues increased by \$2,168,294 or 1.26%. Most of the increase was in real property taxes and other tax items and operating grants and contributions.
- On the District-Wide Financial Statements, expenses increased by \$1,865,200 or 0.99%, primarily due to increases in pupil transportation and instructional expenses.
- The proposed 2021-2022 budget in the amount of \$184,937,763 was authorized by the District's residents. The budget passed by 65.25% of those who voted.
- The District was awarded funding in July 2021 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) in the amounts of \$5,133,134 for the Elementary and Secondary School Emergency Relief Program (ESSER) and \$497,558 for the Governor's Emergency Education Relief Program (GEER).
- The District implemented Government Accounting Standards Board Statement No. 84 (GASB 84), *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net position for the District-Wide financial statements and opening fund balance for the miscellaneous special revenue fund, effective July 1, 2020. See Note 18 for further information.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and relate to one another.

Table A-1: Organization of the District's Annual Financial Report

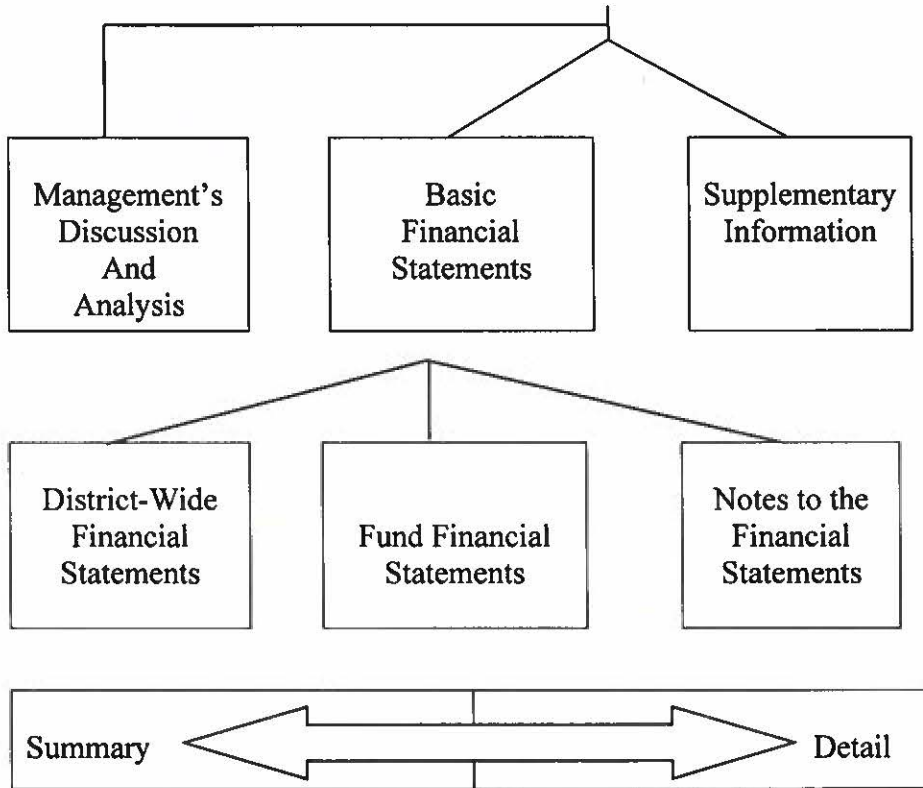


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table A-2: Major Features of the District-Wide and Fund Financial Statements

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

A) District-Wide Financial Statements:

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

- Over time, increases and decreases in the District's net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

In the District-Wide Financial Statements, the District's activities are shown as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state aid finance most of these activities.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation.
 - *Unrestricted net position (deficit)* includes net amounts that do not meet any of the above restrictions.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in separate schedules explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

Current and other assets, current and other liabilities, and restricted net position, unrestricted net position and total net position for 2020 have been restated for the implementation of GASB Statement No. 84, *Fiduciary Activities*. This Statement eliminates the trust and agency fund and private purpose fund and now records those activities in the general fund and miscellaneous special revenue fund. See Footnote 18 for further information.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a summary of these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and other assets	\$ 45,296,833	\$ 44,277,768	\$ 1,019,065
Current and other liabilities	10,177,140	9,753,962	423,178
Net Position			
Restricted	18,206,489	18,074,038	132,451
Unrestricted (Deficit)	(175,277,370)	(175,740,806)	463,436
Total Net Position (Deficit)	(133,641,223)	(134,237,110)	595,887

The District's total net deficit increased by \$15,886,867 in the fiscal year ended June 30, 2021, as detailed in Table A-3.

Table A-3: Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2021	As Restated 2020	Increase / (Decrease)	Percentage Change
Current assets and other assets	\$ 39,813,514	\$ 45,296,833	\$ (5,483,319)	(12.11%)
Capital assets, net of accumulated depreciation	54,766,031	53,555,744	1,210,287	2.26%
Net pension asset - proportionate share		10,688,867	(10,688,867)	(100.00%)
Total Assets	94,579,545	109,541,444	(14,961,899)	(13.66%)
Deferred outflows of resources	91,805,533	85,605,675	6,199,858	7.24%
Total Assets and Deferred Outflows of Resources	<u>\$ 186,385,078</u>	<u>\$ 195,147,119</u>	<u>\$ (8,762,041)</u>	(4.49%)
Current and other liabilities	\$ 12,129,598	\$ 10,177,140	\$ 1,952,458	19.18%
Long-term liabilities	280,488,718	276,356,418	4,132,300	1.50%
Total Liabilities	292,618,316	286,533,558	6,084,758	2.12%
Deferred inflows of resources	43,294,852	42,254,784	1,040,068	2.46%
Total Liabilities and Deferred Inflows of Resources	<u>335,913,168</u>	<u>328,788,342</u>	<u>7,124,826</u>	2.17%
Net investment in capital assets	28,315,382	23,429,658	4,885,724	20.85%
Restricted	14,600,142	18,206,489	(3,606,347)	(19.81%)
Unrestricted (deficit)	<u>(192,443,614)</u>	<u>(175,277,370)</u>	<u>(17,166,244)</u>	(9.79%)
Total Net Position (Deficit)	<u>\$(149,528,090)</u>	<u>\$(133,641,223)</u>	<u>\$ (15,886,867)</u>	(11.89%)

Current and other assets decreased by \$5,483,319 from 2020 to 2021 primarily due to decreases in restricted and unrestricted cash in the general fund, offset by an increase in state and federal aid receivable.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Capital assets, net of accumulated depreciation increased by \$1,210,287 primarily due to capital assets additions exceeding depreciation on capital assets.

Net pension asset - proportionate share for the teachers' retirement system resulted in a net pension liability in the current year as a result of the actuarial valuation provided by the state.

Deferred outflows of resources increased by \$6,199,858. This represents contributions to the State Retirement Systems subsequent to the measurement date and actuarial adjustments at the plan level that will be amortized in future years, deferred charges and total other post-employment benefits (OPEB).

Current and other liabilities increased by \$1,952,458. This was attributable to increases in accounts payable, accrued liabilities, due to other governments, due to the teachers' and employees' retirement system and compensated absences payable.

Long-term liabilities increased by \$4,132,300 due to increases in proportionate share of net pension liability – proportionate share - teachers' retirement system (TRS) and total other post-employment benefits obligation (OPEB), offset by decreases in bonds payable, energy performance contract debt payable, claims payable, compensated absences payable, and net pension liability – proportionate share - employee retirement system (ERS).

Deferred inflows of resources increased by \$1,040,068 primarily due to an increase in deferred inflows for ERS offset by decreases in deferred inflows for TRS and deferred inflows for OPEB, which are actuarial adjustments at the plan level, that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation and related debt. This number increased from the prior year by \$4,885,724 primarily due to capital asset additions and principal payments on related debt.

Restricted net position decreased by \$3,606,347 primarily due to the appropriation of the retirement contribution, workers' compensation and employee benefit accrued liability reserves in the 2020-2021 voter approved budget, offset by interest allocated to reserves. The total unrestricted deficit increased by \$17,166,244. The total net position deficit increased by \$15,886,867.

B) Changes in Net Position

Charges for services – extraclassroom activities, operating grants and contributions – scholarships and donations, and instructional expenses were increased due to the implementation of GASB Statement No. 84. The following schedule outlines these changes:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Charges for services	\$ 3,994,963	\$ 3,179,929	\$ 815,034
Operating grants and contributions	6,288,180	6,275,878	12,302
Expenses			
Instruction	153,950,479	153,059,478	891,001

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the fiscal years ended June 30, 2021 and 2020 are as follows:

Table A-4: Change in Net Position from Operating Results Governmental Activities Only

	2021	As Restated 2020	Increase/ (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 3,549,552	\$ 3,994,963	\$ (445,411)	(11.15%)
Operating grants and contributions	6,905,342	6,288,180	617,162	9.81%
General Revenues				
Real property taxes and other tax items	120,648,333	117,903,289	2,745,044	2.33%
State sources	35,963,858	36,705,428	(741,570)	(2.02%)
Use of money and property	1,380,980	1,733,625	(352,645)	(20.34%)
Other	5,361,757	5,016,043	345,714	6.89%
Total Revenues	<u>173,809,822</u>	<u>171,641,528</u>	<u>2,168,294</u>	1.26%
Expenses				
General support	19,030,994	19,969,612	(938,618)	(4.70%)
Instruction	154,623,603	153,950,479	673,124	0.44%
Pupil transportation	12,335,791	9,840,150	2,495,641	25.36%
Food service program	2,314,168	2,674,672	(360,504)	(13.48%)
Community services	35,701	15,267	20,434	133.84%
Debt service - interest	1,356,432	1,381,309	(24,877)	(1.80%)
Total Expenses	<u>189,696,689</u>	<u>187,831,489</u>	<u>1,865,200</u>	0.99%
Total Change in Net Position	<u>\$ (15,886,867)</u>	<u>\$ (16,189,961)</u>	<u>\$ 303,094</u>	1.87%

The District's total fiscal year 2021 revenues were \$173,809,822 (See Table A-4). Real property taxes and state sources accounted for most of the District's revenue by contributing 69.41% and 20.69%, respectively of total revenue (See Table A-5). The remainder came from fees charged for services, operating grants and contributions, use of money and property and other miscellaneous sources.

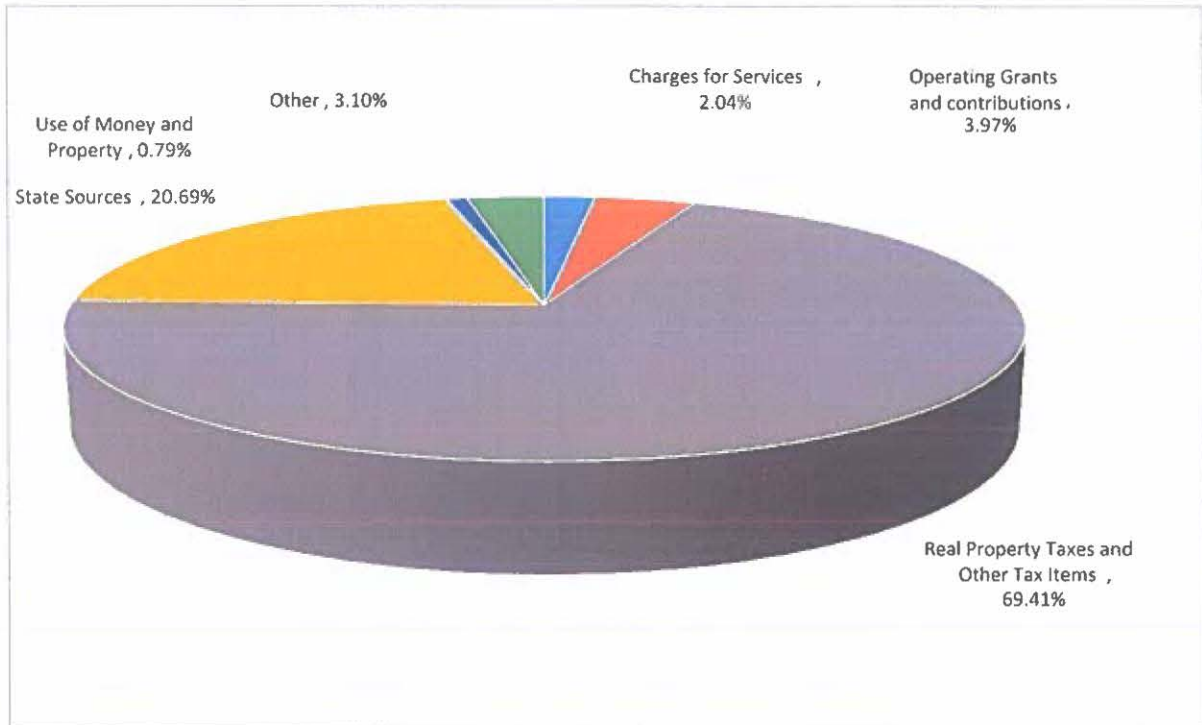
**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District's revenues increased by \$2,168,294 or 1.26%, which is primarily attributable to increases in operating grants and contributions, real property taxes and other tax items, and other miscellaneous items, offset by decreases in charges for services, state sources, and use of money and property.

The total cost of all programs and services totaled \$189,696,689 for fiscal year 2021. These expenses are predominantly related to instruction and general support, instruction expenses account for 81.51% of District expenses (See Table A-6). The District's general support activities accounted for 10.03% of total costs.

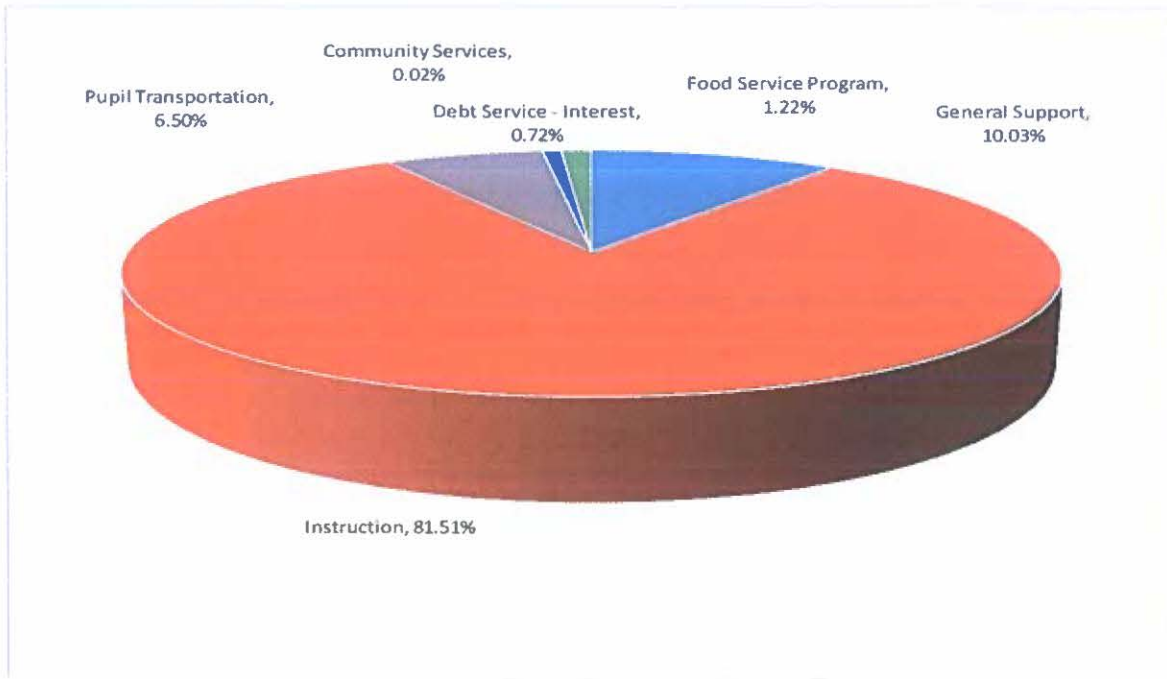
The District's expenses for the year increased by \$1,865,200 or 0.99%, which is primarily attributable to increases in instruction and pupil transportation expenses, offset by decreases in general support, and food service program expenses.

Table A- 5 – Revenues for Fiscal Year 2021 (See Table A-4)



**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table A-6 - Expenses for Fiscal Year 2021 (See Tables A-4 and A-7)



A) Governmental Activities

The overall good financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Strong tax base;
- Strategic use of services from the Western Suffolk BOCES; and
- Improved curriculum and community support.

Table A-7 presents the cost of major District activities: general support, instruction, pupil transportation, food service program, community services and debt service. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2021	As Restated 2020	Fiscal Year 2021	As Restated 2020
General support	\$ 19,030,994	\$ 19,969,612	\$ 19,030,994	\$ 19,969,612
Instruction	154,623,603	153,950,479	146,157,143	145,842,125
Pupil transportation	12,335,791	9,840,150	12,335,791	9,840,150
Food service program	2,314,168	2,674,672	325,734	499,883
Community services	35,701	15,267	35,701	15,267
Debt service - interest	1,356,432	1,381,309	1,356,432	1,381,309
Total	<u>\$ 189,696,689</u>	<u>\$ 187,831,489</u>	<u>\$ 179,241,795</u>	<u>\$177,548,346</u>

- The cost of all governmental activities this year was \$189,696,689. (Statement of Activities and Changes in Net Position - Expenses column)
- The users of the District's programs financed \$3,549,552 of the cost. (Statement of Activities and Changes in Net Position - Charges For Services column)
- The federal and state governments subsidized certain programs with operating grants and contributions of \$6,905,342 (Statement of Activities and Changes in Net Position – Operating Grants column)
- Most of the District's net costs of \$179,241,795 were financed by District taxpayers and state aid. (Statements of Activities and Changes in Net Position - Net (Expense) Revenue and Changes in Net Position column)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

At June 30, 2021, the District's combined governmental funds reported a combined fund balance of \$26,064,356, which is a decrease of \$7,186,163 from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. See Note 18 "Restatement of Fund Balances" for further information.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	Fiscal Year 2021	As Restated 2020	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for employee benefit accrued liability	\$ 8,894,707	\$ 9,893,466	\$ (998,759)	(10.10%)
Restricted for retirement contribution-ERS	2,035,395	4,184,870	(2,149,475)	(51.36%)
Restricted for retirement contribution-TRS	1,009,627	1,009,500	127	0.01%
Restricted for unemployment insurance	339,099	339,057	42	0.01%
Restricted for workers' compensation	1,505,195	1,952,687	(447,492)	(22.92%)
Restricted for insurance	689,281	689,194	87	0.01%
Assigned - appropriated for:				
Subsequent year's expenditures	4,500,000	5,100,000	(600,000)	(11.76%)
Assigned - unappropriated for:				
General support	804,541	1,148,249	(343,708)	(29.93%)
Instruction	651,211	2,714,921	(2,063,710)	(76.01%)
Pupil transportation	230,096	93,154	136,942	147.01%
Community services		11,137	(11,137)	(100.00%)
Employee benefits	31,411	72,481	(41,070)	(56.66%)
Debt service - principal		781	(781)	(100.00%)
Unassigned	5,089,635	4,511,177	578,458	12.82%
Total Fund Balance - General Fund	25,780,198	31,720,674	(5,940,476)	(18.73%)
School Lunch Fund				
Nonspendable - inventory	89,121	102,142	(13,021)	(12.75%)
Assigned	84,059	254,423	(170,364)	(66.96%)
Total Fund Balance - School Lunch Fund	173,180	356,565	(183,385)	(51.43%)
Miscellaneous Special Revenue Fund				
Assigned unappropriated fund balance	520,596	463,436	57,160	12.33%
Restricted for scholarships and donations	126,838	132,451	(5,613)	(4.24%)
Total Fund Balance - Miscellaneous Special Revenue Fund	647,434	595,887	51,547	8.65%
Capital Projects Fund				
Assigned		572,129	(572,129)	(100.00%)
Restricted		5,264	(5,264)	(100.00%)
Unassigned	(536,456)		(536,456)	N/A
Total Fund Balance - Capital Projects Fund	(536,456)	577,393	(1,113,849)	(192.91%)
Total Fund Balance - All Funds	\$ 26,064,356	\$ 33,250,519	\$ (7,186,163)	(21.61%)

The District can attribute changes to fund balances and reserves primarily due to Board approved transfers in, transfers out to pay expenses, and allocation of interest and earnings.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A) General Fund

The fund balance in the general fund decreased by \$5,940,476 during the year as compared to an increase of \$164,633 in the prior year. Actual operating revenues increased by \$3,096,788 mainly due to an increase in real property tax and other tax items revenue of \$2,745,044. Actual operating expenditures and other financing uses increased \$9,201,878, mainly due to increases in general support, instruction, pupil transportation, employee benefits and transfers to other funds. The general fund transferred \$315,000 to the special aid fund, \$75,000 to the school lunch fund and \$1,790,000 to the capital projects fund.

B) School Lunch Fund

Fund balance in the school lunch fund decreased by \$183,385 during the year as compared to an increase of \$101,157 in the prior year. This decrease was primarily due to operating expenditures in excess of revenues and operating transfers.

C) Miscellaneous Special Revenue Fund

The net change fund balance in the miscellaneous special revenue fund is due to extraclassroom, other activities and scholarship revenue exceeding expenditures.

D) Capital Projects Fund

Fund balance in the capital projects fund decreased by \$1,113,849 during the year as compared to a decrease of \$498,508 in the prior year. This decrease is primarily due to expenditures in excess of other financing sources. The capital projects fund received an operating transfer from the general fund of \$1,790,000 to fund various district-wide improvements.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2020-2021 Adopted Budget:

The District's general fund original budget for the fiscal year ended June 30, 2021 was \$174,657,264. This amount was increased by encumbrances carried forward from the prior year in the amount of \$4,040,723, which resulted in a final budget of \$178,697,987. The majority of the funding was property taxes, STAR revenue and state aid of \$156,195,264.

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Opening, unassigned fund balance	\$ 4,511,177
Revenues over budget	1,180,645
Expenditures and encumbrances under budget	4,052,343
Allocation of interest to reserves	(2,267)
Unused appropriated reserves	(152,263)
Assigned, appropriated for June 30, 2022	(4,500,000)
Closing, unassigned fund balance	<u>\$ 5,089,635</u>

Opening, Unassigned Fund Balance

The \$4,511,177 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned and not restricted or assigned for subsequent year's taxes.

Revenues Over Budget

The revenues over budget of \$1,180,645 were primarily attributable to charges for services, miscellaneous sources, other state aid and federal sources offset by use of money and property, interfund revenues and basic formula state source. (See Supplemental Schedule 1 for details).

Expenditures and Encumbrances Under Budget

The expenditures and encumbrances under budget of \$4,052,343 were primarily in employee benefits, programs for children with disabilities, pupil transportation, pupil services, instruction, administration and improvement, general support, instructional media and debt service. (See Supplemental Schedule 1 for details).

Allocation of Interest to Reserves

Revenues such as interest earned in a general fund reserve increase the reserve and, therefore, decrease the unassigned portion of the fund balance in the general fund.

The reserves earned interest as follows:

Employee benefit accrued liability	\$ 1,241
Retirement contribution-ERS	525
Retirement contribution-TRS	127
Unemployment	42
Workers' compensation	245
Insurance	87
Total interest allocation	<u>\$ 2,267</u>

Unused appropriated reserves

The total approved appropriated reserves in the 2020-2021 budget amounted to \$3,750,000. The employee benefit accrued liability was approved for \$1,000,000 and the retirement contribution-ERS was approved for \$2,150,000, both were fully utilized for the 2020-2021 fiscal year. The workers'

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

compensation reserve was approved for \$600,000. Due to lower than anticipated expenditure, \$152,263 of this funding was not needed, and therefore returned to the reserves for future use.

Appropriated Fund Balance

The District has chosen to use \$4,500,000 of its available June 30, 2021 fund balance to partially fund its 2021-2022 approved operating budget.

Closing, Unassigned Fund Balance

The closing unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for subsequent year's taxes.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A) Capital Assets

The District paid for equipment and various building additions and renovations during the fiscal year 2021. A summary of the District's capital assets net of depreciation are as follows:

Table A-8: Capital Assets (Net of Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase/ (Decrease)	Percentage Change
Land & Land Improvements	\$ 2,887,336	\$ 2,887,336	\$ -	0.00%
Construction in process	2,135,304	827,959	1,307,345	157.90%
Buildings & Building Improvements	108,395,267	107,453,331	941,936	0.88%
Furniture & Equipment	8,791,939	7,813,566	978,373	12.52%
Vehicles	6,831,851	6,662,195	169,656	2.55%
Subtotal	<u>129,041,697</u>	<u>125,644,387</u>	<u>3,397,310</u>	2.70%
Less: Accumulated Depreciation	<u>74,275,666</u>	<u>72,088,643</u>	<u>2,187,023</u>	3.03%
Total Net Capital Assets	<u>\$ 54,766,031</u>	<u>\$ 53,555,744</u>	<u>\$ 1,210,287</u>	2.26%

The District spent \$2,903,849 in the capital projects fund and \$734,853 in the general fund on construction in progress and furniture and equipment purchases during the year. Depreciation expense and loss on disposal was \$2,428,415. See Note 9 "Capital Assets" to the financial statements for additional information.

B) Debt Administration

At June 30, 2021, the District had total bonds payable of \$22,139,140 inclusive of unamortized premium, energy performance contract debt of \$5,476,459 and installment purchase debt payable of \$35,679. Principal payments were made in the amount of \$3,250,000 for serial bonds, \$797,481 for energy performance contract and \$18,157 for installment purchase debt. More detailed information about the District's long-term debt is presented in the Notes to the Financial Statements.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	2021	2020	Increase/ (Decrease)
Serial bonds (inclusive of unamortized premiums)*	\$ 22,139,140	\$ 25,707,316	\$ (3,568,176)
Energy performance contract debt	5,476,459	6,273,940	(797,481)
Installment purchase debt payable	35,679	53,836	(18,157)
Total	\$ 27,651,278	\$ 32,035,092	\$ (4,383,814)

*Deferred premiums on refunding, net of amortization, have been reclassified to meet reporting requirements for bond refunding.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2021-2022 school year in the amount of \$184,937,763 was approved by 65.25% of those who voted. This is an increase of \$10,280,499 or 5.89% over the previous year's budget. The increase was primarily due to increases in personnel costs and employee benefits. The tax cap discussed below, as well as uncertainty in state aid and federal funds, as well as potential operating adjustments that may be needed due to COVID-19 may impact the District's future budgets.
- B) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.
- C) The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

South Huntington Union Free School District
Dr. Joseph T. Centamore
Deputy Superintendent
60 Weston Street
Huntington Station, New York 11746
(631) 812-3001

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Current assets	
Cash	
Unrestricted	\$ 16,076,005
Restricted	14,600,142
Receivables	
Accounts receivable	175,625
State and federal aid	5,888,362
Due from other governments	2,984,259
Inventories	89,121
Non-current assets	
Capital assets	
Capital assets, not being depreciated	2,727,557
Capital assets being depreciated, net of accumulated depreciation	<u>52,038,474</u>
TOTAL ASSETS	<u>94,579,545</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on advance refunding of bonds	580,629
Pensions	49,128,652
Total other post-employment benefits obligation	<u>42,096,252</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>91,805,533</u>
LIABILITIES	
Payables	
Accounts payable	1,568,871
Accrued liabilities	659,559
Due to other governments	507,240
Due to teachers' retirement system	7,285,156
Due to employees' retirement system	727,186
Compensated absences payable	991,226
Accrued interest payable	306,905
Unearned credits	
Collections in advance	83,455
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	3,647,641
Energy performance contract debt payable	828,344
Installment purchase debt payable	18,025
Claims payable	297,165
Compensated absences payable	427,514
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	18,491,499
Energy performance contract debt payable	4,648,115
Installment purchase debt payable	17,654
Claims payable	1,399,647
Compensated absences payable	11,216,149
Net pension liability - proportionate share - employees' retirement system	39,900
Net pension liability - proportionate share - teachers' retirement system	11,537,903
Total other post-employment benefits obligation	<u>227,919,162</u>
TOTAL LIABILITIES	<u>292,618,316</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	19,434,872
Total other post-employment benefits obligation	<u>23,859,980</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>43,294,852</u>
NET POSITION	
Net investment in capital assets	<u>28,315,382</u>
Restricted:	
Employee benefit accrued liability	8,894,707
Retirement contribution-ERS	2,035,395
Retirement contribution-TRS	1,009,627
Unemployment insurance	339,099
Workers' compensation	1,505,195
Insurance	689,281
Scholarships	<u>126,838</u>
	<u>14,600,142</u>
Unrestricted (deficit)	<u>(192,443,614)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (149,528,090)</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	\$ (19,030,994)	\$ -	\$ -	\$ (19,030,994)
Instruction	(154,623,603)	3,399,995	5,066,465	(146,157,143)
Pupil transportation	(12,335,791)			(12,335,791)
Food service program	(2,314,168)	149,557	1,838,877	(325,734)
Community services	(35,701)			(35,701)
Debt service-interest	(1,356,432)			(1,356,432)
TOTAL FUNCTIONS AND PROGRAMS	\$(189,696,689)	\$ 3,549,552	\$ 6,905,342	(179,241,795)
 GENERAL REVENUES				
Real property taxes				111,113,416
Other tax items - including STAR reimbursement				9,534,917
Use of money and property				1,380,980
Sale of property and compensation for loss				24,736
Miscellaneous				4,784,784
State sources				35,963,858
Medicaid reimbursement				552,237
TOTAL GENERAL REVENUES				163,354,928
 CHANGE IN NET POSITION				(15,886,867)
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR, AS RESTATE (SEE NOTE 18)				(133,641,223)
 TOTAL NET POSITION (DEFICIT) - END OF YEAR				\$ (149,528,090)

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 15,208,170	\$ 178,323	\$ 113,915	\$ 520,596	\$ 55,001	\$ 16,076,005
Restricted	14,473,304			126,838		14,600,142
Receivables						
Accounts receivable	58,167	108,854	8,604			175,625
State and federal aid	1,426,691	3,281,685	466,898		713,088	5,888,362
Due from other governments	2,364,259					2,364,259
Due from other funds	4,070,723					4,070,723
Inventories			89,121			89,121
TOTAL ASSETS	<u>\$ 37,601,314</u>	<u>\$ 3,568,862</u>	<u>\$ 678,538</u>	<u>\$ 647,434</u>	<u>\$ 768,089</u>	<u>\$ 43,264,237</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
Payables						
Accounts payable	\$ 1,090,589	\$ 226,887	\$ 1,312	\$ -	\$ 250,083	\$ 1,568,871
Accrued liabilities	621,144	38,302	113			659,559
Due to other governments	507,174		66			507,240
Due to other funds		3,263,821	460,264		346,638	4,070,723
Due to teachers' retirement system	7,285,156					7,285,156
Due to employees' retirement system	727,186					727,186
Compensated absences	991,226					991,226
Unearned credits						
Collections in advance		39,852	43,603			83,455
TOTAL LIABILITIES	<u>11,222,475</u>	<u>3,568,862</u>	<u>505,358</u>		<u>596,721</u>	<u>15,893,416</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	598,641				707,824	1,306,465
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>598,641</u>				<u>707,824</u>	<u>1,306,465</u>
FUND BALANCES						
Non-spendable: Inventory			89,121			89,121
Restricted:						
Employee benefit accrued liability	8,894,707					8,894,707
Retirement contributions-ERS	2,035,395					2,035,395
Retirement contributions-TRS	1,009,627					1,009,627
Unemployment insurance	339,099					339,099
Workers' compensation	1,505,195					1,505,195
Insurance	689,281					689,281
Scholarships				126,838		126,838
Assigned:						
Appropriated fund balance	4,500,000					4,500,000
Unappropriated fund balance	1,717,259		84,059	520,596		2,321,914
Unassigned:						
Unassigned fund balance	5,089,635				(536,456)	4,553,179
TOTAL FUND BALANCES (DEFICIT)	<u>25,780,198</u>		<u>173,180</u>	<u>647,434</u>	<u>(536,456)</u>	<u>26,064,356</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 37,601,314</u>	<u>\$ 3,568,862</u>	<u>\$ 678,538</u>	<u>\$ 647,434</u>	<u>\$ 768,089</u>	<u>\$ 43,264,237</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Governmental Fund Balances \$ 26,064,356

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

The costs of the 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	\$ 129,041,697	
Accumulated depreciation	<u>(74,275,666)</u>	54,766,031

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.
Statement of Activities

Total deferred charges on advance refunding of bonds	1,136,744	
Accumulated amortization	<u>(556,115)</u>	580,629

Deferred inflows of resources for general and excess cost - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenues under the modified accrual method. 1,306,465

Deferred inflows of resources - The Statement of Net Position recognized revenues received and expenditures incurred under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. Deferred inflows that will be recognized in future periods amounted to:

Pensions	\$ (19,434,872)	
Total other post-employment benefits obligation	<u>(23,859,980)</u>	(43,294,852)

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

Accrued interest on bonds and energy performance contract debt payable		(306,905)
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Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows that will be recognized as expenditures in future periods amounted to:

Pensions	\$ 49,128,652	
Total other post-employment benefits obligation	<u>42,096,252</u>	91,224,904

Due from other governments for bonds payable being paid by the Library is not included on the governmental funds balance sheet. 620,000

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

Bonds payable (inclusive of unamortized premiums)	\$ (22,139,140)	
Energy performance contract debt payable	(5,476,459)	
Installment purchase debt payable	(35,679)	
Claims payable	(1,696,812)	
Compensated absences payable	(11,643,663)	
Net pension liability - proportionate share - employees' retirement system	(39,900)	
Net pension liability - proportionate share - teachers' retirement system	(11,537,903)	
Total other post-employment benefits obligation	<u>(227,919,162)</u>	(280,488,718)

Total Net Position		<u>\$ (149,528,090)</u>
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SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 111,113,416	\$ -	\$ -	\$ -	\$ -	\$ 111,113,416
Other tax items - including STAR reimbursement	9,534,917					9,534,917
Charges for services	2,920,719			479,276		3,399,995
Use of money and property	1,380,980					1,380,980
Sale of property and compensation for loss	24,736					24,736
Miscellaneous	1,688,924		24,588	11,891		1,725,403
Interfund revenue	3,401,171					3,401,171
Local sources		290,101				290,101
State sources	35,641,000	1,373,144	60,674			37,074,818
Federal sources	1,282,046	2,951,621	1,647,867			5,881,534
Surplus food			130,336			130,336
Sales			149,557			149,557
TOTAL REVENUES	166,987,909	4,614,866	2,013,022	491,167		174,106,964
EXPENDITURES						
General support	15,094,550					15,094,550
Instruction	100,989,177	4,738,154		439,620		106,166,951
Pupil transportation	10,606,070	141,037				10,747,107
Community services	35,042					35,042
Employee benefits	38,287,396	50,675	86,789			38,424,860
Debt service - principal	4,102,391					4,102,391
Debt service - interest	1,633,759					1,633,759
Cost of sales			2,184,618			2,184,618
Capital outlay					2,903,849	2,903,849
TOTAL EXPENDITURES	170,748,385	4,929,866	2,271,407	439,620	2,903,849	181,293,127
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENDITURES	(3,760,476)	(315,000)	(258,385)	51,547	(2,903,849)	(7,186,163)
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in		315,000	75,000		1,790,000	2,180,000
Operating transfers (out)	(2,180,000)					(2,180,000)
TOTAL OTHER FINANCING SOURCES AND (USES)	(2,180,000)	315,000	75,000		1,790,000	
NET CHANGE IN FUND BALANCES	(5,940,476)		(183,385)	51,547	(1,113,849)	(7,186,163)
FUND BALANCES - BEGINNING OF YEAR (AS RESTATED)	31,720,674		356,565	595,887	577,393	33,250,519
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 25,780,198	\$ -	\$ 173,180	\$ 647,434	\$ (536,456)	\$ 26,064,356

**SOUTH HUNTINGTON 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 FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance		\$ (7,186,163)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Deferred inflows of resources - The Statement of Net Position recognized revenue received under the full accrual method. Governmental funds recognize revenue under modified accrual method.		322,858
In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the fiscal year ended June 30, 2021 changed by:		172,053
Claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Claims payable from June 30, 2020 to June 30, 2021 changed by:		240,155
Deferred outflows and inflows related to post-employment benefits obligation in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Deferred outflows and inflows related to post-employment benefits obligation changed by:		1,293,793
Total other post-employment benefits obligation in the Statement of Activities differs from the amount reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Total other post-employment benefits obligations from June 30, 2020 to June 30, 2021 changed by:		(7,996,160)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	\$ 3,638,702	
Loss on disposal	(8,450)	
Depreciation expense	<u>(2,419,965)</u>	1,210,287
Long-Term Debt Differences		
The amortization of the bonds premiums, net of the amortization of the deferred charges on the advance refunding of bonds and bond issuances, decreases interest expense in the Statement of Activities.		229,799
Repayment of a bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		3,250,000
Repayment of an energy performance contract debt payable is an expenditure in the governmental funds, but it decreases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		797,481
Repayment of an installment purchase debt payable 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.		18,157
Interest on long-term debt in the Statement of Activities differs from from the amounts 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 Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2020 to June 30, 2021 changed by:		47,528
Due from other governments for bonds payable being paid by the Library is not included on the governmental funds balance sheet.		(620,000)
Pension Differences		
Increases/decreases in proportionate share of net pension asset/liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system	\$ 734,187	
Teachers' retirement system	<u>(8,400,842)</u>	<u>(7,666,655)</u>
Change in Net Position		<u>\$ (15,886,867)</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021**

	Custodial
ASSETS	
Cash and cash equivalents - restricted	\$ -
TOTAL ASSETS	\$ -
LIABILITIES	
Other liabilities	\$ -
TOTAL LIABILITIES	\$ -
NET POSITION	
Unrestricted	\$ -
Restricted	-
TOTAL NET POSITION	\$ -
TOTAL LIABILITIES AND NET POSITION	\$ -

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Custodial
ADDITIONS	
Library real property taxes collected	\$ 6,070,752
TOTAL ADDITIONS	6,070,752
DEDUCTIONS	
Library real property taxes disbursed	6,070,752
TOTAL DEDUCTIONS	6,070,752
CHANGE IN NET POSITION	
NET POSITION - BEGINNING OF YEAR	
NET POSITION - ENDING OF YEAR	\$ -

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

Significant accounting principles and policies utilized by the District are described 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 (the “Board”) consisting of seven 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 the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s reporting entity.

B) Joint venture:

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

with other municipalities on a cooperative basis under Section §119-n(a) of the New York State General Municipal Law (GML).

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

C) Basis of presentation:

District-Wide Financial Statements:

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

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

Fund Financial Statements:

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

The District reports the following major governmental funds:

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities and other educational activities.

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

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian 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. The District's fiduciary fund includes the custodial fund, which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

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

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 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, energy performance contract debt, installment purchase debt, claims and judgments, compensated absences, pension costs, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital asset

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Real property taxes:

i) Calendar

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

ii) Enforcement

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

F) Restricted resources:

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

G) Interfund transactions:

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

In the District-Wide Financial Statements, eliminations have been made for all inter-fund receivables and payables between the funds.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosure of contingent assets, and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, workers' compensation claims, net pension asset/liability, and useful lives of capital assets.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits.

J) Receivables:

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

K) Inventories and prepaid items:

Inventories of food in the school lunch fund are 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. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-Wide and Fund Financial Statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District has no prepaid items as of June 30, 2021.

L) Capital assets:

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building & Building Improvements	\$1,500	Straight-line	50 years
Furniture & Equipment	\$1,500	Straight-line	5-20 years
Land Improvements	\$1,500	Straight-line	15-20 years
Vehicles	\$1,500	Straight-line	8 years

M) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

Collections in advance consists of amounts received in advance for grants in the special aid fund and for meals that have not yet been purchased in the school lunch fund.

N) Deferred outflows and inflows 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/expenditure) until that time. The District has three items that qualify for reporting in this category. First is the unamortized discount of deferred charges from the refunding of bonds that is being amortized as a component of interest expense on a straight-line basis over the life of the debt, detailed further in Note 12. The other two amounts are related to total other post-employment benefits liability and pensions reported in the District-Wide Statement of Net Position, and are further detailed in Notes 13 and 15.

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. The first 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 the collective pension expense. The second item is related to total other post-employment benefits liability reported in the District-Wide Statement of Net Position. This represents the effect of the net difference between expected and actual experience. These are detailed further in Notes 13 and 15.

The deferred inflows on the governmental funds balance sheet is unavailable revenues, which is reported when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid. In subsequent periods, when the availability criterion is met, the liability for deferred revenues is removed and revenues are recorded.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

O) Vested employee benefits:

Compensated absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time:

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements may require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

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

In the Fund Financial Statements only, the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis. The 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 30.

P) Other benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements 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 post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Q) Short-term debt:

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

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

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

The District issued and redeemed a \$32,000,000 TAN in the fiscal year ended June 30, 2021. See Note 11 for further details.

R) Accrued liabilities and long-term obligations:

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

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

S) Equity classifications:

District-Wide Financial Statements

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

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets (net of unspent proceeds), including the deferred inflows of resources, and the gain on defeasance on the bond refunding.

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Fund Financial Statements

There are five classifications of fund balance as detailed below; however, the District only has four classifications of fund balance presented in the fund financial statements as follows:

Non-spendable fund balance - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school food lunch fund of \$89,121.

Restricted fund balance - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following as restricted:

Employee benefit accrued liability reserve

Employee benefit accrued liability reserve (GML §6-p), must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund as restricted fund balance.

Retirement contribution reserve

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System and the New York State Teachers' 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 the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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 restricted fund balance. This reserve is accounted for in the general fund as restricted fund balance.

Workers' compensation reserve

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

Insurance reserve

Insurance reserve (GML §6-n), is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund as restricted fund balance.

Scholarships

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

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, (i.e., the Board of Education). The District has no committed fund balances as of June 30, 2021.

Assigned fund balance – Includes 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 includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes encumbrances not classified as restricted or committed at the end of the fiscal year.

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

The capital projects fund had a deficit fund balance of \$536,456. This will be funded when the District obtains permanent financing from Smart Schools Bonds for its current construction project.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in the assigned fund balance are also excluded from the 4% limitation.

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 if voter approval is not required. Amendments or modifications to the applied or transferred fund balance must be approved by formal action of the Board.

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

Order of Use of Fund Balance

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

T) Changes in accounting standards:

The District has adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021:

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. See Note 18 for further consideration.

U) Future accounting pronouncements:

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

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the fiscal year ending June 30, 2022. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

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

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

NOTE 2—EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences, workers' compensation, pension costs and other post-employment benefits.

Capital related differences:

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

Long-term debt differences:

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

Pension differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

There were no supplemental appropriations that occurred during the year ending June 30, 2021.

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

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

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB 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:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities, and none were exposed to custodial credit risk as described above at year end.

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

B) Restricted Cash and Cash Equivalents:

Restricted cash and equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2021 included \$14,600,142 within the governmental funds for general reserves and amounts restricted for scholarships.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2021, the District was billed \$12,035,789 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,645,038. Financial statements for the Western Suffolk BOCES are available from the Western Suffolk BOCES administrative office at 507 Deer Park Road, Dix Hills, New York 11746.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 – FEDERAL AND STATE AID RECEIVABLES:

Federal and state aid receivables at June 30, 2021 consisted of the following:

General fund	
Excess cost aid	\$ 1,217,115
General aid	<u>209,576</u>
Total General fund	<u>1,426,691</u>
Special aid fund	
Federal aid	1,837,727
State aid	<u>1,443,958</u>
Total Special aid fund	<u>3,281,685</u>
School lunch fund	
State and federal food service program reimbursement	<u>466,898</u>
Total School lunch fund	<u>466,898</u>
Capital projects fund	
State aid - Smart Schools Bonds	<u>713,088</u>
Total Capital projects fund	<u>713,088</u>
Total - All funds	<u>\$ 5,888,362</u>

The general fund and capital projects fund state aid receivables include \$598,641 and \$707,824, respectively, of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed the amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2021 consisted of the following:

General fund	
Tuition and health service bilings	\$ 1,107,202
BOCES aid	<u>1,257,057</u>
Total General fund	<u>2,364,259</u>
Governmental activities	
Library bonds	<u>620,000</u>
Total	<u>\$ 2,984,259</u>

District management has deemed the amounts to be fully collectible.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 8 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2021 consisted of the following:

General fund

General aid overpayment	\$ 300,733
Tuition and health services	<u>206,441</u>
Total General fund	<u>507,174</u>

School lunch fund

Sales tax payable	<u>66</u>
Total School lunch fund	<u>66</u>
Total -All funds	<u>\$ 507,240</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 9 - CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 592,253			\$ 592,253
Construction in progress	827,959	\$ 2,135,304	\$ (827,959)	2,135,304
Total capital assets not depreciated	<u>1,420,212</u>	<u>2,135,304</u>	<u>(827,959)</u>	<u>2,727,557</u>
Capital assets that are depreciated:				
Building & building improvements	107,453,331	113,977	827,959	108,395,267
Furniture and equipment	7,813,566	1,219,765	(241,392)	8,791,939
Vehicles	6,662,195	169,656		6,831,851
Land improvements	2,295,083			2,295,083
Total depreciable historical cost	<u>124,224,175</u>	<u>1,503,398</u>	<u>586,567</u>	<u>126,314,140</u>
Less accumulated depreciation:				
Building & building improvements	58,476,008	1,690,845		60,166,853
Furniture and equipment	5,834,239	501,730	(232,942)	6,103,027
Computers & Equipment				
Vehicles	5,797,771	172,494		5,970,265
Land improvements	1,980,625	54,896		2,035,521
Total accumulated depreciation	<u>72,088,643</u>	<u>2,419,965</u>	<u>(232,942)</u>	<u>74,275,666</u>
Total capital assets being depreciated, net	<u>52,135,532</u>	<u>(916,567)</u>	<u>819,509</u>	<u>52,038,474</u>
Total capital assets, net	<u>\$ 53,555,744</u>	<u>\$ 1,218,737</u>	<u>\$ (8,450)</u>	<u>\$ 54,766,031</u>

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

General support	\$ 284,162
Instruction	1,901,169
Transportation	199,664
Community services	660
Food service program	42,760
	<u>42,760</u>
	<u>\$ 2,428,415</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 4,070,723			\$ 2,180,000
Special aid fund		\$ 3,263,821	\$ 315,000	
School lunch fund		460,264	75,000	
Capital projects fund		346,638	1,790,000	
Total	\$ 4,070,723	\$ 4,070,723	\$ 2,180,000	\$ 2,180,000

The District typically transfers from the general fund to the special aid fund to fund the District’s share of the summer program for students with disabilities and the state supported Section 4201 schools.

The District made a \$75,000 transfer from the general fund to the school lunch fund to cover operating costs for the year ended June 30, 2021.

The District made a \$1,790,000 transfer from the general fund to the capital projects fund in accordance with the voter approved 2020-2021 school budget to fund various school improvement projects.

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

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

NOTE 11 - SHORT-TERM DEBT:

On October 8, 2020, the District issued tax anticipation notes in the amount of \$32,000,000. This debt was issued for interim financing of general fund operations. Transactions in short-term debt for the year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/25/2021	2.00%	\$ -	\$ 32,000,000	\$ 32,000,000	\$ -
Total			\$ -	\$ 32,000,000	\$ 32,000,000	\$ -

Interest on short-term debt was \$456,889.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 12 – LONG-TERM LIABILITIES:

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Government activities					
Bonds payable:					
General obligation debt:					
Construction serial bonds	\$ 3,325,000	\$ -	\$ 475,000	\$ 2,850,000	\$ 475,000
Advance refunding bonds	15,830,000		1,935,000	13,895,000	1,985,000
Library serial/refunding bond	1,240,000		620,000	620,000	620,000
Current refunding bonds	2,570,000		220,000	2,350,000	225,000
Total bonds payable	22,965,000		3,250,000	19,715,000	3,305,000
Add: deferred premiums on refunding*	2,742,316		318,176	2,424,140	342,641
Total	25,707,316		3,568,176	22,139,140	3,647,641
Other liabilities:					
Energy performance contract debt payable	6,273,940		797,481	5,476,459	828,344
Installment purchase debt payable	53,836		18,157	35,679	18,025
Claims payable	1,936,967	207,583	447,738	1,696,812	297,165
Compensated absences payable	11,815,716	819,173	991,226	11,643,663	427,514
Net pension liability- proportionate share-ERS	10,645,641		10,605,741	39,900	-
Net pension liability- proportionate share-NYSTRS		22,204,770	10,666,867	11,537,903	-
Total other post-employment benefits obligation	219,923,002	13,167,431	5,171,271	227,919,162	-
Total liabilities	250,649,102	36,398,957	28,698,481	258,349,578	1,571,048
Total long-term liabilities	\$276,356,418	\$ 36,398,957	\$ 32,266,657	\$280,488,718	\$ 5,218,689

*Deferred premiums on refunding, net of amortization, have been reclassified to meet reporting requirements for bond refunding.

The general fund has typically been used to liquidate long-term liabilities such as energy performance contract debt payable, installment purchase debt payable, claims payable, compensated absences, net pension liabilities and total other post-employment benefits obligation.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A) Bonds Payable

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Advance Refunding Serial Bond	3/2/2012	9/1/2021	2.0% - 5.0%	\$ 620,000
Construction Serial Bond	9/19/2012	6/15/2027	2.00% - 2.375%	2,250,000
Construction Serial Bond	2/15/2013	6/15/2027	2.00% - 2.60%	600,000
Advance Refunding Serial Bond	3/20/2013	9/1/2025	2.00% - 4.50%	2,665,000
Advance Refunding Serial Bond	8/20/2016	12/15/2028	2.00% - 5.00%	7,245,000
Advance Refunding Serial Bond	6/21/2017	6/15/2029	5.00%	3,985,000
Current Refunding Serial Bond	12/20/2019	3/15/2030	4.00% - 5.00%	2,350,000
				<u>\$ 19,715,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 3,305,000	\$ 798,144	\$ 4,103,144
2023	2,765,000	669,094	3,434,094
2024	2,875,000	548,144	3,423,144
2025	2,560,000	428,688	2,988,688
2026	2,620,000	314,124	2,934,124
2026-2030	5,590,000	383,631	5,973,631
	<u>\$ 19,715,000</u>	<u>\$ 3,141,825</u>	<u>\$ 22,856,825</u>

In prior years, the District defeased certain construction serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

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

B) Energy Performance Contract Debt Payable

Energy performance contract debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract debt payable	2/29/2012	7/15/2026	3.87%	<u>\$ 5,476,459</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The following is a summary of debt service requirements for the energy performance contract debt:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 828,344	\$ 211,939	\$ 1,040,283
2023	860,400	179,882	1,040,282
2024	893,698	146,585	1,040,283
2025	928,284	111,998	1,040,282
2026	964,209	76,074	1,040,283
2027	1,001,524	38,759	1,040,283
	<u>\$ 5,476,459</u>	<u>\$ 765,237</u>	<u>\$ 6,241,696</u>

C) Installment Purchase Debt Payable

Installment purchase debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Outstanding at June 30, 2021
Copiers: Konica	2/1/2018	1/31/2022	\$ 882
Copiers: Pitney Bowes	12/7/2017	12/7/2022	14,310
Copiers: Pitney Bowes	8/1/2016	7/31/2021	638
Copiers: Xerox	9/30/2016	8/31/2021	272
Copiers: Leaf Funding	6/17/2020	6/16/2023	1,802
Copiers: Leaf Funding	6/17/2020	6/16/2023	1,802
Copiers: Leaf Funding	6/17/2020	6/16/2023	1,802
Copiers: Leaf Funding	6/17/2020	6/16/2023	1,802
Copiers: Konica	9/24/2020	9/23/2024	3,878
Copiers: Konica	1/1/2021	1/3/2025	8,491
			<u>\$ 35,679</u>

The following is a summary of debt service requirements for the installment purchase debt:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 18,025	\$ -	\$ 18,025
2023	12,059		12,059
2024	3,648		3,648
2025	1,947		1,947
	<u>\$ 35,679</u>	<u>\$ -</u>	<u>\$ 35,679</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

D) Bond Refundings

In the District-Wide Financial Statements, the District is amortizing deferred charges on refunding and refunding bond premiums as a component of interest expense on a straight-line basis over the life of the bonds as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Premium</u>	<u>Deferred Charge</u>	<u>Interest Expense Increase/ (Decrease)</u>
2022	\$ (342,641)	\$ 88,377	\$ (254,264)
2023	(342,641)	88,377	(254,264)
2024	(342,641)	88,377	(254,264)
2025	(342,641)	88,377	(254,264)
2026	(277,798)	66,462	(211,336)
2027-2030	<u>(775,778)</u>	<u>160,659</u>	<u>(615,119)</u>
	<u>\$ (2,424,140)</u>	<u>\$ 580,629</u>	<u>\$ (1,843,511)</u>

E) Long-Term Interest

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

	<u>Total</u>
Interest paid	\$ 1,176,870
Less interest accrued in the prior year	(354,433)
Plus interest accrued in the current year	306,905
Plus amortization of deferred bond charges	88,377
Less amortization of deferred bond premiums	<u>(318,176)</u>
Total expense	<u>\$ 899,543</u>

NOTE 13 – PENSION PLANS:

A) Plan Descriptions and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State (RSSL) of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

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

B) Funding Policies:

The Systems are noncontributory, except as follows:

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2021 for covered payroll was 21.4% for Tier 1, 16.1% for Tiers 3 & 4, 13.4% for Tier 5, and 9.6% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2021 was 9.53% of covered payroll.

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

Year	ERS	TRS
2021	\$ 2,364,439	\$ 6,758,692
2020	\$ 2,305,705	\$ 6,279,153
2019	\$ 2,511,388	\$ 7,293,140

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

At June 30, 2021, 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 March 31, 2021 for ERS and June 30, 2020 for TRS. 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 ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
District's proportionate share of the net pension asset/(liability)	\$ (39,900)	\$ (11,537,903)
District's portion of the Plan's total net pension asset/(liability)	0.0400712%	0.4175450%
Change in proportion since the prior measurement date	-0.0001305%	0.0061190%

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$1,630,238 and \$15,163,130 for ERS and TRS, respectively. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 487,293	\$ 10,109,512		\$ 591,295
Changes of assumptions	7,336,413	14,592,761	\$ 138,367	5,201,557
Net difference between projected and actual earnings on pension plan investments		7,535,262	11,461,770	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,556,901	24,633	239,914	1,801,969
District's contributions subsequent to the measurement date	727,186	6,758,691		
Total	\$ 10,107,793	\$ 39,020,859	\$ 11,840,051	\$ 7,594,821

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended	ERS	TRS
2021		\$ 4,123,700
2022	\$ (152,539)	8,702,226
2023	117,737	7,095,676
2024	(353,907)	4,264,363
2025	(2,070,735)	13,875
Thereafter		467,507
Total	\$ (2,459,444)	\$ 24,667,347

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:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
Cost of living adjustments	1.40%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	ERS		TRS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date	March 31, 2021		June 30, 2020	
Asset Type:				
Domestic equity	32.0%	4.05%	33.0%	7.10%
International equity	15.0%	6.30%	16.0%	7.70%
Private equity	10.0%	6.75%	8.0%	10.40%
Real estate equity	9.0%	4.95%	11.0%	6.80%
Opportunistic portfolio	3.0%	4.50%		
Real assets	3.0%	5.95%		
Cash and cash equivalents	1.0%	0.50%	1.0%	0.70%
Credit	4.0%	3.63%		
Domestic fixed income securities	23.0%		16.0%	1.80%
High-yield bonds			1.0%	3.90%
Global bonds			2.0%	1.00%
Real estate debt			7.0%	3.60%
Global equities			4.0%	7.40%
Private debt			1.0%	5.20%
	<u>100.0%</u>		<u>100.0%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.0% for ERS, and 2.2% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>ERS</u>	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
District's proportionate share of the net pension asset/(liability)	\$ (11,074,832)	\$ (39,900)	\$ 10,136,889
	<u>1% Decrease (6.1%)</u>	<u>Current Assumption (7.1%)</u>	<u>1% Increase (8.1%)</u>
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	\$ (72,880,955)	\$ (11,537,903)	\$ 39,944,464

Pension Plan Fiduciary Net Position

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

	<u>ERS</u>	<u>TRS</u>
	(Dollars in Thousands)	
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension/(liability)	\$ (220,680,157)	\$ (123,242,776)
Plan fiduciary net position	<u>220,580,583</u>	<u>120,479,505</u>
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan fiduciary net position to the Employers' total pension asset/(liability)	99.95%	97.8%

Payables To The Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$727,186.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid deduction and remittance to TRS. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$7,285,156.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 14 – RETIREMENT PLANS:

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 termination payments based on collectively bargained agreements. Contributions made by the employees for the year ended June 30, 2021 totaled \$4,245,662. The District did not make any contributions to the plan for the year ended June 30, 2021.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) Plan Description and Benefits

Plan Description

The District’s OPEB Plan (the “Plan”) primarily provides post-employment health insurance coverage to retired employees, their spouses and their covered dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP) which is a single-employer defined benefit healthcare plan administered by New York State. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The District assumes a portion of the premium costs (0% - 60%) and recognizes the cost of the healthcare plan annually as an expenditure in the general fund of the fund financial statements as payments accrued. For the year ended June 30, 2021, the District contributed \$5,171,271 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any means other than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	624
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	933
	933
Total	1,557

B) Total OPEB Liability

The District’s total OPEB liability of \$227,919,162 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019 and rolled forward to the measurement date.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 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	3.00%
Discount rate	2.16%
Healthcare cost trend rates	6.50% for 2021, decreasing 0.5% per year to an ultimate rate of 4.0% for 2026 and later years
Retirees' share of benefit-related costs	60% to 100% of projected health insurance premiums

The discount rate was based on the 20-Bond GO Index as of June 30, 2021, which tracks the average yields of 20 general obligation municipal bonds. The average rating of the 20 bonds that make up the index are grade Aa2 (Moody's) or grade AA (Standard & Poor's).

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality Table. Mortality improvements are projected using Improvement Scale MP-2019.

C) Changes in total OPEB liability

Total OPEB liability as of July 1, 2020	\$ 219,923,002
Service cost	7,216,783
Interest	4,685,046
Changes in benefit terms	-
Differences between expected and actual experience	(718,837)
Changes in assumptions or other inputs	1,984,439
Benefit payments	<u>(5,171,271)</u>
Total net changes	<u>7,996,160</u>
Total OPEB liability as of June 30, 2021	<u>\$ 227,919,162</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% percent in 2020 to 2.16% percent in 2021 and a change in healthcare cost trend rates from 7% in 2020 to 6.50% in 2021.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 276,219,667	\$ 227,919,162	\$ 190,678,212

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 (5.5%) or 1-percentage point higher (7.5%) than the assumed healthcare cost trend rate:

	1% Decrease (5.5%) Decreasing to (3.0%)	Healthcare Cost Trend Rates (6.5%) Decreasing to (4.0%)	1% Increase (7.5%) Decreasing to (5.0%)
Total OPEB liability	\$ 186,443,569	\$ 227,919,162	\$ 283,243,655

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$13,786,622. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 23,859,980
Changes of assumptions or other inputs	42,096,252	-
Total	\$ 42,096,252	\$ 23,859,980

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Fiscal Year Ended June 30,	
2022	\$ 1,884,793
2023	1,884,793
2024	1,884,793
2025	1,884,793
2026	1,884,793
Thereafter	8,812,307
	\$ 18,236,272

NOTE 16 – RISK MANAGEMENT:

A) General Information:

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

B) Risk Retention:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2021, the District has recorded a workers' compensation claims payable for \$1,696,812. This represents the District's liability for unpaid reported claims and unreported claims which were incurred but not reported (IBNR) before year end, discounted at 2%. The District has a workers' compensation reserve in the amount of \$1,505,195.

The claims activity is as follows:

	2021	2020
Unpaid claims at beginning of year	\$ 1,936,967	\$ 2,263,727
Incurred claims	207,583	104,735
Claims payments and adjustments	(447,738)	(431,495)
Unpaid claims at year end	\$ 1,696,812	\$ 1,936,967

C) Consortiums and Self-Insured Plans:

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 17 – COMMITMENTS AND CONTINGENCIES:

A) Assigned: Unappropriated – Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2021 the District had encumbered the following amounts:

General fund for:

General support	\$	804,541
Instruction		651,211
Transportation		230,096
Employee benefits		31,411
Total General fund	<u>\$</u>	<u>1,717,259</u>

School lunch fund	<u>\$</u>	<u>9,614</u>
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Capital projects fund	<u>\$</u>	<u>55,625</u>
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B) Grants:

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

C) Litigation:

As of June 30, 2021, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

NOTE 18 – RESTATEMENT OF FUND BALANCES / NET POSITION:

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in the reporting changes in current assets and other assets and current and other liabilities. The District's net fund balance and net position have been restated as follows:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General Fund	Miscellaneous Special Revenue Fund			Statement of Net Position
		Scholarships	Extraclassroom	Other Activities	
Fund Balance/Net Position (Deficit)					
Beginning of year, as reported	\$ 31,720,674	\$ -	\$ -	\$ -	\$ (134,237,110)
Assets					
Unrestricted cash	951,611		275,298	188,138	1,415,047
Restricted cash		132,451			132,451
Due from fiduciary funds	(528,433)				(528,433)
Total Assets	423,178	132,451	275,298	188,138	1,019,065
Liabilities					
Current and other liabilities	452,078				452,078
Due to fiduciary funds	(28,900)				(28,900)
Total liabilities	423,178	-	-	-	423,178
Fund Balance/Net Position (Deficit)					
Restricted for scholarships		132,451			132,451
Assigned, unappropriated			275,298	188,138	
Unrestricted					463,436
Total Fund Balance/Net Position	-	132,451	275,298	188,138	595,887
Net increase (decrease) in Fund Balance/Net Position	-	132,451	275,298	188,138	595,887
Fund Balance/Net Position (Deficit)					
Beginning of year, as restated	\$ 31,720,674	\$ 132,451	\$ 275,298	\$ 188,138	\$ (133,641,223)

NOTE 19 – SUBSEQUENT EVENTS:

The District has evaluated subsequent events through September 30, 2021 which is the date the financial statements were available to be issued. The following subsequent event was identified:

In July 2021, the District was awarded Coronavirus Response and Relief Supplemental Appropriations (CRRSA) funding of \$5,133,134 through the Elementary and Secondary School Emergency Relief (ESSER) Program and \$497,558 through the Governor's Emergency Education Relief (GEER) Program. The funds are to be used for eligible expenditures which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as expended.

SUPPLEMENTARY INFORMATION

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 120,641,023	\$ 111,113,416	\$ 111,113,416	\$ -
Other tax items		9,527,607	9,534,917	7,310
Charges for services	2,460,000	2,460,000	2,920,719	460,719
Use of money and property	1,850,000	1,850,000	1,380,980	(469,020)
Sale of property and compensation for loss			24,736	24,736
Miscellaneous	1,202,000	1,202,000	1,688,924	486,924
Interfund revenues	3,450,000	3,450,000	3,401,171	(48,829)
State Sources				
Basic formula	35,554,241	20,638,266	20,370,184	(268,082)
Excess cost aid		4,927,079	5,048,207	121,128
Lottery aid		6,529,402	6,529,402	
BOCES aid		2,645,038	2,645,038	
Tuition Aid		147,640	147,640	
Textbook aid		277,406	277,406	
Computer hardware and software aid		229,889	229,889	
Library A/V loan program aid		9,589	9,589	
Other state aid		149,932	383,645	233,713
Federal sources	650,000	650,000	1,282,046	632,046
TOTAL REVENUES	<u>165,807,264</u>	<u>165,807,264</u>	<u>166,987,909</u>	<u>\$ 1,180,645</u>
APPROPRIATED FUND BALANCE				
Appropriated Fund Balance	5,100,000	5,100,000		
Prior Year's Encumbrances	4,040,723	4,040,723		
Appropriated Reserves	<u>3,750,000</u>	<u>3,750,000</u>		
TOTAL REVENUES, APPROPRIATED FUND BALANCE AND RESERVES	<u>\$ 178,697,987</u>	<u>\$ 178,697,987</u>		

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.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
EXPENDITURES					
General Support					
Board of education	\$ 111,541	\$ 97,241	\$ 85,357	\$ 730	\$ 11,154
Central administration	457,296	457,296	446,390	238	10,668
Finance	2,426,647	2,814,717	2,419,986	230,397	164,334
Staff	672,634	628,434	521,489	12,553	94,392
Central services	11,298,753	11,006,584	10,413,664	560,623	32,297
Special items	1,261,112	1,229,055	1,207,664		21,391
Total General Support	16,227,983	16,233,327	15,094,550	804,541	334,236
Instruction					
Instruction, administration & improvement	9,182,636	9,196,599	8,756,883	4,198	435,518
Teaching - regular school	51,288,783	50,670,305	52,638,905	114,314	(2,082,914)
Programs for children with disabilities	27,942,081	27,874,080	26,875,695	64,286	934,099
Occupational education	1,100,000	1,100,000	1,100,000		-
Teaching - special schools	600,152	593,232	458,962	110,005	24,265
Instructional media	4,681,990	4,885,875	4,412,676	280,996	192,203
Pupil services	6,277,107	7,482,146	6,746,056	77,412	658,678
Total Instruction	101,072,749	101,802,237	100,989,177	651,211	161,849
Pupil transportation	11,560,435	11,684,098	10,606,070	230,096	847,932
Community services	37,837	37,837	35,042		2,795
Employee benefits	41,698,202	40,929,698	38,287,396	31,411	2,610,891
Debt Service					
Debt service principal	4,320,781	4,173,790	4,102,391		71,399
Debt service interest	1,600,000	1,657,000	1,633,759		23,241
Total Debt Service	5,920,781	5,830,790	5,736,150		94,640
TOTAL EXPENDITURES	176,517,987	176,517,987	170,748,385	1,717,259	4,052,343
OTHER FINANCING USES					
Transfers to other funds	2,180,000	2,180,000	2,180,000		
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 178,697,987	\$ 178,697,987	172,928,385	\$ 1,717,259	\$ 4,052,343
NET CHANGE IN FUND BALANCE			(5,940,476)		
FUND BALANCE - BEGINNING			31,720,674		
FUND BALANCE - ENDING			\$ 25,780,198		

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.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,**

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 7,216,783	\$ 6,952,955	\$ 5,365,086	\$ 5,165,193
Interest on total OPEB liability	4,685,046	4,414,868	7,020,823	6,785,189
Differences between expected and actual experience	(718,837)	(26,687,690)	(920,786)	(519,619)
Changes in assumptions or other inputs	1,984,439	37,717,642	11,841,359	-
Benefit payments	<u>(5,171,271)</u>	<u>(5,095,940)</u>	<u>(5,124,660)</u>	<u>(5,158,204)</u>
Net change in total OPEB liability	7,996,160	17,301,835	18,181,822	6,272,559
Total OPEB liability - beginning	<u>219,923,002</u>	<u>202,621,167</u>	<u>184,439,345</u>	<u>178,166,796</u>
Total OPEB liability - ending	<u>\$ 227,919,162</u>	<u>\$ 219,923,002</u>	<u>\$ 202,621,167</u>	<u>\$ 184,439,355</u>
District's covered employee payroll	\$ 76,221,412	\$ 76,221,412	\$ 71,710,629	\$ 71,710,629
Total OPEB liability as a percentage of covered employee payroll	299.02%	288.53%	282.55%	257.20%

Notes to Schedule:

Trust Assets

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

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% percent in 2021 and a change in healthcare cost trend rates from 7% in 2020 to to 6.50% in 2021.

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

NYSERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension (liability)/asset	0.0400712%	0.0402017%	0.0414124%	0.0497320%	0.0498795%	0.0490031%	0.0483009%
District's proportionate share of the net pension (liability)/asset	\$ (39,900)	\$ (10,645,641)	\$ (2,934,197)	\$ (1,605,072)	\$ (4,686,790)	\$ (7,865,141)	\$ (1,631,724)
District's covered payroll	\$ 16,194,698	\$ 16,035,649	\$ 15,978,708	\$ 17,100,993	\$ 18,652,865	\$ 18,238,761	\$ 17,679,595
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	0.25%	66.39%	18.36%	9.39%	25.13%	43.12%	9.23%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension (liability)/asset	0.417545%	0.411426%	0.399524%	0.383359%	0.384008%	0.379933%	0.369013%
District's proportionate share of the net pension (liability)/asset	\$ (11,537,903)	\$ 10,688,867	\$ 7,224,457	\$ 2,913,912	\$ (4,112,288)	\$ 39,462,897	\$ 41,105,753
District's covered payroll	\$ 71,831,144	\$ 70,108,972	\$ 66,141,438	\$ 61,889,514	\$ 60,435,165	\$ 58,060,154	\$ 55,602,537
District's proportionate share of the net pension (liability)/asset as a percentage of its covered payroll	16.06%	15.25%	10.92%	4.71%	6.80%	67.97%	73.93%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

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

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

NYSERS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,364,439	\$ 2,305,705	\$ 2,511,388	\$ 2,636,644	\$ 2,753,273	\$ 3,102,809	\$ 3,364,271	\$ 3,188,815	\$ 3,263,054	\$ 2,849,705
Contributions in relation to the contractually required contribution	2,364,439	2,305,705	2,511,388	2,636,644	2,753,273	3,102,809	3,364,271	3,188,815	3,263,054	2,849,705
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$15,892,333	\$15,917,869	\$16,008,737	\$16,069,007	\$18,509,052	\$18,373,788	\$17,963,008	\$17,291,655	\$17,038,034	\$17,689,170
Contributions as a percentage of covered employee payroll	14.88%	14.49%	15.69%	16.41%	14.88%	16.89%	18.73%	18.44%	19.15%	16.11%

NYTRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 6,758,692	\$ 6,279,153	\$ 7,293,140	\$ 6,377,649	\$ 7,118,974	\$ 7,857,388	\$10,004,554	\$ 6,758,443	\$ 6,576,921	\$ 6,396,310
Contributions in relation to the contractually required contribution	6,758,692	6,279,153	7,293,140	6,377,649	7,118,974	7,857,388	10,004,554	6,758,443	6,576,921	6,396,310
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$72,074,698	\$71,831,144	\$70,108,972	\$66,141,438	\$61,889,514	\$60,435,165	\$58,060,154	\$55,602,537	\$54,787,789	\$57,779,812
Contributions as a percentage of covered employee payroll	9.38%	8.74%	10.40%	9.64%	11.50%	13.00%	17.23%	12.15%	12.00%	11.07%

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET-GENERAL FUND
AND SECTION 1318 OF THE REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 174,657,264
Add: Prior year's encumbrances	4,040,723
Original Budget	<u>178,697,987</u>
Final Budget	<u>\$ 178,697,987</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget	<u>\$ 184,937,763</u>
Maximum allowed (4% of 2021-22 budget)	<u>\$ 7,397,511</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 6,217,259
Unassigned fund balance	<u>5,089,635</u>
Total unrestricted fund balance	11,306,894
Less:	
Appropriated fund balance	\$ 4,500,000
Encumbrances included in assigned fund balance	<u>1,717,259</u>
Total adjustments	<u>6,217,259</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 5,089,635</u>
Actual percentage	<u>2.75%</u>

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unassigned fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021**

Capital assets, net		\$ 54,766,031
Add:		
Library bond	\$ 620,000	
Unamortized deferred charges on advance refunding of bonds	<u>580,629</u>	\$ 1,200,629
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premium)	\$ 3,647,641	
Long-term portion of bonds payable (inclusive of unamortized premium)	18,491,499	
Short-term portion of energy performance contract debt payable	828,344	
Long-term portion of energy performance contract debt payable	4,648,115	
Short-term portion of installment purchase debt payable	18,025	
Long-term portion of installment purchase debt payable	<u>17,654</u>	<u>27,651,278</u>
Net investment in capital assets		<u>\$ 28,315,382</u>

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

To the Board of Education
South Huntington Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the South Huntington Union Free School District (the "District") as of and for the fiscal year ended June 30, 2021, 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 30, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
September 30, 2021