



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

June 30, 2021

PLAINEDGE UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Plainedge Union Free School District
North Massapequa, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Plainedge Union Free School District (District), as of and for the 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extracurricular Activities Fund	Qualified
Scholarships Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extracurricular Activities Fund

The records of the extracurricular activities fund of the Plainedge Union Free School District were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the “Basis for Qualified Opinion on the Extracurricular Activities Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extracurricular activities fund of the Plainedge Union Free School District, as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified 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, other than the extracurricular activities fund, and the fiduciary fund of the Plainedge Union Free School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Accounting Principles

As described in Note 2 to the financial statements, “Changes in Accounting Principles”, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of 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 management’s discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District’s proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District’s total OPEB liability and related ratios on pages 4 through 18 and 56 through 60 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Plainedge Union Free School District's basic financial statements. The other supplementary information on pages 61 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2021 on our consideration of the Plainedge Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plainedge Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plainedge Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 16, 2021

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Plainedge Union Free School District's (District) discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021 in comparison with the year ended June 30, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

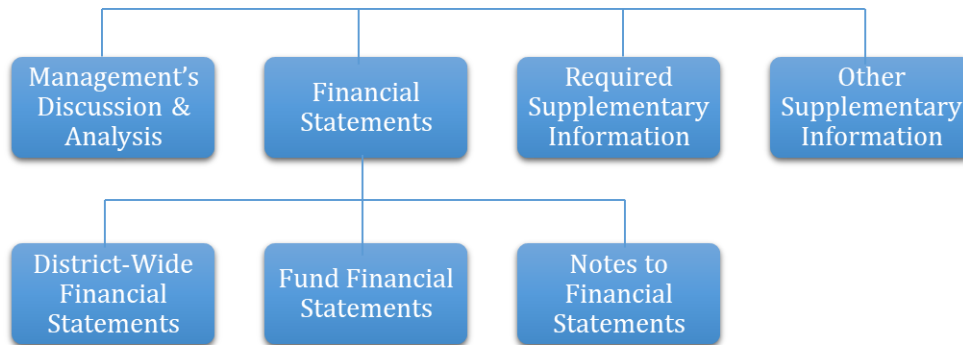
- The District's total net position, as reflected in the district-wide financial statements, decreased by \$2,297,407. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$98,249,325. Of this amount, \$5,132,605 was offset by program charges for services, operating grants and contributions and capital grants. General revenues of \$90,819,313 amount to 94.7% of total revenues, and were not adequate to cover the balance of program expenses.
- The District's total net position at June 30, 2020 was restated and increased by \$99,836, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's general fund fund balance, as reflected in the fund financial statements was \$31,858,547 at June 30, 2021. This balance represents a \$1,744,388 decrease (5.19%) from the prior year due to an excess of expenditures and other financing uses over revenues, using the current financial resources measurement focus and the modified accrual basis of accounting. Restricted fund balances decreased by \$18,993 due to the use of reserves, offset by funding of reserves and interest allocated to the reserves. Assigned fund balance increased \$269,150, as the District decreased the fund balance appropriated to fund the 2022 budget, offset by an increase in the assignment for encumbrances. Unassigned fund balance decreased by \$1,994,545 to \$3,905,627.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) Program and the Governor's Emergency Education Relief (GEER) Program in the amount of \$87,888. The District applied for additional funding in the amount of \$2,695,788 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which awards were granted in September 2021. In addition, the District applied for and is awaiting approval for \$1,291,897 in grant funds through the American Rescue Plan (ARP) Act.
- The District's 2021 property tax levy of \$67,680,775 was a 2.23% increase over the 2020 tax levy. The District's property tax cap was 2.23%.
- On May 19, 2015, the voters approved capital reserve II. The reserve has a funding cap of \$25,000,000 over 10 years, and provides for annual funding of an amount not to exceed \$2,500,000. This reserve has been funded by the District in the amount of \$23,186,404 and has earned interest of \$54,072 through June 30, 2021. To date, the voters approved to expend \$20,628,556 from the reserve for capital projects, including \$2,400,000 for projects as approved by the voters on May 18, 2021 under Proposition 2. The reserve balance in the general fund is \$2,611,920.

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

- On May 15, 2018, the voters approved capital reserve III. The reserve has a funding cap of \$15,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed \$2,500,000. This reserve has been funded by the District in the amount of \$8,057,314 and has earned interest of \$65,494 through June 30, 2021. To date, the voters approved to expend \$3,846,086 from the reserve for capital projects, including \$1,012,856 for projects as approved by the voters on May 18, 2021 under Proposition 3. The reserve balance in the general fund is \$4,276,722.
- On May 21, 2019, the voters approved capital reserve IV. The capital reserve – facilities upgrade has a funding cap of \$25,000,000 plus investment income and a probable term of 15 years and provides for annual funding of an amount not to exceed \$2,500,000. As part of the voter approval, the reserves were to be funded from net proceeds from the liquidation of split dollar life insurance policies owned by the Board of Education not to exceed \$2,500,000, unspent bond proceeds and interest remaining in the debt service fund not to exceed \$1,700,000, and from surplus monies remaining in unreserved undesignated fund balance in the general fund in an annual amount not to exceed \$5,000,000 each year. This reserve has been funded by the District in the amount of \$11,200,000 and has earned interest of \$22,460 through June 30, 2021. To date, the voters approved to expend \$8,265,798 from the reserve for capital projects, including \$2,765,798 for projects as approved by the voters on May 18, 2021 under Proposition 2. The reserve balance in the general fund is \$2,956,662.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

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

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other facilities.

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

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

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

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2020 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities and scholarships funds as separate governmental funds. The changes resulted in an increase to total net position. The following is a summary of these changes:

	<u>As Restated</u> <u>June 30, 2020</u>	<u>As Reported</u> <u>June 30, 2020</u>	<u>Increase</u> <u>(Decrease)</u>
Current and Other Assets	\$ 59,046,627	\$ 58,900,683	\$ 145,944
Current and Other Liabilities	7,353,057	7,306,949	46,108
Restricted Net Position	40,533,448	40,518,842	14,606
Unrestricted Net Position (Deficit)	(86,556,241)	(86,641,471)	85,230
Total Net Position	17,429,664	17,329,828	99,836

The District's total net position decreased by \$2,297,407 between fiscal year 2020 and 2021. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

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

	June 30, 2021	As Restated June 30, 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 57,557,576	\$ 59,046,627	\$ (1,489,051)	(2.52)%
Capital Assets, Net	78,027,304	72,990,624	5,036,680	6.90 %
Net Pension Asset -				
Proportionate Share		6,026,756	(6,026,756)	(100.00)%
Total Assets	<u>135,584,880</u>	<u>138,064,007</u>	<u>(2,479,127)</u>	(1.80)%
Deferred Outflows of Resources	<u>55,100,088</u>	<u>47,707,324</u>	<u>7,392,764</u>	15.50 %
Liabilities				
Current and Other Liabilities	7,444,027	7,353,057	90,970	1.24 %
Long-Term Liabilities	11,569,407	14,923,296	(3,353,889)	(22.47)%
Net Pension Liabilities -				
Proportionate Share	6,476,045	6,231,948	244,097	3.92 %
Total OPEB Liability	<u>106,880,444</u>	<u>117,729,920</u>	<u>(10,849,476)</u>	(9.22)%
Total Liabilities	<u>132,369,923</u>	<u>146,238,221</u>	<u>(3,018,822)</u>	(9.48)%
Deferred Inflows of Resources	<u>43,182,788</u>	<u>22,103,446</u>	<u>21,079,342</u>	95.37 %
Net Position				
Net Investment in Capital Assets	72,758,634	63,452,457	9,306,177	14.67 %
Restricted	41,253,337	40,533,448	719,889	1.78 %
Unrestricted (deficit)	<u>(98,879,714)</u>	<u>(86,556,241)</u>	<u>(12,323,473)</u>	14.24 %
Total Net Position	<u>\$ 15,132,257</u>	<u>\$ 17,429,664</u>	<u>\$ (2,297,407)</u>	(13.18)%

The decrease in current and other assets is primarily due to decreases in the District's cash, taxes receivable, and due from other governments, offset by an increase in due from state and federal.

The increase in capital assets, net is the result of ongoing capital improvement projects in excess of depreciation. The accompanying Notes to Financial Statements, Note 10 "Capital Assets," provides additional information.

Net pension asset - proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans - New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, as well as deferred charges from a bond refunding that is being amortized over the remaining term of the bonds.

The increase in current and other liabilities is primarily related to increases in accrued liabilities, due to teachers' retirement system, and compensated absences payable, offset by a decrease in accounts payable.

PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

The decrease in long-term liabilities is due to repayments of the current maturities of debt, offset by the increases in compensated absences payable and workers’ compensation liabilities.

Net pension liabilities – proportionate share represents the District’s share of the New York State and Local Employees’ Retirement System’s collective net pension liability, at the measurement date of the respective year. The District’s share of the New York State Teachers’ Retirement System’s collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 14 “Pension Plans – New York State” provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 “Postemployment Healthcare Benefits,” provides additional information.

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

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

The restricted amount represents the District’s reserves. This number increased over the prior year due to funding of reserves and interest earnings in excess of reserve funds used.

The unrestricted deficit amount relates to the balance of the District’s net position. This balance does not include the District’s reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District’s unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a “pay as you go” basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The June 30, 2020 revenues for charges for services and instruction expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

	As Restated June 30, 2020	As Reported June 30, 2020	Increase (Decrease)
Charges for Services	\$ 2,699,377	\$ 2,547,180	\$ 152,197
Operating Grants & Contributions	1,637,713	1,637,181	532
Instruction Expenses	78,949,274	78,780,398	168,876

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements School Tax Relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

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

	<u>June 30, 2021</u>	<u>As Restated June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 2,085,084	\$ 2,699,377	\$ (614,293)	(22.76)%
Operating Grants & Contributions	2,299,231	1,637,713	661,518	40.39 %
Capital Grants	748,290		748,290	100.00 %
General Revenues				
Property Taxes and STAR	67,799,526	66,311,827	1,487,699	2.24 %
State Sources	20,894,993	21,378,266	(483,273)	-2.26%
Other	2,124,794	2,256,006	(131,212)	(5.82)%
Total Revenues	<u>95,951,918</u>	<u>94,283,189</u>	<u>1,668,729</u>	1.77 %
Expenses				
General Support	12,436,378	11,828,944	607,434	5.14 %
Instruction	80,764,980	78,949,274	1,815,706	2.30 %
Pupil Transportation	3,160,735	3,309,562	(148,827)	(4.50)%
Community Services	740,112	588,586	151,526	25.74 %
Debt Service - Interest	368,148	380,584	(12,436)	(3.27)%
Food Service Program	778,972	758,649	20,323	2.68 %
Total Expenses	<u>98,249,325</u>	<u>95,815,599</u>	<u>2,433,726</u>	2.54 %
Change in Net Position	<u>\$ (2,297,407)</u>	<u>\$ (1,532,410)</u>	<u>\$ (764,997)</u>	49.92 %

Net position decreased by \$2,297,407 and \$1,532,410 for the years ended June 30, 2020, respectively.

The District's revenues increased by \$1,668,729 or 1.77%. The major factors that contributed to the increase were:

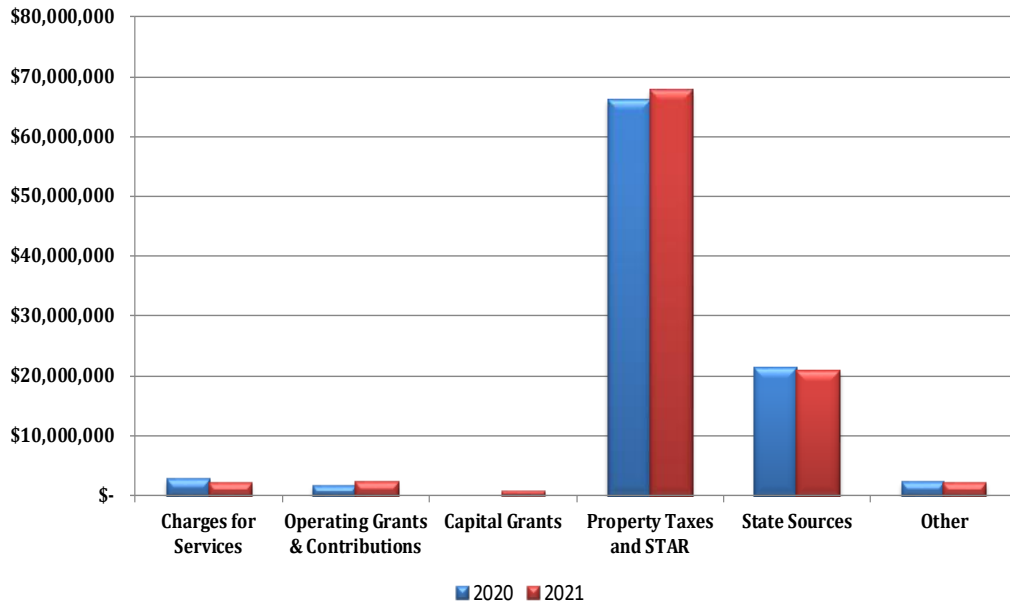
- Property taxes and STAR revenues increased.
- The District recognized more operating grants (CARES Act) and capital grants (Smart Schools Bond Act) funding in the current year than during the prior year.

The District's total expenses for the year increased by \$2,433,726 or 2.54%. The increase in expense is primarily due to the increases in general support and instruction. The primary reason for the increase in general support is related to BOCES services. The primary reason for the increase in instruction is increases in instructional salaries.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 70.7% and 70.3% of the total for the years 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.1% and 82.4% of the total for the years 2021 and 2020, respectively).

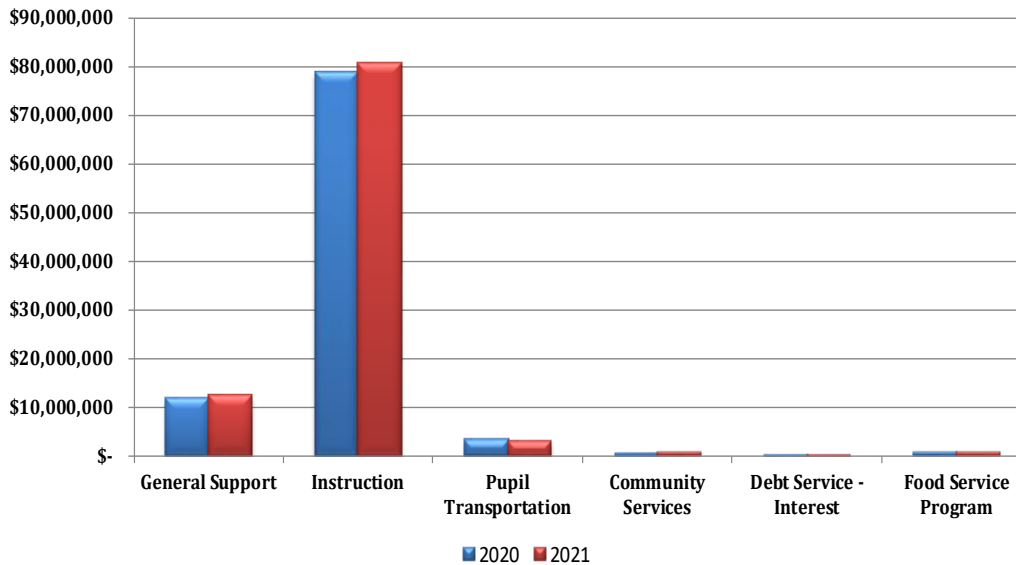
**PLAINEDGE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)**

Revenue Distribution



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2020	2.9%	1.7%	0.0%	70.3%	22.7%	2.4%
2021	2.2%	2.4%	0.8%	70.7%	21.8%	2.1%

Expense Distribution



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2020	12.3%	82.4%	3.5%	0.6%	0.4%	0.8%
2021	12.7%	82.1%	3.2%	0.8%	0.4%	0.8%

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$50,131,044, which is a decrease of \$1,012,837 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities and scholarships funds, as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	<u>June 30, 2021</u>	<u>As Restated June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Restricted:				
Workers' compensation	\$ 1,077,729	\$ 1,077,406	\$ 323	0.03 %
Unemployment insurance	1,183,727	1,183,372	355	0.03 %
Retirement contribution				
Teachers' retirement system	1,176,316	676,113	500,203	73.98 %
Employees' retirement system	6,123,762	6,121,926	1,836	0.03 %
Employee benefit accrued liability	4,077,662	3,826,514	251,148	6.56 %
Capital	9,845,304	10,618,162	(772,858)	(7.28)%
Assigned:				
Appropriated fund balance	3,292,154	3,546,838	(254,684)	(7.18)%
Unappropriated fund balance	1,176,266	652,432	523,834	80.29 %
Unassigned: Fund balance	3,905,627	5,900,172	(1,994,545)	(33.80)%
	<u>31,858,547</u>	<u>33,602,935</u>	<u>(1,744,388)</u>	<u>(5.19)%</u>
Special Aid Fund				
Unassigned: Fund balance (deficit)	<u>(518,438)</u>	<u>-</u>	<u>(518,438)</u>	<u>100.00 %</u>
School Food Service Fund				
Nonspendable: Inventory	25,652	43,685	(18,033)	(41.28)%
Assigned: Unappropriated fund balance	273,533	255,500	18,033	7.06 %
	<u>299,185</u>	<u>299,185</u>	<u>-</u>	<u>0.00 %</u>
Debt Service Fund				
Restricted: Debt	<u>81,119</u>	<u>81,088</u>	<u>31</u>	<u>0.04 %</u>
Capital Projects Fund				
Restricted: Capital	17,674,964	16,934,261	740,703	4.37 %
Assigned: Unappropriated fund balance	648,606	126,576	522,030	412.42 %
	<u>18,323,570</u>	<u>17,060,837</u>	<u>1,262,733</u>	<u>7.40 %</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>74,307</u>	<u>85,230</u>	<u>(10,923)</u>	<u>(12.82)%</u>
Scholarships Fund				
Restricted: Scholarships	<u>12,754</u>	<u>14,606</u>	<u>(1,852)</u>	<u>(12.68)%</u>
Total Fund Balance	<u>\$ 50,131,044</u>	<u>\$ 51,143,881</u>	<u>\$ (1,012,837)</u>	<u>(1.98)%</u>

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

A. General Fund

The net change in the general fund – fund balance is a decrease of \$1,744,388, compared to a decrease of \$1,798,970 in 2020. This resulted from expenditures and other financing uses in excess of revenues.

General fund revenues increased by \$1,480,020 or 1.61%. The primary increases were in real property taxes and state sources, offset by decreases in other tax items-STAR revenues, charges for services and interest income.

General fund expenditures and other uses increased by \$1,425,438 or 1.52%. The primary increases were in central services, instruction – teaching regular school and programs for students with disabilities and employee benefits, offset by the decrease in operating transfers, as the capital projects funded for by the May 2021 voter approval were for a lesser amount than the capital projects funded for by the June 2020 voter approval.

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	\$ 1,077,406	\$ (200,000)	\$ 323	\$ 200,000	\$ 1,077,729	\$ 200,000
Unemployment insurance	1,183,372	(50,000)	355	50,000	1,183,727	50,000
Retirement contribution						
TRS	676,113		203	500,000	1,176,316	
ERS	6,121,926	(700,000)	1,836	700,000	6,123,762	700,000
EBALR	3,826,514		1,148	250,000	4,077,662	300,000
Capital						
Reserve II	2,511,162	(2,400,000)	758	2,500,000	2,611,920	
Reserve III	4,885,636	(1,012,856)	1,509	402,433	4,276,722	
Reserve IV	3,221,364	(2,765,798)	1,096	2,500,000	2,956,662	
	<u>\$ 23,503,493</u>	<u>\$ (7,128,654)</u>	<u>\$ 7,228</u>	<u>\$ 7,102,433</u>	<u>\$ 23,484,500</u>	<u>\$ 1,250,000</u>

Additional detail regarding capital reserves can be found in Note 20 "Restricted for Capital Reserve."

B. Special Aid Fund

The net change in the special aid fund – fund balance is a decrease of \$518,438, which is the result of expenditures related to the relief programs under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, for which the funding was not approved by June 30, 2021.

C. School Food Service Fund

There was no net change in the school food service fund – fund balance, as the general fund provided a transfer of \$129,060 to cover the operating loss and the uncollectible meal sales balance.

D. Debt Service Fund

The net change in the debt service fund – fund balance is an increase of \$31, which is the result of interest earnings.

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

E. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$1,262,733, which is the result of transfers from the general fund of \$6,678,654, (\$500,000 from the 2020-2021 budget and \$6,178,654 as approved by the voters on May 18, 2021, in accordance with Propositions 2 and 3), and Smart Schools Bond Act funding of \$972,150. This was offset by expenditures of \$6,388,071 for voter approved capital projects.

The following is a summary of the District’s capital projects fund restricted fund balance activity:

	Balance @ June 30, 2020	Transfer of Reserves	Use of Reserves	Balance @ June 30, 2021
Reserve I	\$ 20,958	\$	\$ (6,580)	\$ 14,378
Reserve II	8,724,727	2,400,000	(5,077,013)	6,047,714
Reserve III	2,688,576	1,012,856	(354,358)	3,347,074
Reserve IV	5,500,000	2,765,798		8,265,798
	\$ 16,934,261	\$ 6,178,654	\$ (5,437,951)	\$ 17,674,964

F. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is a decrease of \$10,923, as a result of expenditures of \$94,163 in excess of revenues of \$83,240.

G. Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$1,852, as a result of \$1,900 of scholarships awarded in excess of \$39 of donations and \$9 of interest income.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District’s general fund adopted budget for the year ended June 30, 2021 was \$97,504,268. This amount was increased by encumbrances carried forward from the prior year in the amount of \$652,432 and budget revisions of \$8,186,965 for a total final budget of \$106,343,665.

The final budget amount was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$69,085,946 in estimated property taxes, PILOT and STAR receipts, and \$20,355,284 in estimated state aid.

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

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

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

Opening, Unassigned Fund Balance	\$ 5,900,172
Fund Balance Appropriated for Budget Revision	(2,000,000)
Revenues Over Budget	464,846
Expenditures and Encumbrances Under Budget	10,242,424
Unused Appropriated Reserves	(300,000)
Allocation to Reserves	(7,109,661)
Appropriated to Fund the June 30, 2022 Budget	<u>(3,292,154)</u>
Closing, Unassigned Fund Balance	<u>\$ 3,905,627</u>

Opening, Unassigned Fund Balance

The \$5,900,172 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The District increased appropriations by \$2,000,000, funded by unassigned fund balance. The increase was needed to fund COVID-19 related expenditures. This decreases the unassigned portion of the general fund fund balance.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$92,715,741. Actual revenues recognized for the year were \$93,180,587. Actual revenues were more than estimated or budgeted revenues by \$464,846. This change contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures including prior year encumbrances and budget revisions was \$106,343,665. Actual expenditures as of June 30, 2021 were \$94,924,975 and outstanding encumbrances were \$1,176,266. Combined, the expenditures plus encumbrances for 2020-2021 were \$96,101,241. The final budget variance was \$10,242,424, which contributes directly to the change to the unassigned portion of the general fund - fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

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

Unused Appropriated Reserves

In the 2020-2021 budget, \$1,250,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$300,000 of this funding was not needed and, therefore, it was returned to the reserves and is available for future use.

Allocation to Reserves

Monies transferred from budget lines within the general fund operating budget into required restricted fund balances do not affect the combined restricted, assigned and unassigned fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$3,292,154 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2021 was \$3,905,627. This amount is 4% of the 2021-2022 budget and is equal to the 4% statutory limit.

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

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital additions of \$9,302,467 in excess of depreciation expense of \$4,265,787 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Land	\$ 819,000	\$ 819,000	\$ -
Construction in progress	5,584,659	882,573	4,702,086
Buildings and improvements	61,832,818	63,357,643	(1,524,825)
Furniture and equipment	<u>9,790,827</u>	<u>7,931,408</u>	<u>1,859,419</u>
Capital assets, net	<u>\$ 78,027,304</u>	<u>\$ 72,990,624</u>	<u>\$ 5,036,680</u>

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$1,200,000. The bonds were issued in 2012 for the refunding of bonds originally issued for improvements. In July 2014, the District entered into an energy performance contract in the amount of \$6,273,183 with an interest rate of 2.75% and a final maturity in 2029.

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

The decrease in debt is a result of principal payments made during the year. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

Issue Date	Interest Rate	June 30, 2021	June 30, 2020	Increase (Decrease)
Bonds Payable				
August 2012	2.00-4.00%	<u>\$ 1,200,000</u>	<u>\$ 5,050,000</u>	<u>\$ (3,850,000)</u>
Energy Performance Contract				
July 2014	2.75%	<u>\$ 4,068,670</u>	<u>\$ 4,488,167</u>	<u>\$ (419,497)</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences and early retirement annuities, which are based on employment contracts, and workers' compensation liability, net pension liability - proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	June 30, 2021	June 30, 2020	Increase (Decrease)
Compensated absences payable	\$ 4,139,254	\$ 3,826,514	\$ 312,740
Early retirement annuities	30,000	40,000	(10,000)
Workers' compensation liabilities	2,117,266	1,430,350	686,916
Net pension liabilities - proportionate share	6,476,045	6,231,948	244,097
Total OPEB liability	<u>106,880,444</u>	<u>117,729,920</u>	<u>(10,849,476)</u>
	<u>\$ 119,643,009</u>	<u>\$ 129,258,732</u>	<u>\$ (9,615,723)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is \$97,640,675. This is an increase of \$136,407 or 0.14% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$391,091 increase over the prior year's estimate, which is principally due to estimated increases in state sources. The assigned, appropriated fund balance applied to the budget in the amount of \$3,292,154 is a \$254,684 decrease from the previous year. Additionally, the District has elected to appropriate \$1,250,000 of reserves towards the next year's budget, which is equal to the previous year. There is no increase to the property tax levy.

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

B. Future Budgets

The property tax cap, uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's 2021-2022 property tax increase of 0.0% which was less the tax cap of 1.52% and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Dr. Edward A. Salina, Jr.
Superintendent of Schools
Plainedge Union Free School District
241 Wyngate Drive
North Massapequa, NY 11758

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

ASSETS

Cash	
Unrestricted	\$ 11,057,083
Restricted	41,253,337
Receivables	
Accounts receivable	11,054
Taxes receivable	1,165,839
Due from state and federal	2,207,553
Due from other governments	1,837,058
Inventory	25,652
Capital assets not being depreciated	6,403,659
Capital assets being depreciated, net of accumulated depreciation	<u>71,623,645</u>
Total Assets	<u>135,584,880</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	7,390
Pensions	27,850,353
Other postemployment benefits	<u>27,242,345</u>
Total Deferred Outflows of Resources	<u>55,100,088</u>

LIABILITIES

Payables	
Accounts payable	1,872,721
Accrued liabilities	818,022
Due to other governments	754
Due to teachers' retirement system	4,154,516
Due to employees' retirement system	324,746
Compensated absences payable	182,000
Other liabilities	42,405
Unearned credits	
Collections in advance	48,863
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	1,214,217
Energy performance contract payable	431,113
Compensated absences payable	220,000
Early retirement annuities payable	10,000
Workers' compensation liabilities	100,000
Due and payable after one year	
Energy performance contract payable	3,637,557
Compensated absences payable	3,919,254
Early retirement annuities payable	20,000
Workers' compensation liabilities	2,017,266
Net pension liabilities - proportionate share	6,476,045
Total other postemployment benefits liability	<u>106,880,444</u>
Total Liabilities	<u>132,369,923</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	10,183,335
Other postemployment benefits	<u>32,999,453</u>
Total Deferred Inflows of Resources	<u>43,182,788</u>

NET POSITION

Net investment in capital assets	<u>72,758,634</u>
Restricted	
Workers' compensation	1,077,729
Unemployment insurance	1,183,727
Retirement contribution	
Teachers' retirement system	1,176,316
Employees' retirement system	6,123,762
Employee benefit accrued liability	4,077,662
Capital	27,520,268
Debt	81,119
Scholarships	12,754
	<u>41,253,337</u>
Unrestricted (deficit)	<u>(98,879,714)</u>
Total Net Position	<u>\$ 15,132,257</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

	Expenses	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General support	\$ 12,436,378	\$	\$	\$	\$ (12,436,378)
Instruction	80,764,980	1,996,474	1,733,129	748,290	(76,287,087)
Pupil transportation	3,160,735				(3,160,735)
Community services	740,112				(740,112)
Debt service - interest	368,148				(368,148)
Food service program	778,972	88,610	566,102		(124,260)
	<u>\$ 98,249,325</u>	<u>\$ 2,085,084</u>	<u>\$ 2,299,231</u>	<u>\$ 748,290</u>	<u>(93,116,720)</u>
GENERAL REVENUES					
Real property taxes					59,451,865
Other tax items					9,790,376
Use of money and property					61,260
Sale of property and compensation for loss					41,699
Miscellaneous					535,856
State sources					20,894,993
Medicaid reimbursement					43,264
					<u>90,819,313</u>
Change in Net Position					(2,297,407)
Total Net Position - Beginning of Year, as Restated					<u>17,429,664</u>
Total Net Position - End of Year					<u>\$ 15,132,257</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activities	Scholarships	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	\$ 10,695,271	\$ 2,149	\$ 264,938	\$	\$ 20,249	\$ 74,476	\$	\$ 11,057,083
Restricted	23,484,500			81,119	17,674,964		12,754	41,253,337
Receivables								
Accounts receivable	11,054							11,054
Taxes receivable	1,165,839							1,165,839
Due from other funds	1,435,142		7,039					1,442,181
Due from state and federal	498,672	895,241	65,350		748,290			2,207,553
Due from other governments	1,825,438	11,620						1,837,058
Inventory			25,652					25,652
Total Assets	<u>\$ 39,115,916</u>	<u>\$ 909,010</u>	<u>\$ 362,979</u>	<u>\$ 81,119</u>	<u>\$ 18,443,503</u>	<u>\$ 74,476</u>	<u>\$ 12,754</u>	<u>\$ 58,999,757</u>
LIABILITIES								
Payables								
Accounts payable	\$ 1,755,837	\$ 23,795	\$ 7,430	\$	\$ 85,659	\$	\$	\$ 1,872,721
Accrued liabilities	777,600	2,200	20,727					800,527
Due to other funds	7,039	1,401,453			33,689			1,442,181
Due to other governments					585	169		754
Due to teachers' retirement system	4,154,516							4,154,516
Due to employees' retirement system	324,746							324,746
Compensated absences payable	182,000							182,000
Other liabilities	42,405							42,405
Unearned credits								
Collections in advance	13,226		35,637					48,863
Total Liabilities	<u>7,257,369</u>	<u>1,427,448</u>	<u>63,794</u>	<u>-</u>	<u>119,933</u>	<u>169</u>	<u>-</u>	<u>8,868,713</u>
FUND BALANCES								
Nonspendable: Inventory			25,652					25,652
Restricted:								
Workers' compensation	1,077,729							1,077,729
Unemployment insurance	1,183,727							1,183,727
Retirement contribution								
Teachers' retirement system	1,176,316							1,176,316
Employees' retirement system	6,123,762							6,123,762
Employee benefit accrued liability	4,077,662							4,077,662
Capital	9,845,304				17,674,964			27,520,268
Debt				81,119				81,119
Scholarships							12,754	12,754
Assigned:								
Appropriated fund balance	3,292,154							3,292,154
Unappropriated fund balance	1,176,266		273,533		648,606	74,307		2,172,712
Unassigned: Fund balance (deficit)	<u>3,905,627</u>	<u>(518,438)</u>						<u>3,387,189</u>
Total Fund Balances (Deficit)	<u>31,858,547</u>	<u>(518,438)</u>	<u>299,185</u>	<u>81,119</u>	<u>18,323,570</u>	<u>74,307</u>	<u>12,754</u>	<u>50,131,044</u>
Total Liabilities and Fund Balances	<u>\$ 39,115,916</u>	<u>\$ 909,010</u>	<u>\$ 362,979</u>	<u>\$ 81,119</u>	<u>\$ 18,443,503</u>	<u>\$ 74,476</u>	<u>\$ 12,754</u>	<u>\$ 58,999,757</u>

PLAINEDGE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Governmental Fund Balances \$ 50,131,044

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

The costs of building and acquiring capital assets (land, construction in progress, buildings and improvements, furniture and 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	\$ 115,662,045	
Less: Accumulated depreciation	<u>(37,634,741)</u>	78,027,304

Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	27,850,353	
Net pension liability - teachers' retirement system	(6,452,889)	
Net pension liability - employees' retirement system	(23,156)	
Deferred inflows of resources	<u>(10,183,335)</u>	11,190,973

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. 7,390

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

Deferred outflows of resources	27,242,345	
Total other postemployment benefits liability	(106,880,444)	
Deferred inflows of resources	<u>(32,999,453)</u>	(112,637,552)

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

Accrued interest on bonds payable	(17,495)	
Bonds payable, net	(1,214,217)	
Energy performance contract payable	(4,068,670)	
Compensated absences payable	(4,139,254)	
Early retirement annuities payable	(30,000)	
Workers' compensation payable	<u>(2,117,266)</u>	(11,586,902)

Total Net Position \$ 15,132,257

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activities	Scholarships	Total Governmental Funds
REVENUES								
Real property taxes	\$ 59,451,865	\$	\$	\$	\$	\$	\$	\$ 59,451,865
Other tax items	9,790,376							9,790,376
Charges for services	1,913,234							1,913,234
Use of money and property	61,229			31			9	61,269
Sale of property and compensation for loss	41,699							41,699
Miscellaneous	535,856					83,240	39	619,135
State sources	21,255,176	603,888	8,266		972,150			22,839,480
Medicaid reimbursement	43,264							43,264
Federal sources	87,888	1,041,305	557,836					1,687,029
Sales			88,610					88,610
Total Revenues	93,180,587	1,645,193	654,712	31	972,150	83,240	48	96,535,961
EXPENDITURES								
General support	10,413,832							10,413,832
Instruction	51,630,447	2,517,974				94,163	1,900	54,244,484
Pupil transportation	2,462,255							2,462,255
Community services	501,270							501,270
Employee benefits	18,065,046							18,065,046
Debt service								
Principal				4,269,497				4,269,497
Interest	121,111			299,460				420,571
Food service program			783,772					783,772
Capital outlay					6,388,071			6,388,071
Total Expenditures	83,193,961	2,517,974	783,772	4,568,957	6,388,071	94,163	1,900	97,548,798
Excess (Deficiency) of Revenues Over Expenditures	9,986,626	(872,781)	(129,060)	(4,568,926)	(5,415,921)	(10,923)	(1,852)	(1,012,837)
OTHER FINANCING SOURCES AND USES								
Operating transfers in		354,343	129,060	4,568,957	6,678,654			11,731,014
Operating transfers (out)	(11,731,014)							(11,731,014)
Total Other Sources (Uses)	(11,731,014)	354,343	129,060	4,568,957	6,678,654	-	-	-
Net Change in Fund Balances	(1,744,388)	(518,438)	-	31	1,262,733	(10,923)	(1,852)	(1,012,837)
Fund Balances - Beginning of Year, as Restated	33,602,935	-	299,185	81,088	17,060,837	85,230	14,606	51,143,881
Fund Balances (Deficit) - End of Year	\$ 31,858,547	\$ (518,438)	\$ 299,185	\$ 81,119	\$ 18,323,570	\$ 74,307	\$ 12,754	\$ 50,131,044

PLAINEDGE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2021

Net Change in Fund Balances \$ (1,012,837)

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned.

\$ (584,043)

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

Increase in compensated absences liability	(312,740)	
Increase in workers' compensation payable	(686,916)	

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

Decrease in early retirement annuities payable	10,000	
		(1,573,699)

Capital Related Differences

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

Capital outlays and other additions	9,302,467	
Depreciation expense	(4,265,787)	
		5,036,680

Long-Term Debt Transaction Differences

Amortization of bond premiums and deferred charges from advance refunding of bonds do not affect the governmental funds, but are recorded in the Statement of Activities.

Amortization of bond premiums	74,048	
Amortization of deferred charges	(38,484)	

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

Repayment of bond principal	3,850,000	
Repayment of energy performance contract payable principal	419,497	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2020 to June 30, 2021.

	16,859	
		4,321,920

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	(4,920,073)	
Employees' retirement system	420,017	
Other postemployment benefits	(4,569,415)	
		(9,069,471)

Change in Net Position of Governmental Activities \$ (2,297,407)

PLAINEDGE UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2021

	Custodial
ASSETS	
Cash and cash equivalents	\$ -
NET POSITION	
Restricted for individuals, organizations, and other governments	\$ -

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2021

	Custodial
ADDITIONS	
Real property taxes collections for the Library	\$ 2,659,592
DEDUCTIONS	
Real property taxes payments to the Library	2,659,592
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

PLAINEDGE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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 authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

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

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Extraclassroom Activities Fund - is used to account for the funds operated by and for the students of the District.

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

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

Fiduciary Funds – are used to account for activities 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 to finance district operations. The following is the District’s fiduciary fund:

Custodial Fund – is used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board of Education in August and become a lien on October 1st and April 1st. Taxes are collected by the Town of Oyster Bay (Town) and remitted to the District from December to June.

Enforcement

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

F. Payments in Lieu of Taxes (PILOT)

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

The District's PILOT revenues include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,442,715 in LIPA PILOT revenue during the 2020-2021 fiscal year.

G. Restricted Resources

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

F. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

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

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

G. Use of Estimates

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

H. Cash and Cash Equivalents

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

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

I. Receivables

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

J. Inventory

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

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

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

K. Capital Assets

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

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

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

	Capitalization Threshold	Estimated Useful Life
Land improvements	\$ 25,000	50 years
Buildings and improvements	50,000	15-25 years
Furniture and equipment	2,000	5-20 years

L. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year’s refunding of bonds that is being amortized as a component of interest expense on a weighted average basis through June 30, 2022. The second item is related to pensions and consists of the District’s proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District’s contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB.

M. Short-Term Debt

The District may issue 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 TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through and including 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

N. Collections in Advance

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

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

O. Employee Benefits – Compensated Absences

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

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

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

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

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

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

P. Other Benefits

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

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

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

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

In prior years, the District offered early retirement incentives to eligible employees. The incentive provided for annual annuity payments in the amount of \$10,000 for ten years starting eight years after retirement. The District records the expenditure as the payments become due. For 2021, the expenditure was \$10,000. The amount outstanding of \$30,000 will be paid in full through fiscal year ending 2024.

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

Q. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

R. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

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

Workers' Compensation Reserve

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

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Restricted for Debt

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are recorded in the debt service fund and held until appropriated for debt payments. These restricted funds are accounted for in the debt service fund.

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency and private purpose trust activities previously reported within the fiduciary funds are now reported within the governmental funds.

3. FUTURE ACCOUNTING STANDARDS

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

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

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

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

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

Pension and Other Postemployment Benefits Differences

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Contingent COVID-19 related costs funded by unassigned fund balance	\$ 2,000,000
Transfer to capital projects fund for school improvements funded by capital reserve fund II and IV as approved by voters on May 18, 2021	5,165,798
Transfer to capital projects fund for school improvements funded by capital reserve fund III as approved by voters on May 18, 2021	1,012,856
Instructional expenditures funded by gifts and donations	<u>8,311</u>
	<u>\$ 8,186,965</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

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

B. Encumbrances

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

C. Special Aid Fund

The special aid fund has an unassigned fund balance deficit of \$518,438, arising from expenditures incurred. The deficit will be eliminated with the funding awarded by New York State under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act in September 2021.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

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

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

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

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed \$5,350,337 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,151,281. Financial statements for the BOCES are available from the BOCES administrative offices at Nassau BOCES Administrative Center, 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

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

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2021 consisted of:

General Fund	
New York State excess cost aid	\$ 479,046
Federal - CARES Act - ESSER	7,516
Medicaid	<u>12,110</u>
	498,672
Special Aid Fund	
Federal and state grants	895,241
School Food Service Fund	
Federal and state food service program reimbursements	65,350
Capital Projects Fund	
Smart Schools Bond Act	<u>748,290</u>
	<u>\$ 2,207,553</u>

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
BOCES aid	\$ 1,067,917
Other districts - charges for services	<u>757,521</u>
	1,825,438
Special Aid	
Charges for services - other districts	<u>11,620</u>
	<u>\$ 1,837,058</u>

District management expects these amounts to be fully collectible.

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

10. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 819,000	\$	\$	\$ 819,000
Construction in progress	882,573	6,388,072	(1,685,986)	5,584,659
Total capital assets not being depreciated	<u>1,701,573</u>	<u>6,388,072</u>	<u>(1,685,986)</u>	<u>6,403,659</u>
Capital assets being depreciated:				
Buildings and improvements	90,631,607	1,201,095		91,832,702
Furniture and equipment	14,369,343	3,399,286	(342,945)	17,425,684
Total capital assets being depreciated	<u>105,000,950</u>	<u>4,600,381</u>	<u>(342,945)</u>	<u>109,258,386</u>
Less accumulated depreciation for:				
Buildings and improvements	27,273,964	2,725,920		29,999,884
Furniture and equipment	6,437,935	1,539,867	(342,945)	7,634,857
Total accumulated depreciation	<u>33,711,899</u>	<u>4,265,787</u>	<u>(342,945)</u>	<u>37,634,741</u>
Total capital assets, being depreciated, net	<u>71,289,051</u>	<u>334,594</u>	<u>-</u>	<u>71,623,645</u>
Capital assets, net	<u>\$ 72,990,624</u>	<u>\$ 6,722,666</u>	<u>\$ (1,685,986)</u>	<u>\$ 78,027,304</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 352,028
Instruction	3,752,216
Pupil transportation	130,087
Community service	<u>31,456</u>
Total depreciation expense	<u>\$ 4,265,787</u>

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

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2021 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,435,142	\$ 7,039	\$	\$ 11,731,014
Special Aid Fund		1,401,453	354,343	
School Food Service Fund	7,039		129,060	
Debt Service Fund			4,568,957	
Capital Projects Fund		33,689	6,678,654	
	<u>\$ 1,442,181</u>	<u>\$ 1,442,181</u>	<u>\$ 11,731,014</u>	<u>\$ 11,731,014</u>

The District typically transfers from the general fund to the special aid fund to fund the District's required 20% share of the July/August program for students with disabilities and the state supported Section 4201 schools. The District transfers to the school food service fund for the uncollectible meal sales balance. The Board of Education approved an additional transfer to the school food service fund to offset the operating loss incurred during the fiscal year resulting from reduced meal sales as a result of the COVID-19 pandemic. The District transfers from the general fund to the debt service fund to pay for its long-term debt service obligations. Transfers from the general fund to the capital projects fund in the amount of \$6,678,654 were in accordance with Propositions 2 and 3 approved by the voters of the District on May 18, 2021.

12. SHORT-TERM LIABILITIES

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

	Maturity	Stated Interest Rate	Balance June 30, 2020	Issued	Redeemed	Balance June 30, 2021
TAN	6/25/2021	2.00%	<u>\$</u>	<u>\$ 10,000,000</u>	<u>\$ (10,000,000)</u>	<u>\$</u>

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest on short-term debt for the year was \$121,111, net of a premium of \$96,800, to yield an effective interest rate of 0.4015%.

13. LONG-TERM LIABILITIES

A. Changes

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

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 5,050,000	\$	\$ (3,850,000)	\$ 1,200,000	\$ 1,200,000
Add: Premium on refunding	88,265		(74,048)	14,217	14,217
	5,138,265	-	(3,924,048)	1,214,217	1,214,217
Energy performance contract	4,488,167		(419,497)	4,068,670	431,113
	9,626,432	-	(4,343,545)	5,282,887	1,645,330
Other long-term liabilities:					
Compensated absences payable	3,826,514	312,740		4,139,254	220,000
Early retirement annuities	40,000		(10,000)	30,000	10,000
Workers' compensation liabilities	1,430,350	1,030,816	(343,900)	2,117,266	100,000
	<u>\$ 14,923,296</u>	<u>\$ 1,343,556</u>	<u>\$ (4,697,445)</u>	<u>\$ 11,569,407</u>	<u>\$ 1,975,330</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Bond Refunding	August 2012	November 2021	2.00-4.00%	<u>\$ 1,200,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2022	<u>\$ 1,200,000</u>	<u>\$ 24,000</u>	<u>\$ 1,224,000</u>

C. Advance Refunding

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

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase/ (Decrease)
2022	<u>\$ 7,390</u>	<u>\$ (14,217)</u>	<u>\$ (6,827)</u>

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

D. Energy Performance Contract

The energy performance contract payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy Performance Contract	July 2014	December 2029	2.75%	<u>\$ 4,068,670</u>

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 431,113	\$ 108,945	\$ 540,058
2023	443,050	97,007	540,057
2024	455,317	84,740	540,057
2025	467,925	72,132	540,057
2026	480,881	59,176	540,057
2027-2030	<u>1,790,384</u>	<u>99,816</u>	<u>1,890,200</u>
Total	<u>\$ 4,068,670</u>	<u>\$ 521,816</u>	<u>\$ 4,590,486</u>

E. Interest Expense

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

Interest paid	\$ 299,460
Less interest accrued in the prior year	(34,354)
Plus interest accrued in the current year	17,495
Less amortization of deferred amounts on refunding	<u>(35,564)</u>
Total interest expense on long-term debt	<u>\$ 247,037</u>

14. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching

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

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

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 13.88% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$3,889,204 for TRS at the contribution rate of 9.53% and \$1,055,025 for ERS at an average contribution rate of 14.25%.

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

D. Pension Asset/(Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related 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 June 30, 2020 for TRS and March 31, 2021 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (6,452,889)	\$ (23,156)
District's portion of the Plan's total net pension asset/(liability)	0.233524%	0.0232547%
Change in proportion since the prior measurement date	0.001548	(0.0002793)

For the year ended June 30, 2021, the District recognized pension expense of \$8,809,277 for TRS and \$635,007 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 5,654,022	\$ 282,793	\$ 330,698	\$
Changes of assumptions	8,161,403	4,257,574	2,909,114	80,299
Net difference between projected and actual earnings on pension plan investment	4,214,302			6,651,661
Changes in proportion and differences between the District's contributions and proportionate share of contributions	594,535	471,774	164,282	47,281
District contributions subsequent to the measurement date	<u>3,889,204</u>	<u>324,746</u>		
Total	<u>\$ 22,513,466</u>	<u>\$ 5,336,887</u>	<u>\$ 3,404,094</u>	<u>\$ 6,779,241</u>

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

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

Year Ending June 30,	TRS	ERS
2022	\$ 2,623,204	\$ (220,077)
2023	5,183,871	(16,796)
2024	4,276,146	(281,797)
2025	2,693,798	(1,248,430)
2026	153,589	
Thereafter	289,560	
	<u>\$ 15,220,168</u>	<u>\$ (1,767,100)</u>

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

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

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

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

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternatives investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020 was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

TRS	1% Decrease 6.10 %	Current Assumption 7.10 %	1% Increase 8.10 %
District's proportionate share of the net pension asset/(liability)	\$ (40,760,676)	\$ (6,452,889)	\$ 22,340,038
ERS	1% Decrease 4.90 %	Current Assumption 5.90 %	1% Increase 6.90 %
District's proportionate share of the net pension asset/(liability)	\$ (6,427,107)	\$ (23,156)	\$ 5,882,787

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2020	March 31, 2021
Employers' total pension liability	\$ (123,242,776)	\$ (220,680,157)
Plan fiduciary net position	120,479,505	220,580,583
Employers' net pension liability	\$ (2,763,271)	\$ (99,574)
Ratio of plan fiduciary net position to the employers' total pension liability	97.76%	99.95%

Payables to the Pension Plan

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 intercept. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2021 amounted to \$3,899,204 of employer contributions and \$255,312 of employee contributions.

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

For ERS, employer contributions are paid annually based on the system’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$324,746 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. For the year ended June 30, 2021, employer non-elective contributions were \$311,615 and employees’ elective contributions were \$2,678,566.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$104,950.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	338
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>447</u>
	<u><u>785</u></u>

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

B. Total OPEB Liability

The District's total OPEB liability of \$106,880,444 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

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

Inflation	2.60%
Discount rate	2.16%
Healthcare cost trend rates	5.30% decreasing to 4.10% over 55 years
Retirees' share of benefit-related costs	up to 50.00% of projected health insurance premiums for retirees

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

Mortality rates were based on Pub-2010 Mortality Table with generational projection of future improvements per the MP-2019 Ultimate Scale.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 117,729,920</u>
Changes for the year	
Service cost	4,470,975
Interest	2,678,046
Changes of benefit terms	49,681
Differences between expected and actual experience	(24,869,457)
Changes in assumptions or other inputs	8,877,182
Benefit payments	<u>(2,055,903)</u>
	<u>(10,849,476)</u>
Balance at June 30, 2021	<u><u>\$ 106,880,444</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% 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:

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	<u>\$ (128,277,935)</u>	<u>\$ (106,880,444)</u>	<u>\$ (90,096,336)</u>

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

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.30%) or 1 percentage point higher (6.30%) than the current healthcare cost trend rate:

	1% Decrease 4.30% decreasing to 3.10%	Healthcare Cost Trend Rates 5.30% decreasing to 4.10%	1% Increase 6.30% decreasing to 5.10%
OPEB			
Total OPEB liability	<u>\$ (91,104,074)</u>	<u>\$ (106,880,444)</u>	<u>\$ (127,989,523)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$6,625,318. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 5,671,929	\$ 21,900,220
Changes of assumptions or other inputs	<u>21,570,416</u>	<u>11,099,233</u>
Total	<u>\$ 27,242,345</u>	<u>\$ 32,999,453</u>

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

Year Ending June 30,	Amount
2022	\$ (573,384)
2023	(573,384)
2024	(573,384)
2025	(573,384)
2026	(204,301)
Thereafter	<u>(3,259,271)</u>
	<u>\$ (5,757,108)</u>

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

17. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that were incurred but not reported (IBNR) as of year-end June 30, 2021. The liabilities are undiscounted.

	2020	2021
Unpaid claims at beginning of year	\$ 967,774	\$ 1,430,350
Incurred claims and claim adjustment expenses	836,134	1,030,816
Claims payments	(373,558)	(343,900)
Unpaid claims at year end	\$ 1,430,350	\$ 2,117,266

At June 30, 2021, the District had \$1,077,729 of funds in the workers' compensation reserve.

C. Public Entity Risk Pool

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

18. RESTRICTED FUND BALANCE - APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget for the year ending June 30, 2022:

Workers' compensation	\$ 200,000
Unemployment insurance	50,000
Retirement system contribution - ERS	700,000
Employee benefit accrued liability	300,000
	\$ 1,250,000

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

19. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$3,292,154 has been appropriated to reduce taxes for the year ending June 30, 2022.

20. RESTRICTED FOR CAPITAL RESERVE

The following is a summary of the District's restricted capital reserve activity since inception:

	Capital Reserve				Total
	I	II	III	IV	
Date Created	May 2009	May 2015	May 2018	May 2019	
Number of Years to Fund	10	10	15	15	
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 25,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ 25,000,000</u>	
General Fund					
Funding Provided Since Inception	\$ 10,000,000	\$ 23,186,404	\$ 8,057,314	\$ 11,200,000	\$ 52,443,718
Interest Earnings Since Inception	52,470	54,072	65,494	22,460	194,496
Transfer to Capital Fund	<u>(10,052,470)</u>	<u>(20,628,556)</u>	<u>(3,846,086)</u>	<u>(8,265,798)</u>	<u>(42,792,910)</u>
Total General Fund	<u>-</u>	<u>2,611,920</u>	<u>4,276,722</u>	<u>2,956,662</u>	<u>9,845,304</u>
Capital Projects Fund					
Transfer from General Fund	10,052,470	20,628,556	3,846,086	8,265,798	42,792,910
Use of Reserve Since Inception	<u>(10,038,092)</u>	<u>(14,580,842)</u>	<u>(499,012)</u>		<u>(25,117,946)</u>
Total Capital Projects Fund	<u>14,378</u>	<u>6,047,714</u>	<u>3,347,074</u>	<u>8,265,798</u>	<u>17,674,964</u>
Balance as of June 30, 2021	<u>\$ 14,378</u>	<u>\$ 8,659,634</u>	<u>\$ 7,623,796</u>	<u>\$ 11,222,460</u>	<u>\$ 27,520,268</u>

21. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, which resulted in an increase of \$99,836 in fund balance of the governmental funds, as well as the Statement of Net Position. The District's fund balance and total net position have been restated as follows:

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

	General Fund	Extraclassroom Activity Fund	Scholarship Fund	Statement of Net Position
Fund Balance/Net Position				
Beginning of Year, as Reported	\$ 33,602,935	\$	\$	\$ 17,329,828
<i>Assets</i>				
Cash	53,773	85,230	14,606	153,609
Accounts receivable	2,397			2,397
Due from fiduciary fund	(10,062)			(10,062)
	<u>46,108</u>	<u>85,230</u>	<u>14,606</u>	<u>145,944</u>
<i>Liabilities</i>				
Other liabilities	<u>46,108</u>			<u>46,108</u>
<i>Fund Balance/Net Position</i>				
Restricted			14,606	14,606
Assigned, unappropriated		85,230		
Unrestricted				85,230
	<u>-</u>	<u>85,230</u>	<u>14,606</u>	<u>99,836</u>
Fund Balance/Net Position				
Beginning of Year, as Restated	<u>\$ 33,602,935</u>	<u>\$ 85,230</u>	<u>\$ 14,606</u>	<u>\$ 17,429,664</u>

22. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted:

Capital Projects Fund

Capital projects \$ 4,557,447

Assigned: Unappropriated Fund Balance:

General Fund

General support 461,449

Instruction 536,281

Pupil transportation 178,536

1,176,266

Capital Projects Fund

Capital projects 100,998

\$ 5,834,711

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

B. Grants

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

C. Litigation

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

D. Purchase Agreements

The District has various agreements with BOCES to purchase equipment. The expenditure for these agreements was \$107,765 for the year ended June 30, 2021. The following is summary of future obligations under these purchase agreements:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 161,573
2023	126,039
2024	60,555
2025	60,555
2026	60,555
	<u>\$ 469,277</u>

23. SUBSEQUENT EVENTS

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

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and American Rescue Plan (ARP) Act

In September 2021, the District was awarded CRRSA funding of \$2,317,494 through the Elementary and Secondary School Emergency Relief (ESSER) Program and \$378,294 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 revenues, once the award takes place, are to be recognized in the special aid fund as expended, and the fund balance deficit at June 30, 2021 will be eliminated. The District applied for and is awaiting approval for \$1,291,897 in grant funds through the American Rescue Plan (ARP) Act.

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 59,333,114	\$ 59,333,114	\$ 59,451,865	\$ 118,751
Other tax items	9,752,832	9,752,832	9,790,376	37,544
Charges for services	2,566,200	2,566,200	1,913,234	(652,966)
Use of money and property	194,000	194,000	61,229	(132,771)
Sale of property and compensation for loss	41,000	41,000	41,699	699
Miscellaneous	405,000	413,311	535,856	122,545
Total Local Sources	72,292,146	72,300,457	71,794,259	(506,198)
State Sources	20,355,284	20,355,284	21,255,176	899,892
Medicaid Reimbursement	60,000	60,000	43,264	(16,736)
Federal Sources			87,888	87,888
Total Revenues	92,707,430	92,715,741	93,180,587	\$ 464,846
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	3,546,838	5,546,838		
Prior Year's Encumbrances	652,432	652,432		
Appropriated Reserves	1,250,000	7,428,654		
Total Appropriated Fund Balance	5,449,270	13,627,924		
Total Revenues and Appropriated Fund Balance	\$ 98,156,700	\$ 106,343,665		

Note to Required Supplementary Information

Budget Basis of Accounting

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 160,783	\$ 162,558	\$ 108,601	\$ 804	\$ 53,153
Central administration	350,869	350,869	342,608		8,261
Finance	1,006,392	997,499	861,604	35,172	100,723
Staff	528,512	544,647	497,700	775	46,172
Central services	8,178,294	9,494,215	7,737,925	424,698	1,331,592
Special items	889,979	889,979	865,394		24,585
Total General Support	<u>11,114,829</u>	<u>12,439,767</u>	<u>10,413,832</u>	<u>461,449</u>	<u>1,564,486</u>
Instruction					
Administration & improvement	3,634,477	3,706,144	3,365,455	29,072	311,617
Teaching - regular school	30,417,912	31,284,317	28,701,869	257,268	2,325,180
Programs for students with disabilities	13,500,385	12,881,789	11,629,354	47,972	1,204,463
Programs for English language learners	-	484,911	484,911		-
Occupational education	628,862	628,862	562,590		66,272
Teaching - special schools	375,600	275,600	18,790	3,462	253,348
Instructional media	2,787,981	3,234,705	2,833,692	197,595	203,418
Pupil services	4,669,232	4,694,659	4,033,786	912	659,961
Total Instruction	<u>56,014,449</u>	<u>57,190,987</u>	<u>51,630,447</u>	<u>536,281</u>	<u>5,024,259</u>
Pupil Transportation	<u>3,589,352</u>	<u>3,439,352</u>	<u>2,462,255</u>	<u>178,536</u>	<u>798,561</u>
Community Services	<u>813,100</u>	<u>813,100</u>	<u>501,270</u>		<u>311,830</u>
Employee Benefits	<u>21,351,012</u>	<u>20,607,676</u>	<u>18,065,046</u>		<u>2,542,630</u>
Debt Service - Interest	<u>50,000</u>	<u>121,111</u>	<u>121,111</u>		<u>-</u>
Total Expenditures	<u>92,932,742</u>	<u>94,611,993</u>	<u>83,193,961</u>	<u>1,176,266</u>	<u>10,241,766</u>
OTHER FINANCING USES					
Operating Transfers Out	<u>5,223,958</u>	<u>11,731,672</u>	<u>11,731,014</u>		<u>658</u>
Total Expenditures and Other Financing Uses	<u>\$ 98,156,700</u>	<u>\$ 106,343,665</u>	<u>94,924,975</u>	<u>\$ 1,176,266</u>	<u>\$ 10,242,424</u>
Net Change in Fund Balance			(1,744,388)		
Fund Balance - Beginning of Year			<u>33,602,935</u>		
Fund Balance - End of Year			<u>\$ 31,858,547</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.233524%	0.231976%	0.236386%	0.245387%	0.245340%	0.244660%	0.240278%
District's proportionate share of the net pension asset/(liability)	\$ (6,452,889)	\$ 6,026,756	\$ 4,274,474	\$ 1,865,186	\$ (2,627,696)	\$ 25,412,343	\$ 26,765,449
District's covered payroll	\$ 41,113,593	\$ 38,888,794	\$ 38,504,551	\$ 39,186,603	\$ 37,923,933	\$ 36,779,492	\$ 35,500,210
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(15.70)%	15.50 %	11.10 %	4.76 %	(6.93)%	69.09 %	75.40 %
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0232547%	0.0235340%	0.0231653%	0.0239933%	0.0243598%	0.0253271%	0.0254307%
District's proportionate share of the net pension liability	\$ (23,156)	\$ (6,231,948)	\$ (1,641,333)	\$ (774,372)	\$ (2,288,899)	\$ (4,065,070)	\$ (859,110)
District's covered payroll	\$ 8,302,110	\$ 8,138,203	\$ 7,109,737	\$ 6,933,250	\$ 7,042,828	\$ 6,968,359	\$ 6,984,136
District's proportionate share of the net pension liability as a percentage of its covered payroll	(0.28)%	(76.58)%	(23.09)%	(11.17)%	(32.50)%	(58.34)%	(12.30)%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

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

Teachers' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,889,204	\$ 3,525,769	\$ 4,129,990	\$ 3,773,446	\$ 4,516,967	\$ 4,985,480	\$ 6,502,819	\$ 5,754,364	\$ 3,974,383	\$ 3,686,262
Contributions in relation to the contractually required contribution	3,889,204	3,525,769	4,129,990	3,773,446	4,516,967	4,985,480	6,502,819	5,754,364	3,974,383	3,686,262
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 40,915,048	\$ 41,113,593	\$ 38,888,794	\$ 38,504,551	\$ 39,186,603	\$ 37,923,933	\$ 36,779,492	\$ 35,500,210	\$ 38,853,070	\$ 33,274,188
Contributions as a percentage of covered payroll	10%	9%	11%	10%	12%	13%	18%	16%	10%	11%

Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 1,055,025	\$ 1,047,800	\$ 971,176	\$ 1,039,262	\$ 1,058,025	\$ 1,192,590	\$ 1,293,171	\$ 1,176,551	\$ 1,105,565	\$ 968,338
Contributions in relation to the contractually required contribution	1,055,025	1,047,800	971,176	1,039,262	1,058,025	1,192,590	1,293,171	1,176,551	1,105,565	968,338
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,398,999	\$ 7,353,777	\$ 7,295,605	\$ 7,124,123	\$ 7,111,963	\$ 6,949,601	\$ 7,023,572	\$ 6,804,640	\$ 6,741,885	\$ 6,519,783
Contributions as a percentage of covered payroll	14%	14%	13%	15%	15%	17%	18%	17%	16%	15%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 4,470,975	\$ 3,888,865	\$ 4,870,299	\$ 3,719,393
Interest	2,678,046	3,371,055	3,018,956	2,862,104
Changes in benefit terms	49,681	-	-	-
Differences between expected and actual experience	(24,869,457)	-	9,292,308	(487,139)
Changes of assumptions or other inputs	8,877,182	19,275,965	(18,183,850)	-
Benefit payments	<u>(2,055,903)</u>	<u>(2,444,945)</u>	<u>(2,224,212)</u>	<u>(1,812,481)</u>
Net change in total OPEB liability	(10,849,476)	24,090,940	(3,226,499)	4,281,877
Total OPEB liability, beginning	<u>117,729,920</u>	<u>93,638,980</u>	<u>96,865,479</u>	<u>92,583,602</u>
Total OPEB liability, ending	<u>\$ 106,880,444</u>	<u>\$ 117,729,920</u>	<u>\$ 93,638,980</u>	<u>\$ 96,865,479</u>
Covered employee payroll	\$ 43,518,567	\$ 41,405,088	\$ 41,405,088	\$ 42,477,512
Total OPEB liability as a percentage of covered employee payroll	245.60%	284.34%	226.15%	228.04%
Discount rate	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	5.3% to 4.1% over 55 years	6.1% to 4.1% over 57 years	6.1% to 4.1% over 57 years	7.5% to 4.5% by 2023

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

Notes to Required Supplementary Information

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

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 97,504,268
Additions:		
Prior year's encumbrances		<u>652,432</u>
Original Budget		98,156,700
Budget Revisions		<u>8,186,965</u>
Final Budget		<u><u>\$ 106,343,665</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		<u><u>\$ 97,640,675</u></u>
Maximum allowed (4% of 2021-2022 budget)		<u><u>\$ 3,905,627</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 4,468,420	
Unassigned fund balance	<u>3,905,627</u>	
		\$ 8,374,047
Less:		
Appropriated fund balance	3,292,154	
Encumbrances	<u>1,176,266</u>	
Total adjustments		<u>4,468,420</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 3,905,627</u></u>
Actual Percentage		4.00%

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2021

PROJECT TITLE	Budget June 30, 2020	Budget June 30, 2021	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Capital repair 18/19	\$ 325,000	\$ 325,000	\$ 320,604	\$ 4,396	\$ 325,000	\$	\$	\$ 325,000	\$ 325,000	\$	
Capital repair 19/20	500,000	500,000	153,960	197,434	351,394	148,606		500,000	500,000	148,606	
Capital repair 20/21		500,000			-	500,000		500,000	500,000	500,000	
Smart Schools Bond Act		748,290		748,290	748,290	-		748,290	748,290	-	
Capital reserve projects approved May 2015											
From capital reserve I (5/09)											
High school roof replacement	1,969,846	1,969,846	1,969,846		1,969,846	-		1,969,846	1,969,846	-	
Science, Technology, Engineering Art and Math (STEAM)											
Learning center - Eastplain	771,344	771,344	771,344		771,344	-		771,344	771,344	-	
Learning center - Schwarting	722,222	722,222	722,222		722,222	-		722,222	722,222	-	
Learning center - West	701,095	701,095	701,095		701,095	-		701,095	701,095	-	
Smart boards	80,958	80,958	60,000	6,580	66,580	14,378		80,958	80,958	14,378	
	4,245,465	4,245,465	4,224,507	6,580	4,231,087	14,378	-	-	4,245,465	14,378	
Capital reserve projects approved May 2016											
From capital reserve I (5/09) and II (5/15)											
High school athletic field upgrades	4,957,319	4,957,319	4,957,319		4,957,319	-		4,957,319	4,957,319	-	
John H. West roof replacement	1,137,651	1,137,651	1,137,651		1,137,651	-		1,137,651	1,137,651	-	
Floor replacements district wide	87,513	87,513	87,071		87,071	442		87,513	87,513	442	
Restroom upgrades district wide	137,517	137,517	137,517		137,517	-		137,517	137,517	-	
Door replacements district wide	48,000	48,000	48,000		48,000	-		48,000	48,000	-	
Smart boards district-wide	60,000	60,000	55,824		55,824	4,176		60,000	60,000	4,176	
	6,428,000	6,428,000	6,423,382	-	6,423,382	4,618	-	-	6,428,000	4,618	
Capital reserve projects approved May 2017											
From capital reserve I (5/09) and II (5/15)											
Outdoor restroom, concession	438,114	438,114	438,114		438,114	-		438,114	438,114	-	
Baseball field	353,438	353,438	353,438		353,438	-		353,438	353,438	-	
Field lighting	560,953	560,953	560,953		560,953	-		560,953	560,953	-	
Bleacher storage	107,802	107,802	107,802		107,802	-		107,802	107,802	-	
Restroom	160,984	160,984	160,984		160,984	-		160,984	160,984	-	
Administration renovation	5,985	5,985	5,985		5,985	-		5,985	5,985	-	
Schwarting roof	954,284	954,284	954,284		954,284	-		954,284	954,284	-	
Eastplain outdoor restroom	234,135	234,135	234,135		234,135	-		234,135	234,135	-	
Flooring district-wide	85,107	85,107	12,840		12,840	72,267		85,107	85,107	72,267	
Smart boards district-wide	38,062	38,062	-		-	38,062		38,062	38,062	38,062	
Door replacement district-wide	46,450	46,450	46,450		46,450	-		46,450	46,450	-	
	2,985,314	2,985,314	2,874,985	-	2,874,985	110,329	-	-	2,985,314	110,329	
Capital reserve projects approved May 2018											
From capital reserve II (5/15)											
Eastplain Roof	1,157,708	1,157,708	1,157,708		1,157,708	-		1,157,708	1,157,708	-	
High School A/C	1,963,500	2,001,249	339,639	1,607,600	1,947,239	54,010		2,001,249	2,001,249	54,010	
Eastplain Playground	78,670	78,670	78,670		78,670	-		78,670	78,670	-	
John West Playground	34,640	34,640	34,640		34,640	-		34,640	34,640	-	
Schwarting Playground	83,121	83,121	83,121		83,121	-		83,121	83,121	-	
John West Bathroom 1	81,301	81,301	81,301		81,301	-		81,301	81,301	-	
John West Bathroom 2	81,301	81,301	81,301		81,301	-		81,301	81,301	-	
Schwarting Bathroom 1	118,960	118,960	118,960		118,960	-		118,960	118,960	-	
Schwarting Bathroom 2	118,960	118,960	118,960		118,960	-		118,960	118,960	-	
Flooring DW	212,934	143,657	-	141,368	141,368	2,289		143,657	143,657	2,289	
Smartboard DW	14,905	14,905	-	4,100	4,100	10,805		14,905	14,905	10,805	
Door Replacement DW	52,200	83,728	20,956	18,099	39,055	44,673		83,728	83,728	44,673	
	3,998,200	3,998,200	2,115,256	1,771,167	3,886,423	111,777	-	-	3,998,200	111,777	

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund (Continued)
For the Year Ended June 30, 2021

PROJECT TITLE	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021	
	Budget June 30, 2020	Budget June 30, 2021	Prior Years		Current Year	Total	Proceeds of Obligations	State Aid		Local Sources
Capital reserve projects approved May 2019										
From capital reserve II (5/15)										
High School A/C	\$ 1,715,900	\$ 1,681,644	\$ 130,793	\$ 1,480,222	\$ 1,611,015	\$ 70,629	\$ -	\$ 1,681,644	\$ 1,681,644	\$ 70,629
Middle School Gym A/C	359,764	359,764	8,349	307,163	315,512	44,252	-	359,764	359,764	44,252
Elementary A/C	-	-	-	-	-	-	-	-	-	-
High School Windows	761,000	797,988	15,017	575,628	590,645	207,343	-	797,988	797,988	207,343
High School Parking Lot	400,000	581,249	7,892	567,076	574,968	6,281	-	581,249	581,249	6,281
High School Dug Out	100,000	100,000	100,000	-	100,000	-	-	100,000	100,000	-
Eastplain Bathroom 1	122,034	118,069	40,074	77,995	118,069	-	-	118,069	118,069	-
Eastplain Bathroom 2	122,034	118,068	40,074	77,994	118,068	-	-	118,068	118,068	-
Flooring DW	100,000	4,210	-	-	-	4,210	-	4,210	4,210	4,210
Door Replacement DW	91,168	17,323	-	-	-	17,323	-	17,323	17,323	17,323
Smartboard DW	36,000	29,585	-	28,829	28,829	756	-	29,585	29,585	756
	<u>3,807,900</u>	<u>3,807,900</u>	<u>342,199</u>	<u>3,114,907</u>	<u>3,457,106</u>	<u>350,794</u>	<u>-</u>	<u>3,807,900</u>	<u>3,807,900</u>	<u>350,794</u>
Capital reserve security projects approved May 2019										
From capital reserve III (5/18)										
High School Locks	400,000	400,000	10,886	-	10,886	389,114	-	400,000	400,000	389,114
Middle School Locks	400,000	400,000	10,829	-	10,829	389,171	-	400,000	400,000	389,171
Eastplain Locks	199,999	199,999	5,415	-	5,415	194,584	-	199,999	199,999	194,584
Charles Schwarting Locks	200,000	200,000	5,415	-	5,415	194,585	-	200,000	200,000	194,585
John West Locks	200,000	200,000	5,415	-	5,415	194,585	-	200,000	200,000	194,585
High School Parking Gate	93,001	93,001	77,876	6,019	83,895	9,106	-	93,001	93,001	9,106
High School Sign	142,000	142,000	5,764	75,993	81,757	60,243	-	142,000	142,000	60,243
Middle School Sign	150,000	150,000	5,764	91,834	97,598	52,402	-	150,000	150,000	52,402
Eastplain Sign	150,000	150,000	5,764	44,459	50,223	99,777	-	150,000	150,000	99,777
Charles Schwarting Sign	150,000	150,000	5,763	53,346	59,109	90,891	-	150,000	150,000	90,891
John West Sign	150,000	150,000	5,763	82,707	88,470	61,530	-	150,000	150,000	61,530
	<u>2,235,000</u>	<u>2,235,000</u>	<u>144,654</u>	<u>354,358</u>	<u>499,012</u>	<u>1,735,988</u>	<u>-</u>	<u>2,235,000</u>	<u>2,235,000</u>	<u>1,735,988</u>
Capital reserve projects approved June 2020										
From capital reserve II (5/15) and IV (5/19)										
Cafeteria Upgrade	3,490,844	3,490,844	30,161	94,759	124,920	3,365,924	-	3,490,844	3,490,844	3,365,924
Fitness Center	4,995,303	4,995,303	44,851	96,180	141,031	4,854,272	-	4,995,303	4,995,303	4,854,272
Flooring DW	250,000	250,000	-	-	-	250,000	-	250,000	250,000	250,000
Door Replacement DW	100,000	100,000	-	-	-	100,000	-	100,000	100,000	100,000
	<u>8,836,147</u>	<u>8,836,147</u>	<u>75,012</u>	<u>190,939</u>	<u>265,951</u>	<u>8,570,196</u>	<u>-</u>	<u>8,836,147</u>	<u>8,836,147</u>	<u>8,570,196</u>
Capital reserve projects approved June 2020										
From capital reserve III (5/18)										
High School A/C	598,230	598,230	-	-	-	598,230	-	598,230	598,230	598,230
Capital reserve projects approved May 2021										
From capital reserve II (5/15) and IV (5/19)										
High School Research Center	-	2,304,000	-	-	-	2,304,000	-	2,304,000	2,304,000	2,304,000
High School Athletics Restroom	-	156,000	-	-	-	156,000	-	156,000	156,000	156,000
High School All Purpose Turf	-	1,370,798	-	-	-	1,370,798	-	1,370,798	1,370,798	1,370,798
Middle School Greenhouse	-	300,000	-	-	-	300,000	-	300,000	300,000	300,000
Eastplain Gym A/C	-	345,000	-	-	-	345,000	-	345,000	345,000	345,000
Charles Schwarting Gym A/C	-	345,000	-	-	-	345,000	-	345,000	345,000	345,000
John H West Gym A/C	-	345,000	-	-	-	345,000	-	345,000	345,000	345,000
	<u>-</u>	<u>5,165,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,165,798</u>	<u>-</u>	<u>5,165,798</u>	<u>5,165,798</u>	<u>5,165,798</u>
Capital reserve projects approved May 2021										
From capital reserve III (5/18)										
Middle School Field Lighting	-	575,456	-	-	-	575,456	-	575,456	575,456	575,456
High School Signage	-	42,400	-	-	-	42,400	-	42,400	42,400	42,400
High School Theatre Lighting	-	200,000	-	-	-	200,000	-	200,000	200,000	200,000
Security System Upgrades	-	195,000	-	-	-	195,000	-	195,000	195,000	195,000
	<u>-</u>	<u>1,012,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012,856</u>	<u>-</u>	<u>1,012,856</u>	<u>1,012,856</u>	<u>1,012,856</u>
Totals	\$ 33,959,256	\$ 41,386,200	\$ 16,674,559	\$ 6,388,071	\$ 23,062,630	\$ 18,323,570	\$ -	\$ 748,290	\$ 40,637,910	\$ 41,386,200
										\$ 18,323,570

PLAINEDGE UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	<u>\$ 78,027,304</u>
Deduct:	
Short-term portion of bonds payable	1,200,000
Short-term portion of energy performance contract payable	431,113
Long-term portion of energy performance contract payable	<u>3,637,557</u>
	<u>5,268,670</u>
Net investment in capital assets	<u><u>\$ 72,758,634</u></u>



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

To the Board of Education
Plainedge Union Free School District
North Massapequa, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Plainedge Union Free School District (District), as of and for the 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 16, 2021. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cullen & Danowski, LLP

September 16, 2021

