



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS
June 30, 2021

HUNTINGTON UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Huntington Union Free School District
Huntington Station, 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 Huntington 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
Extraclassroom Activities Fund	Qualified
Scholarships Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extraclassroom Activities Fund

The records of the extraclassroom activities fund of the Huntington 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 Extraclassroom Activities Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Huntington 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 extraclassroom activities fund, and the fiduciary fund of the Huntington 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 Huntington 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 October 18, 2021 on our consideration of the Huntington 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 Huntington 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 Huntington Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 18, 2021

HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Huntington Union Free School District's 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:

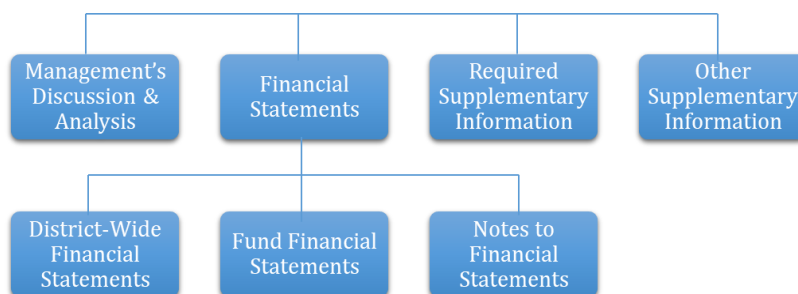
- The District's total net position, as reflected in the district-wide financial statements, decreased by \$16,031,700. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$154,307,686. Of this amount, \$6,947,466 was offset by program charges for services, operating grants and contributions and capital grants. General revenues of \$131,328,520 amounted to 95.0% of total revenues.
- The District's total net position at June 30, 2020 was restated and increased by \$1,241,870, which is primarily 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 \$34,205,474 at June 30, 2021. This balance represents a \$3,595,872 increase (11.75%) over the prior year due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. This enabled the district to increase restricted fund balances by \$505,569. The unassigned fund balance increased by \$135,110 to \$5,572,635.
- 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 \$841,518. The District applied for additional funding in the amount of \$2,523,467 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which was awarded in September 2021. In addition, the District applied for and is awaiting approval for \$5,671,448 in grant funds through the American Rescue Plan Act (ARP).
- On May 20, 2008, the voters approved the establishment of the 2008 capital reserve. The reserve has a funding cap of \$10,000,000 plus investment income over a probable term of eight years and provides for an annual funding of an amount not to exceed \$2,000,000. This reserve has been fully funded. During the year ended June 30, 2021, the unspent balance of \$536 was used to partially fund a portion of the \$3,525,000 capital projects approved by the voters on May 18, 2021.
- On May 21, 2013, the voters approved the establishment of the 2013 capital reserve. The reserve has a funding cap of \$10,000,000 plus investment income for a probable term of eight years and provides for an annual funding of an amount not to exceed \$2,000,000. This reserve has been fully funded. During the year ended June 30, 2021, the unspent balance of \$7,357 was used to partially fund the May 2021 voter approved capital projects of \$3,525,000.

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

- On May 16, 2017, the voters approved the establishment of the 2017 capital reserve. The reserve has a funding cap of \$12,500,000 plus investment income for a probable term of eight years. This reserve has been fully funded through June 30, 2021 and has accumulated interest income of \$79,314. Of this balance, \$4,231,457 was used to partially fund voter approved capital projects through June 30, 2020. Additionally, \$3,517,107 was used to partially fund the May 2021 voter approved capital projects of \$3,525,000. The remaining balance in this reserve in the general fund at June 30, 2021 is \$4,830,750.
- On May 15, 2018, the voters approved the establishment of the 2018 capital reserve. The reserve has a funding cap of \$1,500,000 plus investment income over a probable term of five years. This reserve has been funded in the amount of \$1,135,026 through June 30, 2021 plus interest of \$2,912. Of this balance, \$565,824 was used to partially fund voter approved capital projects through June 30, 2020. The remaining balance in this reserve in the general fund at June 30, 2021 is \$572,114.

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.

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.

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

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.

The District maintains eight individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activities fund, scholarships fund and permanent 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 collections and disbursements for independent entities affiliated with the District, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

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, scholarships, and permanent funds as separate governmental funds. The changes resulted in an increase to total net position. The following is a summary of these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	\$ 48,686,351	\$ 47,389,007	\$ 1,297,344
Current and Other Liabilities	7,346,893	7,291,419	55,474
Restricted Net Position	31,004,674	29,949,982	1,054,692
Unrestricted Net Position (Deficit)	(272,525,814)	(272,712,992)	187,178
Total Net Position (Deficit)	(217,528,406)	(218,770,276)	1,241,870

The District's total net position decreased by \$16,031,700 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:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 54,108,020	\$ 48,686,351	\$ 5,421,669	11.14 %
Capital Assets, Net	26,007,774	25,212,734	795,040	3.15 %
Net Pension Asset - Proportionate Share		7,366,131	(7,366,131)	(100.00)%
Total Assets	80,115,794	81,265,216	(1,149,422)	(1.41)%
Deferred Outflows of Resources	61,236,918	60,131,224	1,105,694	1.84 %
Liabilities				
Current and Other Liabilities	8,567,128	7,346,893	1,220,235	16.61 %
Long-Term Liabilities	11,822,328	10,758,561	1,063,767	9.89 %
Net Pension Liabilities - Proportionate Share	7,884,085	10,555,321	(2,671,236)	(25.31)%
Total OPEB Liability	320,429,660	305,014,491	15,415,169	5.05 %
Total Liabilities	348,703,201	333,675,266	15,027,935	4.50 %
Deferred Inflows of Resources	26,209,617	25,249,580	960,037	3.80 %
Net Position (Deficit)				
Net Investment in Capital Assets	\$ 24,967,774	\$ 23,992,734	\$ 975,040	4.06 %
Restricted	32,448,610	31,004,674	1,443,936	4.66 %
Unrestricted (Deficit)	(290,976,490)	(272,525,814)	(18,450,676)	6.77 %
Total Net Position (Deficit)	\$ (233,560,106)	\$ (217,528,406)	\$ (16,031,700)	7.37 %

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

The increase in current and other assets is primarily due to increases in the District's cash position.

The increase in capital assets, net is the result of capital asset additions from ongoing capital projects in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 11 "Capital Assets" provides additional information.

Net pension asset – proportionate 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 15 "Pension Plans – New York State", provides additional information.

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

Current and other liabilities increased primarily due to increases in the amounts due to other governments and due to the teachers' retirement system.

The increase in long-term liabilities is primarily the result of increases in compensated absences payable and the workers' compensation liability.

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 15 "Pension Plans – New York State", provides additional information.

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

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

The net investment in capital assets is the investment in capital assets at cost, net of 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 principally due to the Board authorized funding of reserves for anticipated future expenditures, offset by the use of reserves to fund operations and capital improvements.

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.

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

B. Changes in Net Position

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

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 538,478	\$ 373,886	\$ 164,592
Operating Grants & Contributions	5,159,998	5,141,160	18,838
Instruction Expenses	121,417,386	121,213,056	204,330

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

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 347,299	\$ 538,478	\$ (191,179)	(35.50)%
Operating Grants & Contributions	6,185,531	5,159,998	1,025,533	19.87 %
Capital Grants	414,636		414,636	100.00 %
General Revenues				
Real Property Taxes & STAR	112,350,000	110,401,032	1,948,968	1.77 %
State Sources	17,482,098	18,584,552	(1,102,454)	(5.93)%
Other	1,496,422	1,412,838	83,584	5.92 %
Total Revenues	<u>138,275,986</u>	<u>136,096,898</u>	<u>2,179,088</u>	1.60 %
Expenses				
General Support	19,647,881	17,082,543	2,565,338	15.02 %
Instruction	122,423,966	121,417,386	1,006,580	0.83 %
Pupil Transportation	10,078,532	8,878,524	1,200,008	13.52 %
Debt Service - Interest	215,167	298,508	(83,341)	(27.92)%
Food Service Program	1,942,140	1,978,018	(35,878)	(1.81)%
Total Expenses	<u>154,307,686</u>	<u>149,654,979</u>	<u>4,652,707</u>	3.11 %
Change in Net Position	<u>\$ (16,031,700)</u>	<u>\$ (13,558,081)</u>	<u>\$ (2,473,619)</u>	18.24 %

Net position decreased by \$16,031,700 and \$13,558,081 for the years ended June 30, 2021 and 2020, respectively.

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

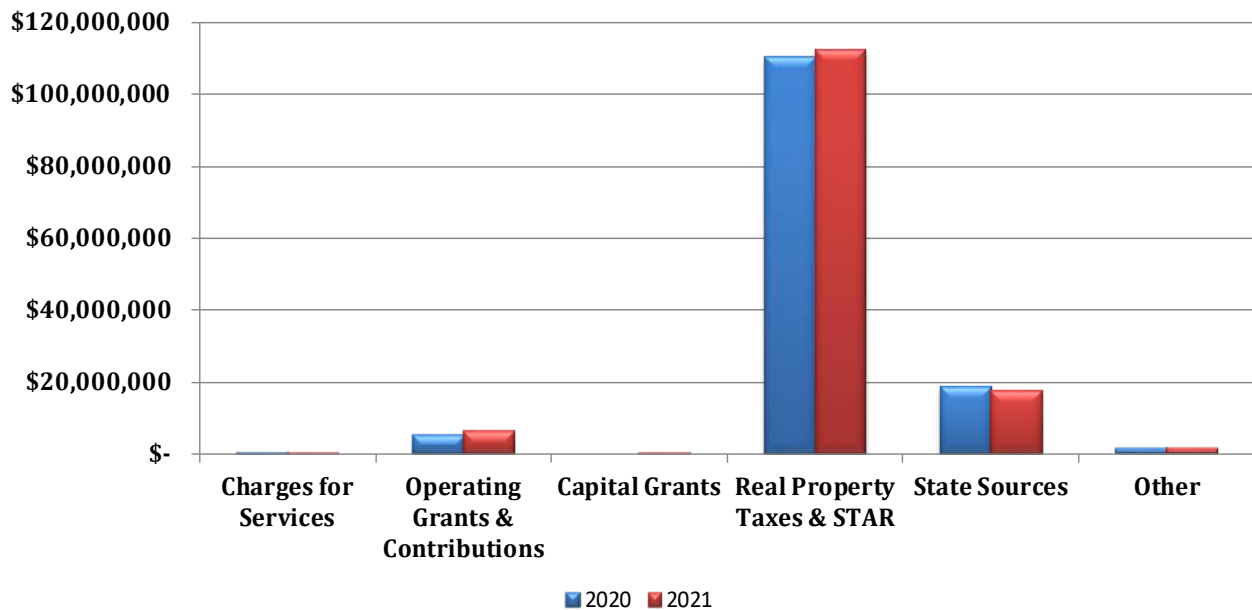
The District's revenues increased by \$2,179,088 or 1.60%. The major factors that contributed to the increase were:

- Property taxes and STAR revenues increased by \$ 1,948,968.
- Operating grants and contributions increased as a result of federal funding under the CARES Act.

The District's total expenses for the year increased by \$4,652,707 or 3.11%. The increase in expenses is primarily related to COVID-19 costs, which resulted in increases to general support (operation and maintenance of facilities), instruction, and pupil transportation expenses. These expenses were offset by a decrease in programs for students with disabilities.

As indicated on the graphs that follow, real property taxes and STAR comprise the largest component of revenues recognized, (i.e., 81.3% and 81.1% of the total for the years ended 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred, (i.e., 79.4% and 81.2% of the total for the years ended 2021 and 2020, respectively).

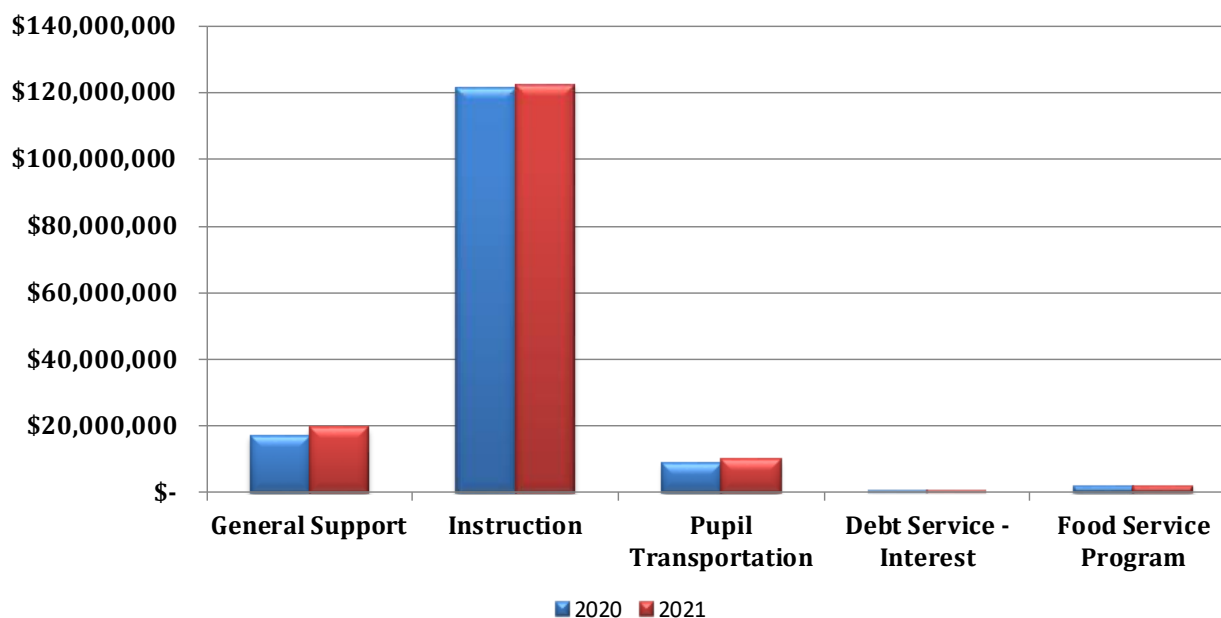
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Real Property Taxes & STAR	State Sources	Other
2020	0.4%	3.8%	0.0%	81.1%	13.7%	1.0%
2021	0.3%	4.5%	0.3%	81.3%	12.6%	1.0%

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

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2020	11.4%	81.2%	5.9%	0.2%	1.3%
2021	12.7%	79.4%	6.5%	0.1%	1.3%

4. **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$45,096,541, which is an increase of \$4,607,212 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses based upon 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, scholarships, and permanent 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:

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

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Workers' compensation	\$ 2,511,980	\$ 2,709,945	\$ (197,965)	(7.31)%
Unemployment insurance	58,263	158,144	(99,881)	(63.16)%
Retirement contribution				
Teachers' retirement system	2,141,010	1,909,041	231,969	12.15 %
Employees' retirement system	5,619,370	6,849,094	(1,229,724)	(17.95)%
Employee benefit accrued liability	6,710,742	6,787,219	(76,477)	(1.13)%
Capital	5,402,864	3,525,217	1,877,647	53.26 %
Assigned:				
Appropriated fund balance	1,600,000	2,000,000	(400,000)	(20.00)%
Unappropriated fund balance	4,588,610	1,233,417	3,355,193	272.02 %
Unassigned: Fund balance	5,572,635	5,437,525	135,110	2.48 %
	<u>34,205,474</u>	<u>30,609,602</u>	<u>3,595,872</u>	11.75 %
School Food Service Fund				
Nonspendable: Inventory	19,937	33,046	(13,109)	(39.67)%
Assigned: Unappropriated fund balance	686,292	542,018	144,274	26.62 %
	<u>706,229</u>	<u>575,064</u>	<u>131,165</u>	22.81 %
Debt Service Fund				
Restricted: Debt service	212,522	212,522	-	0.00 %
Capital Projects Fund				
Restricted: Capital	8,746,242	7,798,800	947,442	12.15 %
Assigned: Unappropriated fund balance		17,175	(17,175)	(100.00)%
Unassigned: Fund balance (deficit)	(25,181)		(25,181)	100.00 %
	<u>8,721,061</u>	<u>7,815,975</u>	<u>905,086</u>	11.58 %
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	205,638	221,474	(15,836)	(7.15)%
Scholarships Fund				
Restricted: Scholarships	165,299	174,374	(9,075)	(5.20)%
Permanent Fund				
Restricted: Scholarships	880,318	880,318	-	0.00 %
Total Fund Balance	<u>\$ 45,096,541</u>	<u>\$ 40,489,329</u>	<u>\$ 4,607,212</u>	11.38 %

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

A. General Fund

The net change in the general fund – fund balance is an increase of \$3,595,872 compared to an increase of \$6,748,421 in 2020. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

The District's revenues and other financing sources increased by \$1,375,648 or 1.04%, as compared to the prior year. This increase is primarily attributable to increases in real property taxes and federal sources, offset by a decrease in the transfer from the capital projects fund. The increase in property taxes is due to an increase in the tax levy in accordance with the 2020-2021 budget. The increase in federal sources is related to grants under the CARES Act.

Expenditures and other financing uses increased by \$4,528,197 or 3.62% over the prior year in part due to COVID-19 related expenditures. The increases were primarily in central services, instructional media, and pupil transportation. These expenditures were offset by decreases in programs for students with disabilities, as a result of reduced student participation.

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	\$ 2,709,945	\$ (700,000)	\$ 2,035	\$ 500,000	\$ 2,511,980	\$ 500,000
Unemployment insurance	158,144	(100,000)	119		58,263	
Retirement contribution						
TRS	1,909,041	(744,001)	1,434	974,536	2,141,010	300,000
ERS	6,849,094	(1,734,866)	5,142	500,000	5,619,370	300,000
EBALR	6,787,219	(381,574)	5,097	300,000	6,710,742	320,400
Capital	3,525,217	(3,525,000)	2,647	5,400,000	5,402,864	
	<u>\$ 21,938,660</u>	<u>\$ (7,185,441)</u>	<u>\$ 16,474</u>	<u>\$ 7,674,536</u>	<u>\$ 22,444,229</u>	<u>\$ 1,420,400</u>

Additional detail regarding capital reserves can be found in Note 22 "Restricted for Capital Reserves".

B. School Food Service Fund

The net change in the school food service fund - fund balance is an increase of \$131,165, which was the operating profit of the food service program, inclusive of a transfer from the general fund of \$100,000.

C. Debt Service Fund

The debt service fund - fund balance is unchanged from the prior year.

D. Capital Projects Fund

The capital projects fund - fund balance increased by \$905,086. This was the result of a transfer from the general fund capital reserve for voter-authorized projects in the amount of \$3,525,000 and state aid under the Smart Schools Bond Act of \$372,281, offset by capital expenditures of \$2,619,920, and a transfer to the general fund of \$372,275 for capital fund expenditures incurred by the general fund.

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

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

	Balance @ June 30, 2020	Use of Reserves	Funding	Balance @ June 30, 2021
May 2008	\$ 482,253	\$ (10,940)	\$ 536	\$ 471,849
May 2013	2,622,789	(898,420)	7,357	1,731,726
May 2017	4,150,338	(1,310,266)	3,517,107	6,357,179
May 2018	543,420	(357,932)		185,488
	<u>\$ 7,798,800</u>	<u>\$ (2,577,558)</u>	<u>\$ 3,525,000</u>	<u>\$ 8,746,242</u>

E. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is a decrease of \$15,836, as a result of expenditures of \$93,519 in excess of revenues of \$77,683.

F. Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$9,075, as a result of scholarships awarded of \$10,400 in excess of donations of \$500 and interest income of \$825.

G. Permanent Fund

The permanent fund – fund balance remains unchanged from the prior year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021, was \$135,938,167. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,233,417 and budget revisions of \$3,925,623, for a total final budget of \$141,097,207.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$112,350,000 in estimated property taxes and STAR receipts.

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:

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

Opening, Unassigned Fund Balance	\$ 5,437,525
Budget Revision	(7,548)
Revenues Over Budget	2,849,307
Expenditures and Encumbrances Under Budget	6,887,329
Unused Appropriated Reserves	(302,968)
Net Change in Reserves	(7,691,010)
Appropriated to Fund the June 30, 2022 Budget	<u>(1,600,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 5,572,635</u>

Opening, Unassigned Fund Balance

The \$5,437,525 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Budget Revision

The District, by Board resolution, authorized the spending for unanticipated ordinary contingent expenditures funded by unassigned fund balance.

Revenues Over Budget

The 2020-2021 final budget for revenues and other sources was \$130,367,833. Actual revenues and other sources recognized for the year were \$133,217,140 and were more than estimated or budgeted revenues by \$2,849,307, which 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 and other uses was \$141,097,207. Actual expenditures as of June 30, 2021 were \$129,621,268 and outstanding encumbrances were \$4,588,610. Combined, the expenditures plus encumbrances for 2020-2021 were \$134,209,878. The final budget variance was \$6,887,329, which 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.

Unused Appropriated Reserves

In the 2020-2021 budget, \$3,963,409 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$302,968 of this funding was not needed and, therefore, it was returned to the reserves for future use.

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

Net Change in Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The 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 \$1,600,000 of the available June 30, 2021 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 \$5,572,635. The unassigned portion is equal to the permissible 4.0% statutory maximum.

6. CAPITAL ASSET, 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 \$3,050,019 in excess of depreciation expense of \$2,254,979 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>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Land	\$ 1,545,142	\$ 1,545,142	\$ -
Construction in progress	2,549,298	2,568,204	(18,906)
Buildings and improvements	17,710,932	16,816,025	894,907
Site improvements	2,517,109	2,829,160	(312,051)
Furniture and equipment	<u>1,685,293</u>	<u>1,454,203</u>	<u>231,090</u>
Capital assets, net	<u>\$ 26,007,774</u>	<u>\$ 25,212,734</u>	<u>\$ 795,040</u>

B. Debt Administration

At June 30, 2021, the District had total bonds payable of \$1,040,000. Bonds were initially issued in 2006 for school building improvements and were advance refunded in 2015. The decrease in outstanding debt represents principal payments made during the year. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
4/1/2015	2.0-4.0%	<u>\$ 1,040,000</u>	<u>\$ 1,220,000</u>	<u>\$ (180,000)</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1.

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

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation liability, net pension liabilities – 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:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Compensated absences payable	\$ 7,410,438	\$ 6,807,940	\$ 602,498
Workers' compensation liabilities	3,371,890	2,730,621	641,269
Net pension liabilities - proportionate share	7,884,085	10,555,321	(2,671,236)
Total OPEB liability	<u>320,429,660</u>	<u>305,014,491</u>	<u>15,415,169</u>
	<u>\$ 339,096,073</u>	<u>\$ 325,108,373</u>	<u>\$ 13,987,700</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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 \$139,315,854. This is an increase of \$3,377,687 or 2.48% over the previous year's budget. The increases are principally in the instructional program (\$601,224) and transportation (\$1,400,893) areas of the budget.

The District budgeted revenues other than property taxes and STAR at a \$5,952,258 increase over the prior year's estimate, which is in part due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$1,600,000 is a decrease of \$400,000 from the previous year. Additionally, the District has elected to appropriate \$1,420,400 of reserves towards the next year's budget, which is a decrease of \$2,543,009 from the previous year. A property tax increase of \$368,438 (0.33%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

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 tax levy cap for 2021-2022 is 1.85%. The District's 2021-2022 property tax increase of 0.33% was less than the tax cap and did not require an override vote.

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

8. CONTACTING THE DISTRICT

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

Dr. Kathleen Acker
Assistant Superintendent for Finance and Management Services
Huntington Union Free School District
50 Tower Street
Huntington Station, New York 11746

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

ASSETS

Cash	
Unrestricted	\$ 15,823,622
Restricted	32,448,610
Receivables	
Accounts receivable	21,149
Due from state and federal	5,027,302
Due from other governments	460,245
Other assets	307,155
Inventory	19,937
Capital assets not being depreciated	4,094,440
Capital assets being depreciated, net of accumulated depreciation	21,913,334
	<hr/>
Total Assets	80,115,794

DEFERRED OUTFLOWS OF RESOURCES

Pensions	34,981,789
Other postemployment benefits	26,255,129
	<hr/>
Total Deferred Outflows of Resources	61,236,918

LIABILITIES

Payables	
Accounts payable	1,614,658
Accrued liabilities	701,569
Due to fiduciary funds	1,230
Due to other governments	288,914
Due to teachers' retirement system	4,968,256
Due to employees' retirement system	612,463
Compensated absences payable	313,392
Other liabilities	14,552
Unearned credits: collections in advance	52,094
Long-term liabilities	
Due and payable within one year	
Bonds payable	190,000
Compensated absences payable	72,759
Workers' compensation liabilities	649,374
Due and payable after one year	
Bonds payable	850,000
Compensated absences payable	7,337,679
Workers' compensation liabilities	2,722,516
Net pension liabilities - proportionate share	7,884,085
Total other postemployment benefits liability	320,429,660
	<hr/>
Total Liabilities	348,703,201

DEFERRED INFLOWS OF RESOURCES

Pensions	15,433,445
Other postemployment benefits	10,776,172
	<hr/>
Total Deferred Inflows of Resources	26,209,617

NET POSITION (DEFICIT)

Net investment in capital assets	24,967,774
	<hr/>
Restricted	
Workers' compensation	2,511,980
Unemployment insurance	58,263
Retirement contribution	
Teachers' retirement system	2,141,010
Employees' retirement system	5,619,370
Employee benefit accrued liability	6,710,742
Capital	14,149,106
Debt	212,522
Scholarships	1,045,617
	<hr/>
Unrestricted (deficit)	(290,976,490)
	<hr/>
Total Net Position (Deficit)	\$ (233,560,106)

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

			Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General support	\$ 19,647,881	\$	\$	\$	\$ (19,647,881)
Instruction	122,423,966	301,357	4,265,928	414,636	(117,442,045)
Pupil transportation	10,078,532				(10,078,532)
Debt service - interest	215,167				(215,167)
Food service program	1,942,140	45,942	1,919,603		23,405
Total Governmental Activities	<u>\$ 154,307,686</u>	<u>\$ 347,299</u>	<u>\$ 6,185,531</u>	<u>\$ 414,636</u>	<u>(147,360,220)</u>
GENERAL REVENUES					
Real property taxes					105,963,811
Other tax items					6,477,564
Use of money and property					59,152
Sale of property and compensation for loss					6,145
Miscellaneous					1,339,750
State sources					17,482,098
Total General Revenues					<u>131,328,520</u>
Change in Net Position (Deficit)					(16,031,700)
Total Net Position (Deficit) - Beginning of Year, as Restated					<u>(217,528,406)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (233,560,106)</u>

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

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
ASSETS									
Cash									
Unrestricted	\$ 12,966,466	\$ 2,265,934	\$ 348,274	\$	\$	\$ 205,638	\$	\$	\$ 15,786,312
Restricted	29,725,625			212,522	1,464,846		1,082,927		32,485,920
Receivables									
Accounts receivable	20,810		339						21,149
Due from other funds	5,187,360		65,292		8,391,601			880,318	14,524,571
Due from state and federal	2,628,136	1,846,697	510,114		42,355				5,027,302
Due from other governments	460,245								460,245
Other assets	307,155								307,155
Inventory			19,937						19,937
Total Assets	<u>\$ 51,295,797</u>	<u>\$ 4,112,631</u>	<u>\$ 943,956</u>	<u>\$ 212,522</u>	<u>\$ 9,898,802</u>	<u>\$ 205,638</u>	<u>\$ 1,082,927</u>	<u>\$ 880,318</u>	<u>\$ 68,632,591</u>
LIABILITIES									
Payables									
Accounts payable	\$ 1,384,143	\$ 76,928	\$ 93,888	\$	\$ 59,699	\$	\$	\$	\$ 1,614,658
Accrued liabilities	690,608	6,325	2,903						699,836
Due to other funds	8,415,257	4,009,351	108,733		1,074,832		917,628		14,525,801
Due to other governments	287,923		136		855				288,914
Due to teachers' retirement system	4,968,256								4,968,256
Due to employees' retirement system	612,463								612,463
Compensated absences payable	313,392								313,392
Other liabilities	14,552								14,552
Unearned credits: collections in advance		20,027	32,067						52,094
Total Liabilities	<u>16,686,594</u>	<u>4,112,631</u>	<u>237,727</u>	<u>-</u>	<u>1,135,386</u>	<u>-</u>	<u>917,628</u>	<u>-</u>	<u>23,089,966</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	<u>403,729</u>				<u>42,355</u>				<u>446,084</u>
FUND BALANCES									
Nonspendable			19,937					880,318	900,255
Restricted:									
Workers' compensation	2,511,980								2,511,980
Unemployment insurance	58,263								58,263
Retirement contribution									
Teachers' retirement system	2,141,010								2,141,010
Employees' retirement system	5,619,370								5,619,370
Employee benefit accrued liability	6,710,742								6,710,742
Capital	5,402,864				8,746,242				14,149,106
Debt				212,522					212,522
Scholarships							165,299		165,299
Assigned:									
Appropriated fund balance	1,600,000								1,600,000
Unappropriated fund balance	4,588,610		686,292			205,638			5,480,540
Unassigned: Fund balance (deficit)	<u>5,572,635</u>				<u>(25,181)</u>				<u>5,547,454</u>
Total Fund Balances	<u>34,205,474</u>	<u>-</u>	<u>706,229</u>	<u>212,522</u>	<u>8,721,061</u>	<u>205,638</u>	<u>165,299</u>	<u>880,318</u>	<u>45,096,541</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 51,295,797</u>	<u>\$ 4,112,631</u>	<u>\$ 943,956</u>	<u>\$ 212,522</u>	<u>\$ 9,898,802</u>	<u>\$ 205,638</u>	<u>\$ 1,082,927</u>	<u>\$ 880,318</u>	<u>\$ 68,632,591</u>

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

Total Governmental Fund Balances	\$	45,096,541
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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, site 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	\$ 74,201,525	
Less: Accumulated depreciation	<u>(48,193,751)</u>	
		26,007,774

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	34,981,789	
Net pension liability - teachers' retirement system	(7,846,369)	
Net pension liability - employees' retirement system	(37,716)	
Deferred inflows of resources	<u>(15,433,445)</u>	
		11,664,259

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

Deferred outflows of resources	26,255,129	
Total other postemployment benefits liability	(320,429,660)	
Deferred inflows of resources	<u>(10,776,172)</u>	
		(304,950,703)

Some of the District's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.

446,084

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	(1,733)	
Bonds payable	(1,040,000)	
Compensated absences payable	(7,410,438)	
Workers' compensation liabilities	<u>(3,371,890)</u>	
		<u>(11,824,061)</u>

Total Net Position (Deficit)	\$	<u><u>(233,560,106)</u></u>
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HUNTINGTON 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	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
REVENUES									
Real property taxes	\$ 105,963,811	\$	\$	\$	\$	\$	\$	\$	\$ 105,963,811
Other tax items	6,477,564								6,477,564
Charges for services	223,674								223,674
Use of money and property	59,100		52				825		59,977
Sale of property and compensation for loss	6,145								6,145
Miscellaneous	1,370,886		21,912			77,683	500		1,470,981
Interfund revenue	2,772								2,772
State sources	17,899,395	967,420	60,360		372,281				19,299,456
Federal sources	841,518	2,455,665	1,859,243						5,156,426
Sales			24,030						24,030
Total Revenues	132,844,865	3,423,085	1,965,597	-	372,281	77,683	1,325	-	138,684,836
EXPENDITURES									
General support	14,124,534	43,985							14,168,519
Instruction	70,354,692	3,453,487				93,519	10,400		73,912,098
Pupil transportation	9,878,435	118,740							9,997,175
Employee benefits	31,050,013								31,050,013
Debt service									
Principal				180,000					180,000
Interest	166,667			48,800					215,467
Food service program			1,934,432						1,934,432
Capital outlay					2,619,920				2,619,920
Total Expenditures	125,574,341	3,616,212	1,934,432	228,800	2,619,920	93,519	10,400	-	134,077,624
Excess (Deficiency) of Revenues Over Expenditures	<u>7,270,524</u>	<u>(193,127)</u>	<u>31,165</u>	<u>(228,800)</u>	<u>(2,247,639)</u>	<u>(15,836)</u>	<u>(9,075)</u>	<u>-</u>	<u>4,607,212</u>
OTHER FINANCING SOURCES AND (USES)									
Operating transfers in	372,275	193,127	100,000	228,800	3,525,000				4,419,202
Operating transfers (out)	<u>(4,046,927)</u>				<u>(372,275)</u>				<u>(4,419,202)</u>
Total Other Financing Sources and (Uses)	<u>(3,674,652)</u>	<u>193,127</u>	<u>100,000</u>	<u>228,800</u>	<u>3,152,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	3,595,872	-	131,165	-	905,086	(15,836)	(9,075)	-	4,607,212
Fund Balances - Beginning of Year, as Restated	<u>30,609,602</u>	<u>-</u>	<u>575,064</u>	<u>212,522</u>	<u>7,815,975</u>	<u>221,474</u>	<u>174,374</u>	<u>880,318</u>	<u>40,489,329</u>
Fund Balances - End of Year	<u><u>\$ 34,205,474</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 706,229</u></u>	<u><u>\$ 212,522</u></u>	<u><u>\$ 8,721,061</u></u>	<u><u>\$ 205,638</u></u>	<u><u>\$ 165,299</u></u>	<u><u>\$ 880,318</u></u>	<u><u>\$ 45,096,541</u></u>

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

Net Change in Fund Balances	\$ 4,607,212
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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.

\$ (406,078)

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
Increase in workers' compensation liabilities

(602,498)
(641,269)

(1,649,845)

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
Depreciation expense

3,050,019
(2,254,979)

795,040

Long-Term Debt Transaction Differences

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

Repayment of bonds payable

180,000

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

300

180,300

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system
Employees' retirement system
Other postemployment benefits

(5,979,530)
893,746
(14,878,623)

(19,964,407)

Change in Net Position (Deficit) of Governmental Activities	\$ <u>(16,031,700)</u>
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HUNTINGTON UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

	<u>Custodial</u>
ASSETS	
Due from governmental funds	\$ 1,230
LIABILITIES	
Other liabilities	<u>1,230</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

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

	<u>Custodial</u>
ADDITIONS	
Real property taxes collections for the Library	\$ 8,948,970
Participant fees	88,564
Donations	3,000
Other	<u>200</u>
Total Additions	<u>9,040,734</u>
DEDUCTIONS	
Real property taxes payments to the Library	8,948,970
Program fees	88,564
Awards	3,000
Other	<u>200</u>
Total Deductions	<u>9,040,734</u>
Change in Net Position	-
Net Position - Beginning of Year	<u> </u>
Net Position - End of Year	<u><u>\$ -</u></u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

HUNTINGTON 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.

HUNTINGTON 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.

Permanent Fund – is used to account for endowed scholarship funds collected that benefit annual 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 and funds collected and disbursed on behalf of other entities.

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 an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental 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.

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

E. Real Property Taxes

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County 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 also include payments from the Long Island Industrial Partners remitted by Suffolk County. Beginning in the 2013-2014 fiscal year, the Suffolk County Industrial Development Agency removed properties owned by the Long Island Industrial Partners from the assessment and tax rolls and, instead, allowed Long Island Industrial Partners to make payments in lieu of taxes. These PILOT payments result in 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 \$91,375 in Long Island Industrial Partners 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.

H. Interfund Transactions

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

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

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

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

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

I. 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 amounts 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.

J. 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.

K. Receivables

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

L. Inventory

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

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

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

M. Other Assets

The District has provided life insurance policies with split dollar provisions for certain former employees. The split dollar provisions provide for the payment of insurance proceeds to the District to the extent of premiums paid upon the demise of the insured or surrender of the policy.

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

N. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 50,000	50 years
Site improvements	25,000	20 years
Furniture and equipment	5,000	5-20 years

O. Deferred Outflows of Resources

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

P. 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.

Q. 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 and summer program fees. 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.

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

R. 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 or a credit towards their health insurance obligation.

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 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.

S. 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.

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

T. Deferred Inflows of Resources

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

U. 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, and nonexpendable scholarships, which are recorded in the permanent 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:

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State 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

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

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 the capital projects fund.

Restricted for Debt

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

Restricted for Scholarships

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

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

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.

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.

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.

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

Other postemployment benefit differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for 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:

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

Transfer to capital projects fund funded by capital reserves as approved by the voters in May 2021	\$ 3,525,000
Advanced placement exams funded by fees collected	69,690
Contingent expenditures funded by unassigned fund balance	7,548
Contingent expenditures funded by vendor refunds	237,832
Contingent expenditures funded by donations	<u>85,553</u>
	<u>\$ 3,925,623</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.

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. Capital Projects Fund

The capital projects fund has an unassigned fund balance deficit of \$25,181. This will be funded when the District receives state funding related to the SMART Schools Bond Act.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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.

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

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.

Investment Pool:

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

Total investments of the cooperative at June 30, 2021 are \$3,369,964,660, which consisted of \$371,757,483 in repurchase agreements, \$1,940,950,074 in U.S. Treasury Securities and \$1,057,257,103 in collateralized bank deposits, with various interest rates and due dates.

The scholarships restricted cash balance has an amount of \$1,082,927 and is invested in a NYCLASS account. This amount represent the fair value of the investment pool shares, The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed \$13,029,744 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,754,087. Financial statements for the BOCES are available from the BOCES administrative offices at 507 Deer Park Road, P.O. Box 8007, Huntington Station, New York, 11746-9007.

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	\$ 650,652
Federal - CARES Act - GEER	97,564
Federal - CARES Act - ESSER	574,306
BOCES aid	<u>1,305,614</u>
	2,628,136
Special Aid Fund	
Federal and State grants	1,846,697
School Food Service Fund	
Federal and State food service program reimbursements	510,114
Capital Projects Fund	
SMART Schools Bond Act	<u>42,355</u>
	<u>\$ 5,027,302</u>

District management expects these amounts to be fully collectible.

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

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Tuition and health services - other districts	\$ 259,908
Town of Huntington - PILOT revenue	91,375
CPSE Admin - County	<u>108,962</u>
	<u>\$ 460,245</u>

District management expects these amounts to be fully collectible.

10. OTHER ASSETS

The District has provided life insurance policies with split dollar provisions for certain of its former employees. The split dollar provisions provide for the payment of insurance proceeds to the District upon the demise of the insured or cash surrender value if the policy is cashed in prior to death.

At June 30, 2021, total cash surrender value for these policies amounted to \$307,155, which has been recorded as other assets in the general fund. The corresponding revenue to this receivable is included in unavailable revenues and will be recognized in the year that the proceeds are received.

11. CAPITAL ASSETS

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

	Balance <u>June 30, 2020</u>	Additions	Reductions	Balance <u>June 30, 2021</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 1,545,142	\$	\$	\$ 1,545,142
Construction in progress	<u>2,568,204</u>	<u>2,397,012</u>	<u>(2,415,918)</u>	<u>2,549,298</u>
Total capital assets not being depreciated	<u>4,113,346</u>	<u>2,397,012</u>	<u>(2,415,918)</u>	<u>4,094,440</u>
Capital assets being depreciated:				
Buildings and improvements	55,340,822	2,422,888		57,763,710
Site improvements	6,902,379			6,902,379
Furniture and equipment	<u>4,889,100</u>	<u>646,037</u>	<u>(94,141)</u>	<u>5,440,996</u>
Total capital assets being depreciated	<u>67,132,301</u>	<u>3,068,925</u>	<u>(94,141)</u>	<u>70,107,085</u>
Less accumulated depreciation for:				
Buildings and improvements	38,524,797	1,527,981		40,052,778
Site improvements	4,073,219	312,051		4,385,270
Furniture and equipment	<u>3,434,897</u>	<u>414,947</u>	<u>(94,141)</u>	<u>3,755,703</u>
Total accumulated depreciation	<u>46,032,913</u>	<u>2,254,979</u>	<u>(94,141)</u>	<u>48,193,751</u>
Total capital assets, being depreciated, net	<u>21,099,388</u>	<u>813,946</u>	<u>-</u>	<u>21,913,334</u>
Capital assets, net	<u>\$ 25,212,734</u>	<u>\$ 3,210,958</u>	<u>\$ (2,415,918)</u>	<u>\$ 26,007,774</u>

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

Depreciation expense was charged to governmental functions as follows:

General support	\$ 101,148
Instruction	2,146,123
Food service program	<u>7,708</u>
Total depreciation expense	<u>\$ 2,254,979</u>

12. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 5,187,360	\$ 8,415,257	\$ 372,275	\$ 4,046,927
Special Aid Fund		4,009,351	193,127	
School Food Service Fund	65,292	108,733	100,000	
Debt Service Fund			228,800	
Capital Projects Fund	8,391,601	1,074,832	3,525,000	372,275
Scholarships Fund		917,628		
Permanent Fund	<u>880,318</u>			
	14,524,571	14,525,801	<u>\$ 4,419,202</u>	<u>\$ 4,419,202</u>
Custodial Fund	<u>1,230</u>			
	<u>\$ 14,525,801</u>	<u>\$ 14,525,801</u>		

The District typically transfers from the general fund to other governmental funds per the approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the school food service fund was to provide support for the program. The transfer to the debt service fund was for the payment of principal and interest on long-term outstanding indebtedness. The transfer from the capital projects fund to the general fund was for repayment of capital fund expenditures incurred by the general fund. In addition, the general fund transferred from the 2008, 2013, and 2017 capital reserves \$3,525,000 per the May 2021 voter authorization to the capital projects fund for projects to be completed at the high school, middle school and primary school.

13. SHORT-TERM DEBT

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	6/25/21	1.50%	<u>\$</u>	<u>\$ 16,000,000</u>	<u>\$ (16,000,000)</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.

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

Interest on short-term debt for the year was \$166,667. The District received a premium of \$133,280 on this TAN borrowing resulting in an effective interest rate of 0.3005%, which is included in miscellaneous revenue in the general fund.

14. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 1,220,000	\$	\$ (180,000)	\$ 1,040,000	\$ 190,000
Other long-term liabilities:					
Compensated absences	6,807,940	602,498		7,410,438	72,759
Workers' compensation	2,730,621	1,394,348	(753,079)	3,371,890	649,374
	<u>\$ 10,758,561</u>	<u>\$ 1,996,846</u>	<u>\$ (933,079)</u>	<u>\$ 11,822,328</u>	<u>\$ 912,133</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
Refunding debt	4/2015	6/2026	2.0-4.0%	<u>\$ 1,040,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 190,000	\$ 41,600	\$ 231,600
2023	200,000	34,000	234,000
2024	210,000	26,000	236,000
2025	215,000	17,600	232,600
2026	<u>225,000</u>	<u>9,000</u>	<u>234,000</u>
Total	<u>\$ 1,040,000</u>	<u>\$ 128,200</u>	<u>\$ 1,168,200</u>

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

C. Interest Expense

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

Interest paid	\$ 48,800
Less interest accrued in the prior year	(2,033)
Plus interest accrued in the current year	<u>1,733</u>
 Total interest expense on long-term debt	 <u><u>\$ 48,500</u></u>

15. PENSION PLANS – NEW YORK STATE

A. General Information

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

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York, 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 on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York, 12244.

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October, and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 13.86% 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 \$4,604,351 for TRS at the contribution rate of 9.53% and \$1,839,295 for ERS at an average contribution rate of 14.37%.

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2018, 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.

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (7,846,369)	\$ (37,716)
District's portion of the Plan's total net pension asset/(liability)	0.283952%	0.0378771%
Change in proportion since the prior measurement date	0.000422	(0.0019839)

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

For the year ended June 30, 2021, the District recognized pension expense of \$10,583,881 for TRS and \$945,549 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	\$ 6,874,989	\$ 460,611	\$ 402,111	\$
Changes of assumptions	9,923,830	6,934,707	3,537,327	130,791
Net difference between projected and actual earnings on pension plan investments	5,124,367			10,834,180
Changes in proportion and differences between the District's contributions and proportionate share of contributions	152,810	293,661	264,946	264,090
District contributions subsequent to the measurement date	4,604,351	612,463		
Total	<u>\$ 26,680,347</u>	<u>\$ 8,301,442</u>	<u>\$ 4,204,384</u>	<u>\$ 11,229,061</u>

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

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2022	\$ 3,027,362	\$ (593,836)
2023	6,140,996	(236,055)
2024	5,029,664	(603,765)
2025	3,148,955	(2,106,426)
2026	161,967	
Thereafter	362,668	
	<u>\$ 17,871,612</u>	<u>\$ (3,540,082)</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:

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

	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.

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:

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

	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.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 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:

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

	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
TRIS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (49,562,809)</u>	<u>\$ (7,846,369)</u>	<u>\$ 27,164,296</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (10,468,429)</u>	<u>\$ (37,716)</u>	<u>\$ 9,581,843</u>

Pension Plan Fiduciary Net Position

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

	TRIS	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	<u>120,479,505</u>	<u>220,580,583</u>
Employers' net pension liability	<u>\$ (2,763,271)</u>	<u>\$ (99,574)</u>
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 \$4,604,351 of employer contributions and \$363,905 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$612,463 of employer contributions. Employee contributions are remitted monthly.

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

16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$530,113, and \$2,776,590, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for administrators, central office staff, teachers and chairs. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$395,157.

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible, retired employees of the District based on employment contracts. 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 medical, Medicare part B reimbursement, major medical, vision, and term life insurance 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 July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	844
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>670</u>
	<u><u>1,514</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$320,429,660 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

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:

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

Inflation	2.20%	
Salary increases including inflation	2.60%	
Discount rate	2.16%	
Healthcare cost trend rates	6.60%	decreasing to an ultimate rate of 4.10% over 56 years
Retirees' share of benefit-related costs	15 - 40%	of projected health insurance premiums for retirees

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

Mortality rates were based on RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2017. Mortality improvement was projected to date of decrement using Scale MP-2017 (generational mortality).

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 305,014,491</u>
Changes for the year	
Service cost	13,742,349
Interest	6,957,802
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	2,606,493
Benefit payments	<u>(7,891,475)</u>
	<u>15,415,169</u>
Balance at June 30, 2021	<u><u>\$ 320,429,660</u></u>

Change in assumptions or 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>\$ (379,419,183)</u>	<u>\$ (320,429,660)</u>	<u>\$ (273,478,009)</u>

HUNTINGTON 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 (5.60%) or 1 percentage point higher (7.60%) than the current healthcare cost trend rate:

	1% Decrease 5.60% decreasing to 3.10%	Healthcare Cost Trend Rates 6.60% decreasing to 4.10%	1% Increase 7.60% decreasing to 5.10%
<u>OPEB</u>			
Total OPEB liability	<u>\$ (269,684,089)</u>	<u>\$ (320,429,660)</u>	<u>\$ (387,511,573)</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 \$22,770,098. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred</u>	
	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 1,144,688
Changes of assumptions or other inputs	<u>26,255,129</u>	<u>9,631,484</u>
Total	<u>\$ 26,255,129</u>	<u>\$ 10,776,172</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 2,069,947
2023	2,069,947
2024	3,551,713
2025	5,817,422
2026	<u>1,969,928</u>
	<u>\$ 15,478,957</u>

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

18. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements deferred inflows of resources, at June 30, 2021 represents unavailable revenues, including split dollar life insurance receivable, NYS supplemental aid and Smart Schools Bond Act receivable.

19. 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 reported and unreported claims which were incurred on or before year end but not reported (IBNR) based on an actuarial valuation which reflects a 2% discount rate. Claims activity is summarized below:

	<u>2020</u>	<u>2021</u>
Unpaid claims at beginning of year	\$ 2,748,749	\$ 2,730,621
Incurred claims and claim adjustment expenses	748,958	1,394,348
Claim payments	<u>(767,086)</u>	<u>(753,079)</u>
Unpaid claims at year end	<u>\$ 2,730,621</u>	<u>\$ 3,371,890</u>

At June 30, 2021, the District had \$2,511,980 of funds in the workers' compensation reserve.

20. 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:

Workers' Compensation	\$ 500,000
Retirement Contributions	
Teachers' retirement system	300,000
Employees' retirement system	300,000
Employee Benefit Accrued Liability	<u>320,400</u>
	<u>\$ 1,420,400</u>

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

21. ASSIGNED APPROPRIATED FUND BALANCE

The amount of \$1,600,000 has been appropriated to reduce taxes for the year ending June 30, 2022.

22. RESTRICTED FOR CAPITAL RESERVES

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

Date Created	Capital Reserve				
	May 2008	May 2013	May 2017	May 2018	
Number of Years to Fund	8	8	8	5	
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 12,500,000</u>	<u>\$ 1,500,000</u>	Total
General Fund					
Funding Provided Since Inception	\$ 10,000,000	\$ 10,000,000	\$ 12,500,000	\$ 1,135,026	\$ 33,635,026
Interest Earnings Since Inception	34,962	84,673	79,314	2,912	201,861
Use of Reserve Since Inception	<u>(10,034,962)</u>	<u>(10,084,673)</u>	<u>(7,748,564)</u>	<u>(565,824)</u>	<u>(28,434,023)</u>
Total General Fund	<u>-</u>	<u>-</u>	<u>4,830,750</u>	<u>572,114</u>	<u>5,402,864</u>
Capital Projects Fund					
Funding Provided Since Inception	10,034,962	10,084,673	7,748,564	565,824	28,434,023
Use of Reserve Since Inception	<u>(9,563,113)</u>	<u>(8,352,947)</u>	<u>(1,391,385)</u>	<u>(380,336)</u>	<u>(19,687,781)</u>
Total Capital Projects Fund	<u>471,849</u>	<u>1,731,726</u>	<u>6,357,179</u>	<u>185,488</u>	<u>8,746,242</u>
Balance as of June 30, 2021	<u>\$ 471,849</u>	<u>\$ 1,731,726</u>	<u>\$ 11,187,929</u>	<u>\$ 757,602</u>	<u>\$ 14,149,106</u>

23. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84. The implementation of Statement No. 84 resulted in an increase of \$1,241,870 in fund balance and total net position. In addition to the GASB 84 restatement, the District decreased the school fund service fund balance by \$34,296 due to the inclusion of student-prepaid balances during the prior year. The District's net fund balance and net position have been restated as follows:

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

	General Fund	School Food Service Fund	Extracurricular Activities Fund	Scholarships Fund	Permanent Fund	Statement of Net Position
<i>Fund Balance/Net Position (Deficit)</i>						
Beginning of Year, as Reported	\$ 30,609,602	\$ 609,360	\$	\$	\$	\$ (218,770,276)
<i>Assets</i>						
Cash	21,178		221,474	174,374	880,318	1,297,344
<i>Liabilities</i>						
Other liabilities	21,178					21,178
Collections in advance		34,296				34,296
	21,178	34,296	-	-	-	55,474
<i>Fund Balance/Net Position (Deficit)</i>						
Restricted				174,374	880,318	1,054,692
Assigned, unappropriated	-	(34,296)	221,474			187,178
Unrestricted						187,178
	-	(34,296)	221,474	174,374	880,318	1,241,870
<i>Fund Balance/Net Position (Deficit)</i>						
Beginning of Year, as Restated	\$ 30,609,602	\$ 575,064	\$ 221,474	\$ 174,374	\$ 880,318	\$ (217,528,406)

24. TAX ABATEMENTS

The Suffolk County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The amount of property tax revenue that was reduced as a result of these programs is \$84,631. The District received payment in lieu of taxes (PILOT) payments totaling \$91,375.

25. 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 Fund Balance	
Capital Projects Fund	
Capital projects	\$ 1,689,148
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	3,207,487
Instruction	1,381,123
	4,588,610
	\$ 6,277,758

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

B. Grants

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

C. Litigation

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

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was approximately \$106,986. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 26,611
2023	4,811
2024	4,811
2025	4,811
	<u>\$ 41,044</u>

26. 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:

A. Issuance of TANs

The District issued \$16,000,000 in tax anticipation notes on October 14, 2021, which will mature on June 24, 2022 and bear interest at a stated rate of 1.25%. The District expects to receive a premium of \$115,840 with the borrowing to yield an effective interest rate of .2074%.

B. Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act

In September 2021, the District was awarded CRRSA funding of \$2,523,467 through the Elementary and Secondary School Emergency Relief (ESSER) 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.

HUNTINGTON 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	\$ 112,350,000	\$ 105,963,811	\$ 105,963,811	\$ -
Other tax items	90,665	6,476,854	6,477,564	710
Charges for services	381,000	381,000	223,674	(157,326)
Use of money and property	406,000	406,000	59,100	(346,900)
Sale of property and compensation for loss	10,000	12,819	6,145	(6,674)
Miscellaneous	590,000	980,256	1,370,886	390,630
Interfund revenue			2,772	2,772
Total Local Sources	113,827,665	114,220,740	114,103,952	(116,788)
State Sources	16,027,093	16,027,093	17,899,395	1,872,302
Federal Sources			841,518	841,518
Total Revenues	129,854,758	130,247,833	132,844,865	2,597,032
OTHER SOURCES				
Operating Transfers In	120,000	120,000	372,275	252,275
Total Revenues and Other Sources	129,974,758	130,367,833	133,217,140	\$ 2,849,307
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	2,000,000	2,007,548		
Prior Year's Encumbrances	1,233,417	1,233,417		
Appropriated Reserves	3,963,409	7,488,409		
Total Appropriated Fund Balance	7,196,826	10,729,374		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 137,171,584	\$ 141,097,207		

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.

HUNTINGTON 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	\$ 51,191	\$ 51,191	\$ 39,755	\$ 3,586	\$ 7,850
Central administration	349,918	349,918	346,511	2,950	457
Finance	1,346,826	1,410,521	1,361,985	12,737	35,799
Staff	974,779	969,259	773,951	5,905	189,403
Central services	9,555,821	14,108,569	10,504,024	3,182,309	422,236
Special items	1,171,652	1,171,652	1,098,308		73,344
Total General Support	13,450,187	18,061,110	14,124,534	3,207,487	729,089
Instruction					
Administration & improvement	5,557,203	5,796,665	5,141,403	285,042	370,220
Teaching - regular school	37,934,184	36,659,150	33,895,101	963,477	1,800,572
Programs for students with disabilities	23,743,934	22,645,343	21,306,200	16,192	1,322,951
Occupational education	1,434,497	1,434,497	1,414,186		20,311
Teaching - special schools	281,080	31,081	6,745		24,336
Instructional media	2,357,225	4,886,132	4,751,783	71,812	62,537
Pupil services	4,343,419	4,462,706	3,839,274	44,600	578,832
Total Instruction	75,651,542	75,915,574	70,354,692	1,381,123	4,179,759
Pupil Transportation	11,085,927	10,386,567	9,878,435		508,132
Employee Benefits	36,045,128	32,170,156	31,050,013		1,120,143
Debt Service - interest	260,000	260,000	166,667		93,333
Total Expenditures	136,492,784	136,793,407	125,574,341	4,588,610	6,630,456
OTHER USES					
Operating Transfers Out	678,800	4,303,800	4,046,927		256,873
Total Expenditures and Other Uses	<u>\$ 137,171,584</u>	<u>\$ 141,097,207</u>	<u>129,621,268</u>	<u>\$ 4,588,610</u>	<u>\$ 6,887,329</u>
Net Change in Fund Balance			3,595,872		
Fund Balance - Beginning of Year			30,609,602		
Fund Balance - End of Year			<u>\$ 34,205,474</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.

HUNTINGTON 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)	0.283952%	0.283530%	0.286414%	0.285776%	0.278921%	0.278733%	0.278975%
District's proportionate share of the net pension asset (liability)	\$ (7,846,369)	\$ 7,366,131	\$ 5,179,123	\$ 2,172,184	\$ (2,987,364)	\$ 28,951,470	\$ 31,076,115
District's covered payroll	\$ 48,778,002	\$ 47,923,393	\$ 47,097,886	\$ 45,649,714	\$ 44,582,849	\$ 43,439,992	\$ 42,678,795
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(16.09)%	15.37 %	11.00 %	4.76 %	(6.70)%	66.65 %	72.81 %
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	0.0378771%	0.0398610%	0.0414114%	0.0426710%	0.0398755%	0.0421879%	0.0423398%
District's proportionate share of the net pension liability	\$ (37,716)	\$ (10,555,321)	\$ (2,934,124)	\$ (1,377,182)	\$ (3,746,795)	\$ (6,771,270)	\$ (1,430,343)
District's covered payroll	\$ 12,158,781	\$ 12,235,901	\$ 12,120,143	\$ 12,371,765	\$ 12,387,920	\$ 12,592,594	\$ 11,965,445
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.31 %	86.27 %	24.21 %	11.13 %	30.25 %	53.77 %	11.95 %
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.

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

Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 4,604,351	\$ 4,321,731	\$ 5,026,028	\$ 4,615,593	\$ 5,307,536	\$ 5,724,976	\$ 7,319,763	\$ 6,686,748	\$ 4,855,866	\$ 4,429,859
Contributions in relation to the contractually required contribution	<u>4,604,351</u>	<u>4,321,731</u>	<u>5,026,028</u>	<u>4,615,593</u>	<u>5,307,536</u>	<u>5,724,976</u>	<u>7,319,763</u>	<u>6,686,748</u>	<u>4,855,866</u>	<u>4,429,859</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 48,314,281	\$ 48,778,002	\$ 47,923,393	\$ 47,097,886	\$ 45,649,714	\$ 44,582,849	\$ 43,439,992	\$ 42,678,795	\$ 42,023,298	\$ 42,093,995
Contributions as a percentage of covered payroll	10%	9%	10%	10%	12%	13%	17%	16%	12%	11%

Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,839,295	\$ 1,718,799	\$ 1,698,507	\$ 1,812,104	\$ 1,750,779	\$ 2,043,486	\$ 2,414,526	\$ 2,428,021	\$ 1,802,225	\$ 1,570,365
Contributions in relation to the contractually required contribution	<u>1,839,295</u>	<u>1,718,799</u>	<u>1,698,507</u>	<u>1,812,104</u>	<u>1,750,779</u>	<u>2,043,486</u>	<u>2,414,526</u>	<u>2,428,021</u>	<u>1,802,225</u>	<u>1,570,365</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,796,524	\$ 12,179,219	\$ 12,595,831	\$ 12,419,527	\$ 11,829,467	\$ 13,055,250	\$ 12,744,116	\$ 12,680,942	\$ 11,555,751	\$ 11,948,912
Contributions as a percentage of covered payroll	14%	14%	13%	15%	15%	16%	19%	19%	16%	13%

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 13,742,349	\$ 10,184,941	\$ 11,368,279	\$ 11,037,164
Interest	6,957,802	9,298,198	8,266,350	7,916,896
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	(1,487,845)	-	(301,407)
Changes of assumptions or other inputs	2,606,493	35,306,417	(20,744,735)	-
Benefit payments	<u>(7,891,475)</u>	<u>(7,465,956)</u>	<u>(7,718,720)</u>	<u>(6,957,478)</u>
Net change in total OPEB liability	15,415,169	45,835,755	(8,828,826)	11,695,175
Total OPEB liability, beginning	<u>305,014,491</u>	<u>259,178,736</u>	<u>268,007,562</u>	<u>256,312,387</u>
Total OPEB liability, ending	<u><u>\$ 320,429,660</u></u>	<u><u>\$ 305,014,491</u></u>	<u><u>\$ 259,178,736</u></u>	<u><u>\$ 268,007,562</u></u>
Covered employee payroll	\$ 53,662,088	\$ 53,662,088	\$ 57,896,983	\$ 57,896,983
Total OPEB liability as a percentage of covered employee payroll	597.12%	568.40%	447.65%	462.90%
Discount rate	2.16 %	2.21 %	3.50 %	3.00 %
Healthcare trend rates	6.60% to 4.1% over 56 years	6.60% to 4.1% over 56 years	7.50% to 4.5% by 2023	7.50% 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.

HUNTINGTON 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		\$ 135,938,167
Additions:		
Prior year's encumbrances		<u>1,233,417</u>
Original Budget		137,171,584
Budget revisions		
Transfer to capital projects fund funded by capital reserves as approved by the voters in May 2021	\$ 3,525,000	
Advanced placement exams funded by fees collected	69,690	
Contingent expenditures funded by unassigned fund balance	7,548	
Contingent expenditures funded by vendor refunds	237,832	
Contingent expenditures funded by donations	<u>85,553</u>	
		<u>3,925,623</u>
Final Budget		<u><u>\$ 141,097,207</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		<u><u>\$ 139,315,854</u></u>
Maximum allowed (4% of 2021-2022 budget)		<u><u>\$ 5,572,635</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 6,188,610	
Unassigned fund balance	<u>5,572,635</u>	
		\$ 11,761,245
Less:		
Appropriated fund balance	1,600,000	
Encumbrances	<u>4,588,610</u>	
Total adjustments		<u>6,188,610</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 5,572,635</u></u>
Actual Percentage		4.00%

HUNTINGTON 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	
2016 HS ADA Compliant Locker Room Restrooms, Wheelchair Lift, Ramps and Foundation Repairs #001-045	\$ 195,000	\$ 195,000	\$ 184,036		\$ 184,036	\$ 10,964	\$	\$	\$ 195,000	\$ 195,000	\$ 10,964
2016 JTFMS ADA Compliant Rest Rooms and Ramps and Door Upgrades Panel and Foundation #014-024	531,000	531,000	421,664		421,664	109,336			531,000	531,000	109,336
2016 WHIS ADA Compliant Restrooms, Office Counters and Ramps #004-020	100,000	100,000	86,465		86,465	13,535			100,000	100,000	13,535
2016 JA STEM School ADA Compliant Restrooms and Ramps and Fire Rated Doors #017-018	800,000	800,000	605,039		605,039	194,961			800,000	800,000	194,961
2016 FHPS ADA Compliant Restrooms and Door Replacement #002-020	90,000	90,000	76,008		76,008	13,992			90,000	90,000	13,992
2016 JPS ADA Compliant Restrooms, Ramps and Entry Way Vestibule #013-016	325,000	325,000	309,043		309,043	15,957			325,000	325,000	15,957
SDPS ADA Compliant Restrooms #003-019	50,000	50,000	40,730		40,730	9,270			50,000	50,000	9,270
WPS ADA Compliant Rest Room and Doorway #009-019	45,000	45,000	41,135		41,135	3,865			45,000	45,000	3,865
2017 JTFMS Exterior Door Replacement and Woodshop Rollup Door #014-025	150,000	85,065	95,065	(10,000)	85,065	-			85,065	85,065	-
2017 JTFMS Exterior Door Replacement and Vestibule in Main Lobby #004-021	145,000	138,522	138,522		138,522	-			138,522	138,522	-
2017 SDPS Vestibule #030-020	100,000	60,641	60,641		60,641	-			60,641	60,641	-
2018 JTFMS Tile & Seats in LGI Room #014-026	600,000	566,839	556,839	10,003	566,842	(3)			566,839	566,839	(3)
2018 FHPS Security Vestibule #002-021	100,000	61,831	61,831	(742)	61,089	742			61,831	61,831	742
2018 FHPS Roof #002-022	1,560,000	1,122,867	1,085,777	54,111	1,139,888	(17,021)			1,122,867	1,122,867	(17,021)
2018 HS Roll Up Doors #001-046	125,000	109,543	109,543		109,543	-			109,543	109,543	-
2018 JPS Bathroom Tiles #013-017	65,000	60,120	60,120		60,120	-			60,120	60,120	-
2018 JPS Roof #013-018	1,500,000	1,395,441	1,395,441		1,395,441	-			1,395,441	1,395,441	-
2018 SDPS Roof #003-021	1,560,000	1,030,150	974,034	67,465	1,041,499	(11,349)			1,030,150	1,030,150	(11,349)
2018 WPS Security Vestibule #009-021	100,000	61,028	61,028		61,028	-			61,028	61,028	-
2018 WHIS Parking Lot, Curbs & Bathroom Tiles #004-022	741,000	723,184	723,184	(52)	723,132	52			723,184	723,184	52
2018 WHIS Boilers, #004-023	800,000	673,548	673,548		673,548	-			673,548	673,548	-
Donation - Mock Trial Theater	40,000	40,000	30,035		30,035	9,965			40,000	40,000	9,965
2017 - 2018 Interfund Transfer	100,000	100,000	92,790		92,790	7,210			100,000	100,000	7,210
DASNY Lighting Grant	36,809	36,809	36,809		36,809	-		36,809		36,809	-

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)

[illegible]

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

Capital assets, net	<u>\$ 26,007,774</u>
Deduct:	
Short-term portion of bonds payable	(190,000)
Long-term portion of bonds payable	<u>(850,000)</u>
	<u>(1,040,000)</u>
Net investment in capital assets	<u><u>\$ 24,967,774</u></u>



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(1950 – 2013)

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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
Huntington Union Free School District
Huntington Station, 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 Huntington 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 28, 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 Huntington 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 Huntington Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Huntington 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 Huntington Union Free School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Huntington Union Free School District in a separate letter dated October 18, 2021.

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

October 18, 2021

