

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
South Huntington Union Free School District

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the South Huntington Union Free School District (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total other post-employment benefits liability, schedule of the District's proportionate share of net pension asset, schedule of the District's contributions and related ratios on pages 3 through 19 and 64 through 67, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, NY
October 5, 2022

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

The following is a discussion and analysis of the South Huntington Union Free School District's (the "District") financial performance for the year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District implemented Governmental Accounting Standards Board Statement No. 87, "Leases," in 2022. This resulted in the restatement of capital assets, current and other assets, non-current liabilities, and deferred inflows of resources. This restatement had no effect on the District's prior year net position.
- The general fund total fund balance, as reflected on the balance sheet in the fund financial statements, decreased by \$1,535,010 to \$24,245,188. This was due to the excess of expenditures and other financing uses over revenues and other financing sources.
- The \$1,535,010 decrease in the District's general fund balance from \$25,780,198 at June 30, 2021 to \$24,245,188 at June 30, 2022 is illustrated in the table below.

Fund Balance as of June 30, 2021	\$ 25,780,198
Increases to fund balance:	
Reserve for unemployment insurance	345
Reserve for insurance	700
Unassigned fund balance	1,691,515
Total increases to fund balance	1,692,560
Decreases to fund balance	
Retirement contribution reserve - ERS	(647,932)
Retirement contribution reserve - TRS	(648,975)
Employee benefit accrued liability reserve	(690,964)
Workers' compensation reserve	(577,351)
Assigned fund balance (roll-over prior year encumbrances)	(62,348)
Assigned appropriated fund balance	(600,000)
Total decreases to fund balance	(3,227,570)
Fund balance as of June 30, 2022	\$ 24,245,188

- The amount of the general fund unassigned fund balance as of June 30, 2022 is \$6,781,150. This is 3.47% of the District's 2022-2023 approved operating budget of \$195,504,039. The District is in compliance with the New York State Real Property Tax Law §1318 limit, which restricts the unassigned fund balance to an amount not greater than 4% of the District's budget for the upcoming school year. Maintaining the maximum unassigned fund balance provides financial protection for unforeseen expenditures or revenue shortfalls and helps to ensure that adequate cash flow is available for operating expenses.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

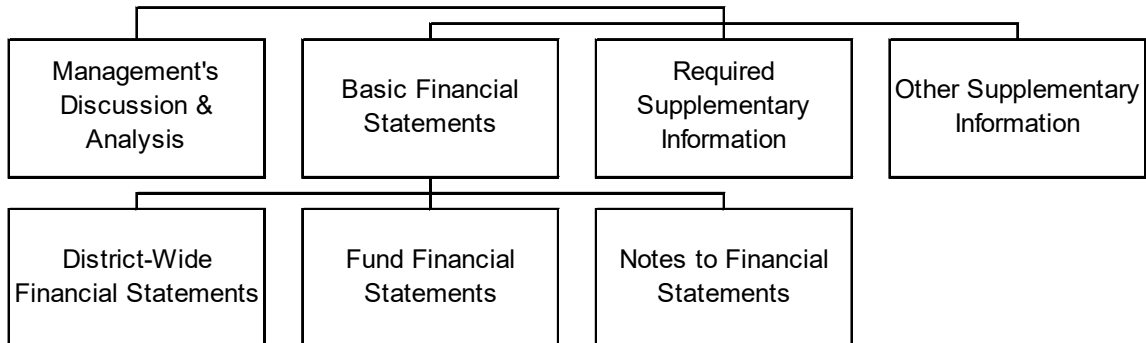
FINANCIAL HIGHLIGHTS (continued)

Key financial highlights for fiscal year 2022 are as follows:

- Chapter 97 of the Laws of 2011 established a tax levy limit that affected all local governments, most school districts and independent taxing entities such as library, fire and water districts. The law has been referred to as the “2% property tax cap”. Under this law, the growth in the property tax levy is capped at 2% or the rate of inflation, whichever is less, with some exceptions. School districts have the ability to override the cap by obtaining a super majority, or 60% approval by the District’s budget voters. The District’s 2021-2022 projected tax levy was under the 2% property tax cap for the thirteenth consecutive year.
- On the district-wide financial statements, total net position increased by \$11,913,806 or 8% to (\$137,614,284) for the year ended June 30, 2022, compared to (\$149,528,090) at June 30, 2021. The increase in net position is primarily the result of the decrease in the net pension liability for the New York State Teachers’ Retirement System, the New York State Employees’ Retirement System and the total other postemployment benefit (OPEB) liability.
- The District’s total OPEB liability amounted to \$188,039,663 as of June 30, 2022, which is a decrease of \$39,879,499 over the prior year amount. See Note 16 for further detail.
- On the district-wide financial statements, the District’s expenses for the year totaled \$183,397,243. Of this amount, \$20,798,330 was offset by program charges for services, operating grants and capital grants. General revenues of \$174,512,719 amount to 89.35% of total revenues, and were adequate to cover the balance of program expenses.
- The community passed a vote on May 18, 2021 to sell the teen center to 310 West Hills Road, LLC for \$864,302, and the sale closed in December 2021. The proceeds of the sale were recorded in general fund revenues in the sale of property and compensation for loss caption.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts - Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements.



SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The chart below summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

The district-wide financial statements 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 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.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Financial Statements

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 between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

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

Fund Financial Statements

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

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

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

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

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as custodian or trustee and utilize 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's district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Capital assets, current and other assets, non-current liabilities, and deferred inflows of resources for 2021 have been restated for the implementation of GASB Statement No. 87, *Leases*. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. A lessor is required to recognize a lease receivable and lease revenue as deferred inflows of resources over the life of the lease term.

The following is a summary of these changes:

	6/30/2021, as restated	6/30/2021, as reported	Change
Current and other assets	\$ 40,375,446	\$ 39,813,514	\$ 561,932
Capital assets, net	56,286,530	54,766,031	1,520,499
Non-current liabilities	(270,431,414)	(268,910,915)	(1,520,499)
Deferred inflows of resources	(43,856,784)	(43,294,852)	(561,932)
Totals	<u>\$ (217,626,222)</u>	<u>\$ (217,626,222)</u>	<u>\$ -</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position

The District's total net position increased by \$11,913,806 between fiscal year 2022 and 2021. A summary of the District's Statements of Net Position follows.

	Fiscal Year 2022	Fiscal Year 2021, as restated	Increase/(Decrease)	Percent Change
Current and other assets	\$ 42,916,435	\$ 40,375,446	\$ 2,540,989	6.3%
Capital assets, net	56,073,565	56,286,530	(212,965)	-0.4%
Net pension asset - proportionate share	75,884,125	-	75,884,125	100.0%
Total assets	<u>174,874,125</u>	<u>96,661,976</u>	<u>78,212,149</u>	80.9%
Deferred outflows of resources	88,849,902	91,805,533	(2,955,631)	-3.2%
Other liabilities	13,345,334	12,129,598	1,215,736	10.0%
Non-current liabilities	225,228,904	270,431,414	(45,202,510)	-16.7%
Net pension liability - proportionate share	-	11,577,803	(11,577,803)	-100.0%
Total liabilities	<u>238,574,238</u>	<u>294,138,815</u>	<u>(55,564,577)</u>	-18.9%
Deferred inflows of resources	162,764,073	43,856,784	118,907,289	271.1%
Net position:				
Net investment in capital assets	32,032,803	28,315,382	3,717,421	13.1%
Restricted	12,042,064	14,600,142	(2,558,078)	-17.5%
Unrestricted (deficit)	(181,689,151)	(192,443,614)	10,754,463	5.6%
Total net position (deficit)	<u>\$ (137,614,284)</u>	<u>\$ (149,528,090)</u>	<u>\$ 11,913,806</u>	8.0%

Current and other assets increased by \$2,540,989 as compared to the prior year. The increase is primarily related to increases in amounts due from state and federal agencies as well as other governments.

Capital assets, net decreased by \$212,965, as compared to the prior year. This decrease was the result of depreciation/amortization expense and loss on disposals exceeding asset purchases during the year. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share increased by \$75,884,125, as compared to the prior year. This asset represents the District's share of the New York State Teachers' Retirement System's and New York State and Local Employees' Retirement System's collective net pension asset at the measurement date of the respective year. The plans reported a net pension liability as of June 30, 2021.

Deferred outflows of resources decreased by \$2,955,631 as compared to the prior year. The deferred outflows of resources represent contributions to the state retirement plan subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years,

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

as well as actuarial adjustments and differences between expected and actual experience relating to the other postemployment benefits plan which will be amortized in future years.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position (continued)

Other liabilities increased by \$1,215,736, as compared to the prior year. This increase was primarily related to the increase in amount due to teachers' retirement system, unearned revenue, compensated absences payable, and accounts payable, offset by decreases in due to other governments, accrued liabilities, and the amount due to the employee retirement system.

Noncurrent liabilities decreased by \$45,202,510, as compared to the prior year. This decrease was primarily in connection with the decrease in the total other postemployment benefit liability accrual, and payment of principal on serial bonds and energy performance contract.

Net pension liability – proportionate share decreased by \$11,577,803 in the current year. This liability represents the District's share of the New York State and Local Employees' Retirement System and New York State Teachers' Retirement System's net pension liability at the measurement date of the respective year. The pension plans reported a net pension asset as of June 30, 2022.

Deferred inflows of resources represent actuarial adjustments at the pension plan level that will be amortized in future years, as well as actuarial adjustments relating to the other postemployment benefits plan which will be amortized in future years. This amount increased by \$118,907,289, as compared to the prior year due to changes in the actuarial adjustments.

The net investment in capital assets relates to the investment in capital assets at cost such as - buildings and improvements, and furniture and equipment, net of depreciation and related debt. This increased over the prior year by \$3,717,421 due to the additions to construction in progress, buildings and improvements and furniture, equipment and vehicles plus current year bond principal payments, offset by current year depreciation and amortization expense.

The restricted net position at June 30, 2022 is \$12,042,064 and is composed of the District's restricted general fund reserves and amounts restricted for scholarships in the miscellaneous special revenue fund, as seen in the fund balance section on the balance sheet – governmental funds.

The unrestricted deficit amount of \$(181,689,151) relates to the balance of the District's net position. This balance does not include the District's reserves or amounts restricted for specific purposes, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis and is not permitted to accumulate funds for the total OPEB liability. This deficit decreased from the prior year by \$10,754,463 primarily as a result of the decrease of the total OPEB liability, decrease in the net pension liability for the New York State Teachers' Retirement System, and decrease in the net pension liability for the New York State Employees' Retirement System.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position (continued)

The District's total net position increased by \$11,913,806 or 8.0% to \$(137,614,284) for the year ended June 30, 2022, compared to \$(149,528,090) at June 30, 2021.

Changes in Net Position from Operating Results

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the MD&A, STAR (school tax relief) revenue is included in the "Property Taxes" line. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)	Percent Change
Revenues				
Program revenues:				
Charges for services	\$ 4,234,476	\$ 3,549,552	\$ 684,924	19.3%
Operating grants	16,404,854	6,905,342	9,499,512	137.6%
Capital grants	159,000	-0-	159,000	100.0%
General revenues:				
Property taxes and STAR	121,834,550	120,648,333	1,186,217	1.0%
State sources	44,188,933	35,963,858	8,225,075	22.9%
Use of money and property	1,784,952	1,380,980	403,972	29.3%
Other	6,704,284	5,361,757	1,342,527	25.0%
Total revenues	<u>195,311,049</u>	<u>173,809,822</u>	<u>21,501,227</u>	12.4%
Expenses				
General support	20,525,801	19,030,994	1,494,807	7.9%
Instruction	144,559,723	154,623,603	(10,063,880)	-6.5%
Pupil transportation	14,124,307	12,335,791	1,788,516	14.5%
Community services	6,214	2,314,168	(2,307,954)	-99.7%
Debt service - interest	1,142,521	35,701	1,106,820	3100.2%
School lunch program	3,038,677	1,356,432	1,682,245	124.0%
Total expenses	<u>183,397,243</u>	<u>189,696,689</u>	<u>(6,299,446)</u>	-3.3%
Increase/(Decrease) in net position	11,913,806	<u>\$ (15,886,867)</u>	<u>\$ 27,800,673</u>	-175.0%
Net position - beginning	<u>(149,528,090)</u>			
Net position - ending	<u>\$ (137,614,284)</u>			

Information for 2021 was not restated because the information necessary was not readily available. The cumulative effect of applying the change in accounting principle is shown as an adjustment to beginning net position.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in Net Position from Operating Results (continued)

The District's net position increased by \$11,913,806 for the year ended June 30, 2022. The District's net position decreased by \$15,886,867 for the year ended June 30, 2021.

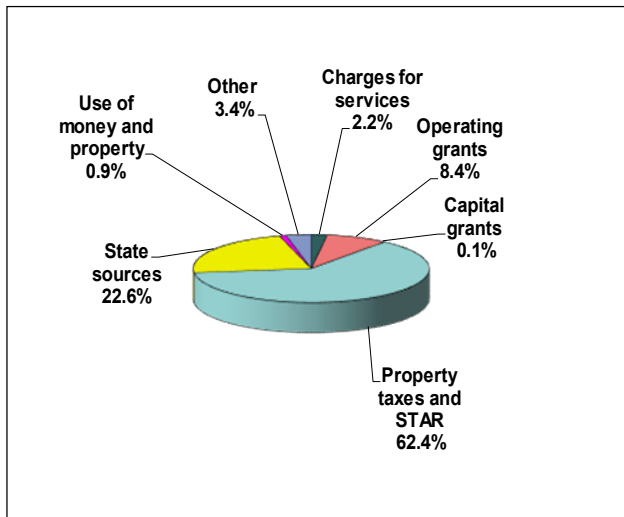
The District's revenues increased by \$21,501,227 or 12.4% for the year ended June 30, 2022. The main areas of increase were in operating grants and state sources.

The District's expenses decreased by \$6,299,446 or 3.3% for the year ended June 30, 2022. The decrease was primarily due to a decrease in instruction expenses and community services expenses.

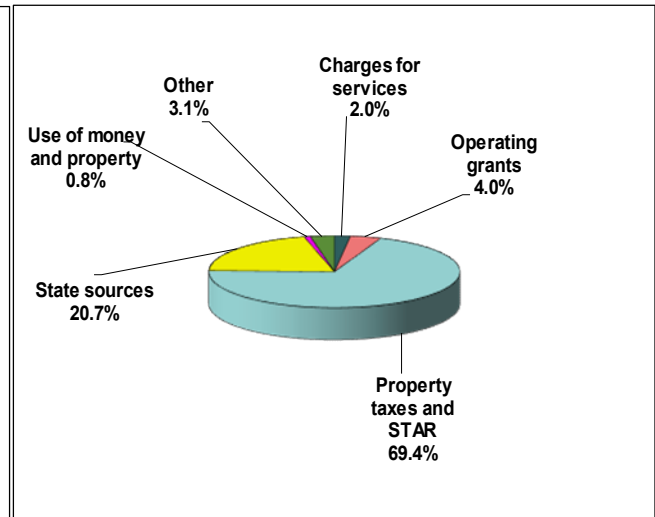
As indicated on the pie charts that follow, property taxes and STAR is the largest component of revenues recognized, representing 62.4% of the total revenues for the year ended June 30, 2022. Instruction expenses are the largest category of expenses incurred at 78.8% of the total expenses for the year ended June 30, 2022.

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

Sources of Revenues for Fiscal Year 2022



Sources of Revenues for Fiscal Year 2021



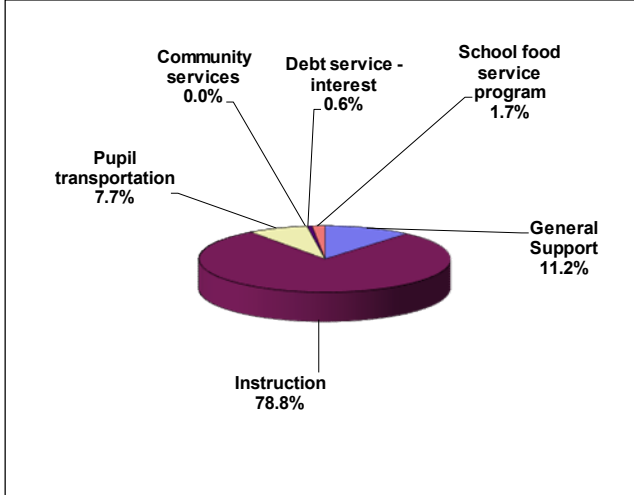
SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

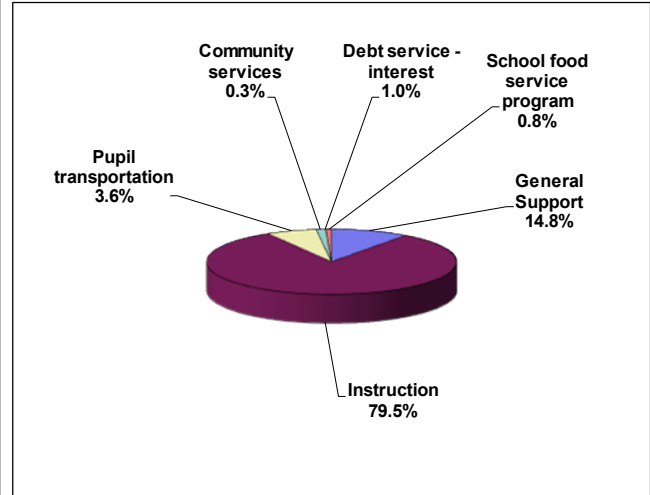
Changes in Net Position from Operating Results (continued)

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

Expenses for Fiscal Year 2022



Expenses for Fiscal Year 2021



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$28,721,529, which is an increase of \$2,657,173 from the prior year. A summary of the change in fund balance by fund is as follows:

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021</u>	Increase (Decrease)
General Fund			
Restricted:			
Unemployment Insurance	\$ 339,444	\$ 339,099	\$ 345
Insurance	689,981	689,281	700
Employee Benefit			
Accrued Liability	8,203,743	8,894,707	(690,964)
Workers' Compensation	927,844	1,505,195	(577,351)
Retirement Contribution	1,748,115	3,045,022	(1,296,907)
Total Restricted	<u>11,909,127</u>	<u>14,473,304</u>	<u>(2,564,177)</u>
Assigned	5,554,911	6,217,259	(662,348)
Unassigned	6,781,150	5,089,635	1,691,515
	<u>24,245,188</u>	<u>25,780,198</u>	<u>(1,535,010)</u>
Miscellaneous Special Revenue Fund			
Restricted:			
Scholarships	132,937	126,838	6,099
Assigned	536,796	520,596	16,200
	<u>669,733</u>	<u>647,434</u>	<u>22,299</u>
School Lunch Fund			
Nonspendable:			
Inventory	136,707	89,121	47,586
Assigned	1,188,424	84,059	1,104,365
	<u>1,325,131</u>	<u>173,180</u>	<u>1,151,951</u>
Capital Projects Fund			
Assigned	2,481,477	-	2,481,477
Unassigned (deficit)	-	(536,456)	536,456
	<u>2,481,477</u>	<u>(536,456)</u>	<u>3,017,933</u>
Total Fund Balance (Deficit)	<u>\$ 28,721,529</u>	<u>\$ 26,064,356</u>	<u>\$ 2,657,173</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund

The fund balance in the general fund decreased by \$1,535,010. This decrease was due to revenues being lower than anticipated and offset by costs being lower than anticipated. The following budgetary items accounted for the decrease: (1) actual state aid received was less than anticipated by \$2,232,742; (2) actual supplies and textbook costs were less than anticipated; (3) actual contractual services for children with handicapping conditions were less than budgeted; (4) expenditures for salaries and contractual services were less than projected for occupational services; and (5) actual transportation costs were less than budgeted.

Miscellaneous Special Revenue Fund

The fund balance in the miscellaneous special revenue fund increased by \$22,299, as compared to the prior year fund balance. The increase was primarily due to an increase in fund balance assigned for extraclassroom activities.

School Lunch Fund

The school lunch fund balance increased by \$1,151,951, as compared to the prior year. This is attributable to greater state and federal reimbursements exceeding the cost of distributing free meals to all students of the District.

Capital Projects Fund

The capital projects fund balance increased by \$3,017,933 due to the capital projects fund receiving an operating transfer from the general fund of \$4,034,302 to fund various district-wide improvements and \$330,104 from proceeds of leases. The increase was partially offset by the current years capital outlay of \$2,160,041.

General Fund Budgetary Highlights

2021-2022 Budget

The District's general fund adopted budget for the year ended June 30, 2022 was \$184,937,763. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,717,259, and various budget revisions resulting in additional increases of \$869,302 for a total final budget of \$187,524,324.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

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

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

Opening, Unassigned Fund Balance	\$ 5,089,635
Revenues and Other Financing Sources Over Budget	3,047,001
Expenditures, other Financing Uses and Encumbrances Under Budget	2,580,337
Unused Appropriated Reserves	(21,120)
Transfer to Reserves (Restricted)	(14,703)
Assigned, Appropriated for June 30, 2023 Budget	<u>(3,900,000)</u>
Closing unassigned fund balance	<u>\$ 6,781,150</u>

Opening, Unassigned Fund Balance

The \$5,089,635 shown in the table is the portion of the District's June 30, 2021 fund balance that was reported as unassigned. This was 2.75% of the District's 2021-22 approved operating budget of \$184,937,763.

Revenues Over Budget

The 2021-2022 final budget for revenues, transfers and appropriated fund balance and reserves was \$187,524,324. Reflected in this budget were the following components: (1) assigned fund balance in the amount of \$4,500,000; (2) appropriated reserves in the amount of \$2,600,000; (3) encumbrances rolled forward from 2020-2021 in the amount of \$1,717,259 and (4) estimated revenue of \$178,707,065. Actual revenues and other sources received for the year were \$181,754,066. The amount of actual revenues and other sources over estimated or budgeted revenues amounted to \$3,047,001. This reflects the net variance amount for all revenue streams combined. Significant revenue variances existed as a result of the following: (1) charges for service exceeded budgeted amounts by \$629,501; (2) interfund revenues exceeded budgeted amounts by \$667,596, (3) transfers from other funds exceeded budgeted amounts by \$3,748,763, offset by (4) state aid received was less than expected by \$2,232,742.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and transfers, including prior year open encumbrances and budget revisions amounted to \$187,524,324. Actual expenditures and transfers as of June 30, 2022 were \$183,289,076, and outstanding encumbrances were \$1,654,911. Combined, the expenditures plus encumbrances for 2021-2022 were \$184,943,987. The final budget was under-expended by \$2,580,337. Budget categories which contributed significantly to the under-expenditure are: (1) actual supplies and textbook costs were less than anticipated; (2) actual occupational educational costs were less than budgeted; (3) actual contractual services for children with handicapping conditions were less than budgeted; (4) actual transportation costs were less than budgeted; and (5) actual employee benefit costs were less than budgeted.

Expenditures and current year encumbrances under budget contribute directly to the change in the unassigned portion of the general fund - fund balance from June 30, 2021 to June 30, 2022.

Unused Appropriated Reserves

The District did not utilize the appropriated reserve for unemployment during the 2021-2022 year as originally anticipated, therefore \$21,120 was returned to the reserve.

Transfer to Reserves (Restricted)

Monies transferred from budget lines within the general fund operations into required reserves such as the workers' compensation reserve, the unemployment insurance reserve, capital reserve, employee benefit accrued liability reserve, and the retirement contribution reserve do not affect the combined nonspendable, restricted, assigned and unassigned fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfer. The \$14,703 in the previously presented table reflects the net interest transferred into the reserves.

Assigned - Appropriated Fund Balance

The District has chosen to use \$3,900,000 of its available June 30, 2022 fund balance to partially fund its 2022-2023 approved operating budget. The District's long-term goal is to annually reduce the amount of the assigned fund balance. The assigned fund balance has been decreased from \$4,500,000 in 2020-2021 to \$3,900,000 in 2021-2022.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (continued)

General Fund Budgetary Highlights (continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the District will begin the 2022-2023 fiscal year with an unassigned fund balance of \$6,781,150. This is an increase of \$1,691,515 as compared to the prior year. This is 3.47% of the District's 2022-2023 approved operating budget of \$195,504,039. The District's unassigned fund balance was in compliance with the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, site improvements, and furniture, equipment and vehicles. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of depreciation and amortization, at June 30, 2022 and 2021 is as follows:

Category	6/30/22	6/30/2021, as restated	% Change
Land	\$ 579,019	\$ 592,253	-2.2%
Construction-in-progress	1,902,835	2,135,304	-10.9%
Buildings and improvements	47,430,248	48,228,414	-1.7%
Furniture and equipment	2,709,626	2,688,912	0.8%
Vehicles	1,039,316	861,586	20.6%
Land improvements	1,086,212	259,562	318.5%
Right-to-use leased asset	1,326,309	1,520,499	-12.8%
Totals	<u>\$ 56,073,565</u>	<u>\$ 56,286,530</u>	-0.4%

Capital additions for the year ended June 30, 2022 were \$3,069,960. Depreciation/amortization expense for the year totaled \$3,026,962.

Debt Administration

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa1. The District's total outstanding indebtedness currently does not exceed its debt limit, which is defined as 10% of the full valuation of the taxable real property within the District.

At June 30, 2022, the District had total bonds payable, inclusive of unamortized premiums, of \$18,491,499, energy performance contract debt of \$4,648,115, and installment purchase debt payable of \$47,800. The decrease in outstanding total bonds payable, inclusive of unamortized premiums represents the scheduled principal payments and the amortization of premiums.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Debt Administration (continued)

A summary of the long-term liabilities at June 30, 2022 and 2021 is as follows:

Category	6/30/22	6/30/2021, as restated	% Change
General obligation bonds, inclusive of unamortized premiums	\$ 18,491,499	\$ 22,139,140	-16.5%
Energy performance contract debt	4,648,115	5,476,459	-15.1%
Leases payable	1,345,600	1,520,499	-11.5%
Compensated absences	10,649,122	11,643,663	-8.5%
Workers' compensation claims payable	2,007,105	1,696,812	18.3%
Installment purchase debt payable	47,800	35,679	34.0%
Total OPEB liability	188,039,663	227,919,162	-17.5%
Net pension liability - proportionate share - ERS	-	39,900	-100.0%
Net pension liability - proportionate share - TRS	-	11,537,903	-100.0%
Totals	<u>\$ 225,228,904</u>	<u>\$ 282,009,217</u>	-20.1%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 17, 2022, for the year ending June 30, 2023, is \$195,504,039. This is an increase of \$10,566,276 or 5.71% over the previous year's adopted budget.

The District's adopted budget reflects non-property tax revenues at an increase of \$11,266,276 from the current year's estimate. The adopted budget reflects an increase in property tax revenues of 0.00%. The District's legally allowable tax levy limit was 2.00%. The assigned - appropriated fund balance applied to the June 30, 2023 budget to reduce taxes in the amount of \$3,900,000 is a decrease of \$600,000, as compared to the current year.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities and most school districts. For fiscal years beginning in 2012, no school district is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however there are permitted exceptions and adjustments. School districts can exceed the tax levy limit only by a 60% favorable vote by District's budget voters. The 0.00% increase in the property tax levy for 2022-2023 is in compliance with Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

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:

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

ASSETS

Cash		
Unrestricted	\$	17,712,881
Restricted		12,042,064
Receivables:		
Due from state and federal		8,438,054
Due from other governments		4,003,100
Lease receivable		457,961
Other		125,668
Inventories		136,707
		<hr/>
Total Current Assets		42,916,435
		<hr/>
Non-depreciable capital assets		2,481,854
Depreciable capital assets, net of depreciation		53,591,711
Net pension asset-proportionate share - employees' retirement system		3,477,153
Net pension asset-proportionate share - teachers' retirement system		72,406,972
		<hr/>
Total Non-Current Assets		131,957,690
		<hr/>
Total Assets		174,874,125

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on advanced refunding of bonds		492,252
Pensions		49,475,779
Other postemployment benefits		38,881,871
		<hr/>
Total Deferred Outflows of Resources		88,849,902

LIABILITIES

Accounts payable		1,718,208
Accrued liabilities		714,432
Due to other governments		382,831
Accrued interest payable		251,871
Due to teachers' retirement system		8,034,387
Due to employees' retirement system		577,598
Compensated absences		777,065
Unearned revenue		888,942
Non-current liabilities:		
Due and payable within one year:		
General obligation bonds payable, inclusive of unamortized premiums		3,107,641
Installment purchase debt payable		19,575
Leases payable		521,184
Energy performance contract payable		860,400
Compensated absences payable		372,719
Workers' compensation claims payable		361,279
Due and payable after one year:		
General obligation bonds payable, inclusive of unamortized premiums		15,383,858
Installment purchase debt payable		28,225
Leases payable		824,416
Energy performance contract payable		3,787,715
Compensated absences payable		10,276,403
Workers' compensation claims payable		1,645,826
Total other postemployment benefit liability		188,039,663
		<hr/>
Total Liabilities		238,574,238

DEFERRED INFLOWS OF RESOURCES

Lease related		449,546
Pensions		93,730,780
Other postemployment benefits		68,583,747
		<hr/>
Total Deferred Inflows of Resources		162,764,073

NET POSITION

Net investment in capital assets		32,032,803
Restricted		12,042,064
Unrestricted (deficit)		(181,689,151)
		<hr/>
Total Net Position (Deficit)	\$	(137,614,284)

See Notes to Financial Statements.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 20,525,801				\$ (20,525,801)
Instruction	144,559,723	\$ 3,880,621	\$ 12,608,982	\$ 159,000	(127,911,120)
Pupil transportation	14,124,307				(14,124,307)
Community service	6,214				(6,214)
Debt service - interest	1,142,521				(1,142,521)
School food service program	3,038,677	353,855	3,795,872		1,111,050
Total Functions and Programs	\$ 183,397,243	\$ 4,234,476	\$ 16,404,854	\$ 159,000	(162,598,913)
GENERAL REVENUES					
Real property taxes					112,888,351
Other tax items - including STAR reimbursement					8,946,199
Use of money and property					1,784,952
Sale of property and compensation for loss					907,263
State sources					44,188,933
Medicaid reimbursement					714,997
Miscellaneous					5,082,024
Total General Revenues					174,512,719
Change in Net Position					11,913,806
Total Net Position (Deficit)- Beginning of year					(149,528,090)
Total Net Position (Deficit) - End of year					\$ (137,614,284)

See Notes to Financial Statements.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	Special Aid	Miscellaneous Special Revenue	School Lunch	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 13,770,173	\$ 189,112	\$ 536,796	\$ 714,744	\$ 2,502,056	\$ 17,712,881
Restricted	11,909,127		132,937			12,042,064
Receivables:						
Due from state and federal	1,716,774	6,039,292		623,468	58,520	8,438,054
Due from other governments	4,003,100					4,003,100
Due from other funds	5,131,606				262	5,131,868
Lease receivable	457,961					457,961
Accounts receivable	75,934	44,741		4,993		125,668
Inventories				136,707		136,707
Total Assets	<u>\$ 37,064,675</u>	<u>\$ 6,273,145</u>	<u>\$ 669,733</u>	<u>\$ 1,479,912</u>	<u>\$ 2,560,838</u>	<u>\$ 48,048,303</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 1,396,796	\$ 274,867	\$ -	\$ 20,440	\$ 26,105	\$ 1,718,208
Accrued liabilities	678,839	32,259		3,334		714,432
Due to other funds	262	5,131,606				5,131,868
Due to other governments	306,353	76,439		39		382,831
Due to teachers' retirement system	8,034,387					8,034,387
Due to employees' retirement system	577,598					577,598
Compensated absences	777,065					777,065
Unearned revenues		757,974		130,968		888,942
Total Liabilities	<u>11,771,300</u>	<u>6,273,145</u>	<u>-0-</u>	<u>154,781</u>	<u>26,105</u>	<u>18,225,331</u>
DEFERRED INFLOWS OF RESOURCES						
Lease related	449,546					449,546
Unavailable revenues	598,641				53,256	651,897
Total Deferred Inflows of Resources	<u>1,048,187</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>53,256</u>	<u>1,101,443</u>
FUND BALANCES						
Nonspendable:						
Inventory				136,707		136,707
Restricted:						
Unemployment Insurance	339,444					339,444
Insurance	689,981					689,981
Employee Benefit Accrued Liability	8,203,743					8,203,743
Workers' Compensation	927,844					927,844
Retirement Contribution - ERS	1,387,463					1,387,463
Retirement Contribution - TRS	360,652					360,652
Scholarships			132,937			132,937
Assigned:						
Assigned Appropriated	3,900,000					3,900,000
Assigned Unappropriated	1,654,911		536,796	1,188,424	2,481,477	5,861,608
Unassigned	6,781,150					6,781,150
Total Fund Balances (Deficit)	<u>24,245,188</u>	<u>-0-</u>	<u>669,733</u>	<u>1,325,131</u>	<u>2,481,477</u>	<u>28,721,529</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 37,064,675</u>	<u>\$ 6,273,145</u>	<u>\$ 669,733</u>	<u>\$ 1,479,912</u>	<u>\$ 2,560,838</u>	<u>\$ 48,048,303</u>

See Notes to Financial Statements.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2022

Total Governmental Fund Balances (Deficit) \$ 28,721,529

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets - non-depreciable	\$ 2,481,854	
Capital assets - depreciable/amortizable	130,840,398	
Accumulated depreciation/amortization	<u>(77,248,687)</u>	56,073,565

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

Total deferred charges on advance of refunding of bonds	1,048,367	
Accumulated Amortization	<u>(556,115)</u>	492,252

Current and long-term liabilities and certain items relating to long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable	(251,871)	
General obligation bonds payable, inclusive of unamortized premiums	(18,491,499)	
Installment purchase debt payable	(47,800)	
Leases payable	(1,345,600)	
Energy performance contract payable	(4,648,115)	
Workers' compensation claims payable	(2,007,105)	
Compensated absences payable	<u>(10,649,122)</u>	(37,441,112)

Revenue that was deferred on the fund statements because it does not meet the availability criteria under the modified accrual basis of accounting is not deferred in the Statement of Net Position. 651,897

Certain amounts reported for the proportionate share of the District's pension asset and other postemployment benefit deferred outflows are not considered a current available resource and are therefore not reported in the funds.

Net pension asset-proportionate share - employees' retirement system	3,477,153	
Net pension asset-proportionate share - teachers' retirement system	72,406,972	
Other postemployment benefit - deferred outflows	38,881,871	
Pensions - deferred outflows	<u>49,475,779</u>	164,241,775

Certain amounts reported for the proportionate share of the District's pension and other postemployment benefit liabilities and/or deferred inflows are not due and payable in the current period and accordingly are not reported in the funds.

Total other postemployment benefit liability	(188,039,663)	
Other postemployment benefit - deferred inflows	(68,583,747)	
Pensions - deferred inflows	<u>(93,730,780)</u>	<u>(350,354,190)</u>

Net Position (Deficit) of Governmental Activities \$ (137,614,284)

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	Special Aid	Miscellaneous Special Revenue	School Lunch	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 112,888,351					\$ 112,888,351
Other tax items - including STAR reimbursement	8,946,199					8,946,199
Charges for services	3,089,501		\$ 791,120			3,880,621
Use of money and property	1,784,952					1,784,952
Sale of property and compensation for loss	907,263					907,263
Miscellaneous local sources	1,288,524	\$ 138,137	239,955	\$ 55,949	\$ 159,000	1,881,565
Interfund revenue	4,117,596					4,117,596
State sources	44,188,933	3,037,984		64,487	654,568	47,945,972
Federal sources	793,984	9,353,874		3,483,351		13,631,209
Sales - school lunch				353,855		353,855
Surplus food				248,034		248,034
Total Revenues	178,005,303	12,529,995	1,031,075	4,205,676	813,568	196,585,617
EXPENDITURES						
General support	16,892,987					16,892,987
Instruction	102,273,904	8,448,357	1,008,776			111,731,037
Pupil transportation	12,232,175	579,215				12,811,390
Community service	6,087					6,087
Employee benefits	41,359,595	128,660		190,753		41,679,008
Debt service:						
Principal	4,663,206					4,663,206
Interest	1,451,820					1,451,820
Cost of sales				2,862,972		2,862,972
Capital outlay					2,160,041	2,160,041
Total Expenditures	178,879,774	9,156,232	1,008,776	3,053,725	2,160,041	194,258,548
Excess (Deficiency) of Revenues Over (Under) Expenditures	(874,471)	3,373,763	22,299	1,151,951	(1,346,473)	2,327,069
OTHER FINANCING SOURCES AND (USES)						
Proceeds from leases					330,104	330,104
Operating transfers in	3,748,763	375,000			4,034,302	8,158,065
Operating transfers (out)	(4,409,302)	(3,748,763)				(8,158,065)
Total Other Sources (Uses)	(660,539)	(3,373,763)	-0-	-0-	4,364,406	\$ 330,104
Net change in fund balance	(1,535,010)	-0-	22,299	1,151,951	3,017,933	2,657,173
Fund balance - Beginning of year	25,780,198	-0-	647,434	173,180	(536,456)	26,064,356
Fund balance - End of year	<u>\$ 24,245,188</u>	<u>\$ -0-</u>	<u>\$ 669,733</u>	<u>\$ 1,325,131</u>	<u>\$ 2,481,477</u>	<u>\$ 28,721,529</u>

See Notes to Financial Statements.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ 2,657,173

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

Long-term revenue and expense differences

Long-term revenue differences arise because government funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned.

State aid	\$ (654,568)	
Due from other government - library debt	(620,000)	(1,274,568)

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

Compensated absences payable		994,541
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in net position.

Workers' compensation claims payable		(310,293)
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Pension differences

(Increases)/decreases in the proportionate share of net pension assets/liabilities and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	11,919,266	
Employees' Retirement System	1,593,881	13,513,147

Other postemployment benefit (OPEB) differences

(Increases)/decreases in the District's total OPEB liability and related 'deferred inflows and outflows do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

(8,058,649)

Capital related differences

Governmental funds report capital outlays as expenditures while in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	3,069,960	
Depreciation expense/amortization expense	(3,026,962)	42,998

The net effect of various miscellaneous transactions involving capital assets related to sales, trade-ins and disposals is to decrease net position.

(255,963)

Long-term debt transaction differences

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

The following amounts are the effect of these differences in the treatment of long-term debt and related items.

Repayment of bond principal	3,305,000	
Repayment of leases principal	505,003	
Proceeds from leases	(330,104)	
Repayment of installment purchase debt principal	24,860	
Proceeds from installment purchase debt	(36,981)	
Amortization of bond premiums	342,641	
Amortization of deferred bond charges	(88,377)	
Repayment of energy performance contract	828,344	4,550,386

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. Accrued interest decreased from June 30, 2020 to June 30, 2021.

55,034

Change in Net Position of Governmental Activities \$ 11,913,806

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2022

	Custodial
ASSETS	
Cash	\$ -
Total Assets	\$ -
 LIABILITIES	
Other liabilities	
Total Liabilities	\$ -
 NET POSITION	
Restricted for scholarships	
Total Net Position	\$ -

See Notes to Financial Statements.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	<u>Custodial</u>
ADDITIONS	
Property taxes received for other governments	<u>\$ 6,070,752</u>
Total Additions	<u>6,070,752</u>
 DEDUCTIONS	
Property taxes paid to other governments	<u>6,070,752</u>
Total Deductions	<u>6,070,752</u>
Change in Net Position	-0-
Net Position - Beginning of year	<u>-0-</u>
Net Position - End of year	<u><u>\$ -0-</u></u>

See Notes to Financial Statements.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 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 which would be included in the financial statements.

B. Joint Venture

The District is one of many participating school districts in the Board of Cooperative Educational Services of Western Suffolk ("BOCES"). 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. There is no authority or process by which a school district can terminate its status as a BOCES participant.

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their participating member boards in accordance with provisions of Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n (a) of the New York State General Municipal Law.

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall 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 the capital grants column includes capital specific grants.

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 category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District's financial statements reflect the following major fund categories:

Governmental Funds:

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

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Special Aid Fund – This fund accounts 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 by outside parties.

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

School Lunch Fund – This fund is used to account for the activities of the food service program.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements (continued)

Capital Projects Fund – This fund is used to account for and report financial resources that are restricted or assigned to expenditure for capital outlays, including the acquisition, construction, or major repair of capital facilities.

Fiduciary Funds – These 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 District's fiduciary fund statements include the custodial fund, where assets and liabilities are held by the District as a custodian.

D. Measurement Focus and Basis of Accounting

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

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

The governmental fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, energy performance contract debt, installment purchase debt, claims and judgments, pension costs, compensated absences, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of depreciation and amortization, other postemployment benefits, pension costs, compensated absences, potential contingent liabilities, lease liability, lease receivable/deferred lease related inflows, and useful lives of long-lived assets.

F. Cash and Cash Equivalents/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

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

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

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

G. Real Property Taxes

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

Uncollected real property taxes are the responsibility of the County of Suffolk (the "County"). The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District in June.

H. Restricted Resources

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

I. Receivables

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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 the transfer of expenditures and revenues to provide financing or other services.

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

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

Refer to Note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

K. Inventories and Prepaid Items

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. These inventories are accounted for on the consumption method. Nonspendable fund balance inventory has been recognized to indicate that this does not constitute available spendable resources.

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

Prepaid expenditures represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District has no prepaid items as of June 30, 2022.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

Capital assets are tangible and intangible assets and are reflected in the district-wide financial statements. Capital assets (except intangible right-to-use lease assets, which is discussed in note 1S) 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. Intangible assets follow the same capitalization policies as tangible assets and are reported with tangible assets in the appropriate capital asset class.

All tangible and intangible 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>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and improvements	\$ 1,500	Straight line	50 years
Furniture and equipment	\$ 1,500	Straight line	5-20 years
Land improvements	\$ 1,500	Straight line	15-20 years
Vehicles	\$ 1,500	Straight line	8 years
Right-to-use leased equipment	\$ 1,500	Straight line	5 years

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is the unamortized deferred charges from the refunding of bonds and are detailed further in Note 13. The other two are deferred outflows of resources related to pensions and the other postemployment benefits reported in the District-Wide Statement of Net Position and are detailed further in Note 14 and Note 16.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include deferred inflows relating to the leases. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease. The District reported deferred inflows of resources related to pensions and the other postemployment benefits reported in the District-Wide Statement of Net Position and are detailed further in Note 14 and Note 16.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Unearned Revenues

Unearned revenues 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. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized. At June 30, 2022, the District recorded unearned revenues in the special aid fund of \$757,974 for local grants where expenditures have not been incurred and \$130,968 in the school lunch fund for prepaid lunch amounts and for a grant where expenditures have not been incurred.

O. Vested 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 be eligible to receive a portion of the value of unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within required time periods.

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

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

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

P. Other Benefits

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

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Other Benefits (continued)

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. Collective bargaining agreements and individual employee contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. Other postemployment benefits costs are measured and disclosed using the accrual basis of accounting in the District-Wide Financial Statements. See Note 16.

Q. Short-Term Debt

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. One TAN was issued and repaid during the year ended June 30, 2022.

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

The District issued and redeemed a \$35,000,000 TAN in the fiscal year ended June 30, 2022. See Note 12 for further details.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Workers' compensation claims and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent they have matured. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Leases

Lessee

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

Lessor

The District is a lessor for noncancellable leases of buildings and land. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Leases (continued)

Lessor (continued)

Key estimates and judgements related to leases include (1) the discount rate, (2) the lease term and (3) lease payments. The District uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable

T. 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 and amortization) and the deferred charges on advanced refunding of bonds reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position - 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 net position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund Statements

In the fund basis statements there are five classifications of fund balance as detailed below, however in the fund financial statements there are four classifications of fund balance presented.

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund of \$136,707.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Equity Classifications (continued)

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Unemployment Insurance Reserve

The 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 60 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. This reserve is accounted for in the general fund.

Insurance Reserve

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

Employee Benefit Accrued Liability Reserve

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Equity Classifications (continued)

Workers' Compensation Reserve

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

Retirement Contribution Reserve

The 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. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Restricted for Scholarships

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

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2022.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are not restricted. Assigned fund balance includes encumbrances reported in the general fund in the amount of \$1,654,911 and \$3,900,000 of appropriated fund balance in the general fund applied to the June 30, 2023 budget to reduce taxes. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

Unassigned - Includes all other general fund amounts that do not meet the definition of the above three classifications and are deemed to be available for general use by the District. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Equity Classifications (continued)

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

Order of Use of Fund Balance

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

U. New Accounting Standards

The District has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2022, The District adopted the following:

The District implemented the provisions of GASB Statement No. 87, "Leases," for the year ended June 30, 2022, which established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. As a result, the District has reported a cumulative effect of change in accounting principle of \$1,520,499 for the right-to-use asset and a (\$1,520,499) liability for lease payable for a net cumulative effect of \$0 to the July 1, 2021 net position of governmental activities. This statement also requires a lessor to recognize a lease receivable and lease related deferred inflow of resources. As a result, the District has reported a cumulative effect of change in accounting principle of \$561,932 for the lease receivable and a (\$561,932) lease related deferred inflow of resources for a net cumulative effect of \$0 to the July 1, 2022 fund balance of the general fund .

V. Future Changes in Accounting Standards

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional 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, including pensions.

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five 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 modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences, and workers' compensation claims.

Pension Differences

Pension differences occur as a result of recognizing pension costs under the modified accrual basis of accounting (whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan) versus 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 (OPEB) Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and OPEB expense.

Capital Related Differences

Capital related differences include the difference between proceeds for 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 and amortization expense on those items as recorded in the Statement of Activities.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (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 payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District's 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 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 lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

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

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. Encumbrances

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

4. DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Cash and Cash Equivalents:

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- 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.

All of the Districts' aggregate bank balances were covered by Federal deposit insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

B. Restricted Cash and Cash Equivalents:

Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2022 included \$12,042,064 within the governmental funds for general reserves, and scholarships and donations purposes.

5. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$14,339,121 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,825,971. Financial statements for BOCES are available from the BOCES administrative offices at 507 Deer Park Road, P.O. Box 8007, Huntington Station, New York 11746-9007.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

6. DUE FROM STATE AND FEDERAL AID

Due from state and federal aid at June 30, 2022, consisted of:

General Fund:	
Excess cost aid	\$ 1,039,146
State aid	78,987
General aid	<u>598,641</u>
Total General Fund	<u>1,716,774</u>
Special Aid Fund:	
Federal aid	4,312,775
State aid	<u>1,726,517</u>
Total Special Aid Fund	<u>6,039,292</u>
School Lunch Fund:	
State and federal meal reimbursements	<u>623,468</u>
Total School Lunch Fund	<u>623,468</u>
Capital Projects Fund:	
SMART schools bond act	<u>58,520</u>
Total Capital Projects Fund	<u>58,520</u>
Total - All Funds	<u><u>\$ 8,438,054</u></u>

District management has deemed the amounts to be fully collectible.

7. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2022, consisted of:

General Fund:	
Tuition from other Districts	\$ 1,177,129
BOCES	<u>2,825,971</u>
Total General Fund	<u><u>\$ 4,003,100</u></u>

District management has deemed the amounts to be fully collectible.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

8. DUE TO OTHER GOVERNMENTS

Due to other governments at June 30, 2022, consisted of:

General Fund:	
General aid overpayment	\$ 12,632
BOCES	213,391
Other school districts	42,890
Miscellaneous	37,440
Total General fund	306,353
Special Aid Fund:	
Suffolk County	76,439
School Lunch Fund:	
Sales tax payable	39
Total - All funds	\$ 382,831

9. LEASES RECEIVABLE

The District reports leases receivable and related deferred inflows of resources of \$457,961 and \$449,546, respectively, at June 30, 2022. For 2022, the District reported lease revenue of \$112,386 and interest revenue of \$1,174 related to lease payments received. These leases are summarized as follows:

Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Camp W	\$ 157,578	\$ 150,968	\$ 37,742	\$ 868
North Shore Studio of Dance	300,383	298,578	74,644	306
	\$457,961	\$ 449,546	\$ 112,386	\$ 1,174

On September 2, 2015, the District had entered into a lease with agreement with Camp W that will commence June 25, 2016 for the use of a portion of one of the District's schools. Based on this agreement, the district is receiving annual payments through June 24, 2019. This lease agreement was amended on January 12, 2022 to extend the term of the lease through June 24, 2025.

On April 19, 2016, the District entered into a lease agreement with North Studio of Dance for a term of 5 years that will commence on June 1, 2016 for the use of the first floor of one of the District's buildings. The lease agreement includes the option to renew the lease for an additional 5 years if mutually agreed upon. Based on this agreement, the District is receiving monthly payments through May 31, 2026.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

10. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance, as restated	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 592,253		\$ (13,234)	\$ 579,019
Construction in progress	2,135,304	\$ 1,829,937	(2,062,406)	1,902,835
Total nondepreciable assets	<u>2,727,557</u>	<u>1,829,937</u>	<u>(2,075,640)</u>	<u>2,481,854</u>
Capital assets that are depreciated/amortized:				
Building and building improvements	108,395,267		903,100	109,298,367
Furniture, equipment and vehicles	8,791,939	545,967	(58,426)	9,279,480
Vehicles	6,831,851	363,952		7,195,803
Land improvements	2,295,083		921,062	3,216,145
Right-to-use leased equipment	1,520,499	330,104		1,850,603
Total depreciable/amortizable assets	<u>127,834,639</u>	<u>1,240,023</u>	<u>1,765,736</u>	<u>130,840,398</u>
Less accumulated depreciation/amortization:				
Buildings and improvements	60,166,853	1,709,496	(8,230)	61,868,119
Furniture and equipment	6,103,027	512,538	(45,711)	6,569,854
Vehicles	5,970,265	186,222		6,156,487
Land Improvements	2,035,521	94,412		2,129,933
Right-to-use leased equipment	-	524,294		524,294
Total accumulated depreciation/amortization	<u>74,275,666</u>	<u>3,026,962</u>	<u>(53,941)</u>	<u>77,248,687</u>
Total capital assets being depreciated/amortized, net	<u>53,558,973</u>	<u>(1,786,939)</u>	<u>1,819,677</u>	<u>53,591,711</u>
Total capital assets, net	<u>\$ 56,286,530</u>	<u>\$ 42,998</u>	<u>\$ (255,963)</u>	<u>\$ 56,073,565</u>
Depreciation/Amortization expense and loss on disposal was charged to governmental functions as follows:				
General support				\$ 355,766
Instruction				2,599,289
Transportation				267,880
Community service				127
Food service program				59,863
				<u>\$ 3,282,925</u>

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. The District did not record any capital asset impairments for the year ended June 30, 2022.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

11. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2022, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 5,131,606	\$ 262	\$ 3,748,763	\$ 4,409,302
Special Aid Fund		5,131,606	375,000	3,748,763
Capital Projects Fund	262		4,034,302	
Total	\$ 5,131,868	\$ 5,131,868	\$ 8,158,065	\$ 8,158,065

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

The District typically transfers from the general fund to the special aid fund and the capital projects fund in accordance with the general fund 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 capital projects fund was for District-wide improvements. The transfer from the special aid fund to the general fund was for reimbursement of grant expenditures paid by the general fund in the prior year.

12. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured 6/24/22 at 1.5%	\$ -0-	\$ 35,000,000	\$ 35,000,000	\$ -0-
Total	\$ -0-	\$ 35,000,000	\$ 35,000,000	\$ -0-

Interest paid on short-term debt for the year was \$386,458.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

13. LONG-TERM DEBT

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

	Beginning balance, as restated	Issued	Redeemed	Ending balance	Non-current liabilities due within one year	Non-current liabilities due in more than one year
Governmental activities:						
Bonds Payable:						
General obligation bonds	\$ 19,715,000	\$ -	\$ 3,305,000	\$ 16,410,000	\$ 2,765,000	\$ 13,645,000
Bond premium	2,424,140		342,641	2,081,499	342,641	1,738,858
General obligation bonds, inclusive of unamortized premiums	22,139,140	-	3,647,641	18,491,499	3,107,641	15,383,858
Other liabilities:						
Energy performance contract	5,476,459		828,344	4,648,115	860,400	3,787,715
Leases payable	1,520,499	330,104	505,003	1,345,600	521,184	824,416
Compensated absences	11,643,663		994,541	10,649,122	372,719	10,276,403
Claims payable	1,696,812	1,073,781	763,488	2,007,105	361,279	1,645,826
Installment purchase debt payable	35,679	36,981	24,860	47,800	19,575	28,225
Total OPEB liability	227,919,162	16,430,531	56,310,030	188,039,663		188,039,663
Net pension liability- proportionate share-TRS	11,537,903		11,537,903	-		
Net pension liability - proportionate share - ERS	39,900		39,900	-		
Total noncurrent liabilities	<u>\$ 282,009,217</u>	<u>\$ 17,871,397</u>	<u>\$ 74,651,710</u>	<u>\$ 225,228,904</u>	<u>\$ 5,242,798</u>	<u>\$ 219,986,106</u>

The general fund has typically been used to liquidate bonds payable, energy performance contracts, leases, compensated absences, workers' compensation, other postemployment benefits and pension liabilities when they become due.

Bonds Payable

Existing serial bond obligations are comprised of the following:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/22
Construction Serial Bond	09/19/12	6/15/2027	2.000-2.375%	\$ 1,875,000
Construction Serial Bond	02/15/13	6/15/2027	2.00-2.60%	500,000
Advance Refunding Serial Bond	3/20/2013	9/1/2025	2.00-4.50%	2,025,000
Advance Refunding Serial Bond	8/20/2016	12/15/2028	2.00-5.00%	6,380,000
Advance Refunding Serial Bond	6/21/2017	6/15/2029	5.00%	3,505,000
Current Refunding Serial Bond	12/20/2019	3/15/2030	4.00-5.00%	2,125,000
				<u>\$ 16,410,000</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

13. LONG-TERM DEBT (continued)

Bonds Payable (continued)

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

	Principal	Interest	Total
Fiscal year ended June 30, 2023	\$ 2,765,000	\$ 669,094	\$ 3,434,094
2024	2,875,000	548,144	3,423,144
2025	2,560,000	428,688	2,988,688
2026	2,620,000	314,124	2,934,124
2027	2,325,000	203,956	2,528,956
2028-2030	3,265,000	179,675	3,444,675
Total	<u>\$ 16,410,000</u>	<u>\$ 2,343,681</u>	<u>\$ 18,753,681</u>

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

Energy Performance Contract Debt Payable

The District entered into an agreement for an energy performance contract on February 29, 2012 for \$11,037,666. The proceeds will be used for various capital improvements and are being financed over 14 years at an interest rate of 3.87%, maturing July 2026. The assets and related obligations are accounted for in the government-wide financial statements and are included in the summary for capital assets. See Note 8.

Energy performance contract debt is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/22
Energy performance contract debt payable	2/29/2012	7/15/2026	3.87%	\$4,648,115

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

	Principal	Interest	Total
Fiscal year ended June 30, 2023	\$ 860,400	\$ 179,882	\$ 1,040,282
2024	893,698	146,585	1,040,283
2025	928,284	111,998	1,040,282
2026	964,209	76,074	1,040,283
2027	1,001,524	38,759	1,040,283
Total	<u>\$ 4,648,115</u>	<u>\$ 553,298</u>	<u>\$ 5,201,413</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

13. LONG-TERM DEBT (continued)

Leases Payable

Leases payable is comprised of the following individual agreements:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/22
VMWare/Power Edge/Chromebooks: BOCES	4/24/2018	4/23/2023	3.00%	\$ 105,892
Copiers/Scanners: BOCES	3/13/2019	3/12/2023	3.00%	35,607
Dell Chromebooks & Licenses: BOCES	4/29/2019	4/23/2024	3.00%	92,294
500 Chromebooks & Licenses: BOCES	3/25/2020	3/24/2025	3.00%	186,827
Printers/Copiers/Scanners: BOCES	4/28/2020	4/27/2024	3.00%	51,954
Printers/Copiers/Scanners: BOCES	10/14/2020	10/13/2024	3.00%	156,673
Dell Chromebooks & Licenses: BOCES	3/24/2021	3/23/2026	3.00%	447,435
1100 Chromebooks & Licenses: BOCES	10/7/2021	10/6/2026	3.00%	259,179
Address Right Printer: Pitney Bowes	2/9/2022	2/8/2027	1.59%	9,739
				<u>\$ 1,345,600</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 521,184	\$ 40,219	\$ 561,403
2024	391,047	24,612	415,659
2025	245,482	12,910	258,392
2026	186,771	5,575	192,346
2027	1,116	7	1,123
	<u>\$ 1,345,600</u>	<u>\$ 83,323</u>	<u>\$ 1,428,923</u>

Interest expense of \$55,279 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

Installment purchase debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Outstanding at 6/30/22
Copiers: Pitney Bowes	12/7/2017	12/7/2022	\$ 4,770
Copiers: Pitney Bowes	8/1/2021	7/30/2026	30,668
Copiers: Leaf Funding	6/17/2020	6/16/2023	910
Copiers: Leaf Funding	6/17/2020	6/16/2023	910
Copiers: Leaf Funding	6/17/2020	6/16/2023	910
Copiers: Leaf Funding	6/17/2020	6/16/2023	911
Copiers: Konica	9/24/2020	9/23/2024	2,666
Copiers: Konica	1/1/2021	1/3/2025	6,055
			<u>\$ 47,800</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

13. LONG-TERM DEBT (continued)

Installment Purchase Debt Payable (continued)

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

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 19,575	\$ -	\$ 19,575
2024	11,163	-	11,163
2025	8,940	-	8,940
2026	7,515	-	7,515
2027	607	-	607
	<u>\$ 47,800</u>	<u>\$ -</u>	<u>\$ 47,800</u>

Bond Refunding

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

<u>Fiscal Year Ended June 30,</u>	<u>Deferred Premium</u>	<u>Deferred Charge</u>	<u>Interest Expense / Increase(Decrease)</u>
2023	\$ (342,641)	\$ 88,377	\$ (254,264)
2024	(342,641)	88,377	(254,264)
2025	(342,641)	88,377	(254,264)
2026	(277,798)	66,462	(211,336)
2027	(264,827)	62,073	(202,754)
2028-2030	(510,951)	98,586	(412,365)
Total	<u>\$ (2,081,499)</u>	<u>\$ 492,252</u>	<u>\$ (1,589,247)</u>

Long-Term Interest

Interest on long-term debt for the year ended June 30, 2022 was composed of:

Interest paid	Total \$ 1,065,362
Less interest accrued in the prior year	(306,905)
Plus interest accrued in the current year	251,871
Plus amortization of deferred bond charges	88,377
Less amortization of deferred bond premiums	(342,641)
Total expense	<u>\$ 756,064</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS

A. Pension Obligations

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

B. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

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

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS (continued)

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who contribute 3.0 (ERS) to 3.5 (TRS) percent of their salary for their entire length of service. In addition, employee contribution rates that joined after April 1, 2012 are required to contribute between 3% and 6% depending on their salary through active membership. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. The District's contribution rate for the ERS fiscal year ended March 31, 2022 was 25% of covered payroll for Tier 1, 18.1% for Tier 3 and 4, 15.1% for Tier 5 and 10.6% for Tier 6. The District's contribution rate for the TRS fiscal year ended June 30, 2022 was 9.80% of covered payroll.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Year	ERS	TRS
2021-2022	\$ 2,447,551	\$ 7,362,812
2020-2021	2,364,439	6,758,692
2019-2020	2,305,705	6,279,153

D. Pension Liabilities, Assets, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2022, 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) were measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Net pension asset/(liability)	\$ 3,477,153	\$ 72,406,972
District's portion of the Plan's total net pension asset/(liability)	0.0425361%	0.417836%
Change in proportion since the prior measurement date	0.24649000%	0.000291%

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS (continued)

D. Pension Liabilities, Assets, Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2022, the District's recognized pension expense (credit) of \$874,852 for ERS and (\$4,552,734) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 263,330	\$ 9,980,533	\$ 341,554	\$ 376,185
Changes of assumptions	5,802,979	23,816,167	97,919	4,217,493
Net difference between projected and actual earnings on pension plan investments	-0-	-0-	11,386,220	75,781,388
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,655,956	16,404	129,600	1,400,421
District's contributions subsequent to the measurement date	<u>577,598</u>	<u>7,362,812</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ 8,299,863</u>	<u>\$ 41,175,916</u>	<u>\$ 11,955,293</u>	<u>\$ 81,775,487</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction/increase of the net pension asset/(liability) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Year ending June 30, 2022	\$ -	\$ (9,748,531)
2023	(331,601)	(11,356,221)
2024	(826,652)	(14,189,524)
2025	(2,640,792)	(18,443,084)
2026	(433,983)	3,369,212
Thereafter	-0-	2,405,765
Total	<u>\$ (4,233,028)</u>	<u>\$ (47,962,383)</u>

E. Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS (continued)

E. Actuarial Assumptions (continued)

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Investment rate of return	5.9%	6.95%
Salary increase	4.4%	5.18% - 1.95%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation rate	2.70%	2.40%
Cost of living adjustment	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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 expense 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.

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 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.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS (continued)

E. Actuarial Assumptions (continued)

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation, as of the actuarial valuation date, are summarized in the following table:

	ERS		TRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date	<u>March 31, 2022</u>		<u>June 30, 2021</u>	
Asset type				
Domestic equity	32.0%	3.30%	33.0%	6.80%
International equity	15.0%	5.85%	16.0%	7.60%
Global equity			4.0%	7.10%
Private equity	10.0%	6.50%	8.0%	10.00%
Real estate	9.0%	5.00%	11.0%	6.50%
Opportunistic portfolio	3.0%	4.10%		
Real assets	3.0%	5.80%		
Cash and cash equivalents	1.0%	-1.00%	1.0%	-0.20%
Credit	4.0%	3.78%		
Domestic fixed income securities	23.0%	0.00%	16.0%	1.30%
High-yield fixed income securities			1.0%	3.80%
Global bonds			2.0%	0.80%
Real estate debt			7.0%	3.30%
Global equities				
Private debt			1.0%	5.90%
	100.0%		100.0%	

Real rates of return are net of the long-term inflation assumptions of 2.4% for 2021 (TRS) and of 2.5% for 2022 (ERS).

*Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS (the discount rate used by the ERS and TRS at the prior year's measurement date were 5.9% and 7.10%, respectively). 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.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS (continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (8,950,155)	\$ 3,477,153	\$ 13,871,997
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share Of the net pension asset/(liability)	\$ 7,598,056	\$ 72,406,972	\$ 126,874,163

H. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2021	June 30, 2021
Employers' total pension liability	\$ (223,874,888)	\$ (130,819,415)
Plan Net Position	232,049,473	148,148,457
Employers' net pension liability	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>
Ratio of plan net position to the Employers' total pension liability	103.65%	113.25%

I. PAYABLES TO THE PENSION PLAN

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$577,598.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

14. PENSION PLANS (continued)

I. PAYABLES TO THE PENSION PLAN (continued)

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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 System. Accrued retirement contributions as of June 30, 2022 amounted to \$8,034,387.

15. OTHER PENSION PLANS

Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the employees for the year ended June 30, 2022, totaled \$4,581,977. The District did not make any contributions to the plan for the year ended June 30, 2022.

16. OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB)

A. Plan Description

The District established and administers a single-employer defined benefit OPEB plan for its employees and their spouses. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

Medical coverage, including prescription drugs as part of the medical plan, is offered to retirees on a fully insured basis through a consortium known as the New York State Health Insurance Program (NYSHIP). The administration, confidential supervisors, superintendents and assistant superintendents contribute 15% toward the cost of benefits when retired. All other employees will contribute 50% toward individual coverage and 65% toward the excess premium (the difference between individual and family) coverage when retired. Some current retirees have an additional level of contribution at 25%. All employees are eligible once they have attained the age of 55 and have at least 5 years of service with the District. The District will also reimburse the full premium costs for Medicare Part B payments. This contract will be renegotiated at various times in the future. Upon death of a retiree, the District will only continue the Medicare Part B reimbursement for the surviving spouse.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

16. OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (continued)

C. Employees Covered by Benefit Terms

The number of participants as of July 1, 2021, the effective date of the OPEB valuation, is as follows:

	<u>Participants</u>
Active employees	932
Inactive employees or beneficiaries currently receiving benefit payments	637
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>1,569</u>

There have been no significant changes in the number of participants or the type of coverage since the last published valuation.

D. Total OPEB Liability

The District's total OPEB liability of \$188,039,663 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021, with update procedures used to rollforward the OPEB liability to the measurement date.

E. Funding Policy

The District currently pays for other postemployment benefits on a pay-as-you-go basis.

F. Actuarial Assumptions and Other Inputs

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The total OPEB liability in the July 1, 2021 valuation was determined using the following actuarial assumptions and other inputs:

Discount rate	3.54%	
Healthcare cost trend rates		
Pre-65		7.0% for 2022, decreasing 0.5% per year to an ultimate rate of 4.0% for 2028 and later years
Post-65		5.0% for 2022, decreasing 0.25% per year to an ultimate rate of 4.0% for 2026 and later years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2022 for the rate as of June 30, 2022.

Mortality rates were based on the PUB-2010 General Mortality Table, with improvements Scale MP-2021.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

16. OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (continued)

F. Actuarial Assumptions and Other Inputs (continued)

The decrement tables used for this valuation are based on the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS).

The actuarial assumptions used in the July 1, 2021 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable.

G. Changes in the Total OPEB Liability

The following table shows the components of the District's other postemployment benefits liability:

Total OPEB liability as July 1, 2021	\$ 227,919,162
Service cost	7,264,973
Interest	7,963,496
Differences between expected and actual experience	1,202,062
Changes in assumptions or other inputs	(50,839,335)
Benefit payments	(5,470,695)
Total net changes	(39,879,499)
Total OPEB liability as of June 30, 2022	\$ 188,039,663

H. Sensitivity of the Total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	One Percent Decrease (2.54%)	Current Discount Rate (3.54%)	One Percent Increase (4.54%)
Total OPEB liability	\$ 220,930,662	\$188,039,663	\$ 161,878,629

I. Sensitivity of the Total OPEB liability to changes in the healthcare cost trend 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 healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	One Percent Decrease	Healthcare Cost Trend Rates	One Percent Increase
Total OPEB liability	\$ 157,672,622	\$188,039,663	\$ 227,589,203

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

16. OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB) (continued)

J. OPEB Expense and Deferred Outflow of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$13,529,344. At June 30, 2022, the district reported deferred outflows and inflows of resources related to OPEB as shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 37,766,601	\$ 47,168,624
Differences between expected and actual experience	1,115,270	21,415,123
Total	\$ 38,881,871	\$ 68,583,747

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

For the years ending June 30, 2023	\$ (1,699,126)
2024	(1,699,126)
2025	(1,699,126)
2026	(1,699,126)
2027	(1,699,126)
Thereafter	(21,206,246)
	\$ (29,701,876)

17. COMPENSATED ABSENCES

District employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave, subject to certain limitations.

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. As of June 30, 2022, the value of the accumulated vacation time and sick leave was \$11,426,187, of which \$777,065 is recorded as compensated absences in the general fund.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

18. RISK MANAGEMENT

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

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

Claim liabilities are discounted at an estimated interest rate of 3%, and are calculated considering the effect of inflation, recent claim settlement trends including frequency and amounts of payouts, and other economic and social factors. The District has not purchased any annuity contracts with regard to its workers' compensation claims. The District has a reserve for workers' compensation in the general fund of \$927,844 to pay related claims. Changes in the balances of claim liabilities for workers' compensation during the past two fiscal years are as follows:

	2022	2021
Unpaid claims at beginning of year	\$ 1,696,812	\$ 1,936,967
Incurred claims and claim adjustments	1,073,781	207,583
Claim payments	(763,488)	(447,738)
Unpaid claims at year end	\$ 2,007,105	\$ 1,696,812

19. FUND BALANCES – ASSIGNED: APPROPRIATED FOR SUBSEQUENT YEAR'S BUDGET

The amount of \$3,900,000 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2023.

20. FUND BALANCES – RESTRICTED: APPROPRIATED RESERVES

The District has appropriated the following amounts from reserves, which are reported in the June 30, 2022 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2023:

Employee benefit accrued liability	\$ 1,000,000
Workers' compensation	600,000
Retirement contributions - ERS	550,000
Retirement contributions - TRS	350,000
	\$ 2,500,000

21. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

At June 30, 2022, the District encumbered the following amounts:

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2022

General Fund	
General Support	588,899
Instruction	952,654
Pupil Transportation	107,952
Benefits	5,406
	<u>1,654,911</u>
Special Aid Fund	
Grant Programs	3,717,585
	<u>3,717,585</u>
School Lunch Fund	
Purchases	20,488
	<u>20,488</u>
Capital Projects Fund	
Capital Projects	1,528,916
	<u>1,528,916</u>
Total Encumbrances	<u>\$ 6,921,900</u>

B. Grants

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

C. Litigation

As of June 30, 2022, the District is unaware of any pending or threatened litigation or unasserted claims of assessments against the District which require disclosure.

22. SUBSEQUENT EVENTS

Management of the District evaluated events through October 5, 2022 which is the date the financial statements were available to be issued, and noted the following:

- A)** On September 21, 2022, the District issued a tax anticipation note in the amount of \$38,495,000, which is due June 28, 2023, and bears an average net interest rate of 2.7303%.
- B)** On May 17, 2022, during the 2022-2023 budget vote, the community voted on and approved proposition 2, the sale of certain real property commonly known as “Central Softball Field”, Huntington Station, New York, to Dena Properties, LLC. at a price of \$789,450. The sale closed in July 2022.
- C)** On May 17, 2022, during the 2022-2023 budget vote, the community voted on and approved proposition 3, the sale of certain real property commonly known by street address 2 Melville Road, Huntington Station, New York, to Rise In Spirit, Inc. at a price of \$1,759,000. The sale closed in August 2022.

SUPPLEMENTARY INFORMATION

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Local Sources:					
Real property taxes	\$ 121,832,088	\$ 112,888,351	\$ 112,888,351	\$ -0-	
School tax relief reimbursement		8,943,737	8,946,199	2,462	
Charges for services	2,460,000	2,460,000	3,089,501	629,501	
Use of money and property	1,850,000	1,850,000	1,784,952	(65,048)	
Sale of property and compensation for loss		864,302	907,263	42,961	
Miscellaneous	1,174,000	1,179,000	1,288,524	109,524	
Interfund revenues	3,450,000	3,450,000	4,117,596	667,596	
Total Local Sources	130,766,088	131,635,390	133,022,386	1,386,996	
State aid	46,421,675	46,421,675	44,188,933	(2,232,742)	
Federal aid	650,000	650,000	793,984	143,984	
Total Revenues	177,837,763	178,707,065	178,005,303	(701,762)	
OTHER FINANCING SOURCES					
Transfers from other funds			3,748,763	3,748,763	
Total Revenue and other financing sources	177,837,763	178,707,065	181,754,066	\$ 3,047,001	
Assigned fund balance	4,500,000	4,500,000			
Appropriated reserves	4,317,259	4,317,259			
Total Revenues, other financing sources and Assigned and Appropriated Fund Balance	\$ 186,655,022	\$ 187,524,324	181,754,066		
	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance With Final Budget and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 115,137	\$ 118,137	\$ 83,151	\$ 4,250	\$ 30,736
Central administration	465,971	465,972	410,604	4,642	50,726
Finance	2,844,528	2,653,739	2,376,478	76,918	200,343
Staff	662,589	810,090	740,131	38,910	31,049
Central services	11,433,620	12,881,407	12,271,080	463,940	146,387
Special items	1,279,547	1,051,521	1,011,543	239	39,739
Total General Support	16,801,392	17,980,866	16,892,987	588,899	498,980
Instruction					
Instruction, administration and improvement	9,459,870	9,042,806	9,011,619	27,482	3,705
Teaching - regular school	54,296,368	52,145,316	51,558,713	140,361	446,242
Programs for children with handicapping conditions	28,640,137	31,065,694	30,237,793	650,361	177,540
Occupational education	1,200,000	1,200,000	837,033		362,967
Teaching - special school	765,679	433,229	366,817		66,412
Instructional media	5,096,573	4,430,629	3,894,301	68,246	468,082
Pupil services	6,504,664	6,435,646	6,367,628	66,204	1,814
Total Instruction	105,963,291	104,753,320	102,273,904	952,654	1,526,762
Pupil Transportation	13,088,252	12,689,563	12,232,175	107,952	349,436
Community Services	26,700	7,605	6,087		1,518
Employee Benefits	41,855,387	41,493,120	41,359,595	5,000	128,525
Debt Service - Principal	3,814,917	4,663,686	4,663,206	406	74
Debt Service - Interest	1,485,083	1,451,862	1,451,820		42
Total Expenditures	183,035,022	183,040,022	178,879,774	1,654,911	2,505,337
OTHER FINANCING USES					
Transfers to other funds	3,620,000	4,484,302	4,409,302		75,000
Total Expenditures and Other Uses	\$ 186,655,022	\$ 187,524,324	183,289,076	\$ 1,654,911	\$ 2,580,337
Net change in fund balance			(1,535,010)		
Fund balance - beginning			25,780,198		
Fund balance - ending			\$ 24,245,188		

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.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS
June 30, 2022

Period	Total OPEB Liability - Beginning of the Period	Service cost	Interest on Total OPEB Liability	Differences between expected and actual experience	Changes in benefit terms	Changes of assumptions or other inputs	Benefit payments	Total OPEB Liability - End of the Period	Covered-employee payroll	Total OPEB Liability as a Percentage of Covered-employee Payroll
July 1,2021 - June 30, 2022	\$ 227,919,162	\$ 7,264,973	\$ 7,963,496	\$ 1,202,062	\$ -0-	\$ (50,839,335)	\$ (5,470,695)	\$ 188,039,663	\$ 63,510,982	296.1%
July 1,2020 - June 30, 2021	\$ 219,923,002	\$ 7,216,783	\$ 4,685,046	\$ (718,837)	\$ -0-	\$ 1,984,439	\$ (5,171,271)	\$ 227,919,162	\$ 76,221,412	299.0%
July 1,2019 - June 30, 2020	\$ 202,621,167	\$ 6,952,955	\$ 4,414,868	\$ (26,687,690)	\$ -0-	\$ 37,717,642	\$ (5,095,940)	\$ 219,923,002	\$ 76,221,412	288.5%
July 1,2018 - June 30, 2019	\$ 184,439,355	\$ 5,365,086	\$ 7,020,823	\$ (920,786)	\$ -0-	\$ 11,841,359	\$ (5,124,660)	\$ 202,621,167	\$ 71,710,629	282.6%
July 1,2017 - June 30, 2018	\$ 178,166,796	\$ 5,165,193	\$ 6,785,189	\$ (519,619)	\$ -0-	\$ -0-	\$ (5,158,204)	\$ 184,439,355	\$ 71,710,629	257.2%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay other postemployment benefits (OPEB).

The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes of assumptions.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	3.54%
2021	2.16%
2020	2.21%
2019	3.10%
2018	3.60%

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
LAST EIGHT FISCAL YEARS

NYSERS	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0425361%	0.0400712%	0.0402017%	0.0414124%	0.0497320%	0.0498795%	0.0490031%	0.0483009%
District's proportionate share of the net pension asset/(liability)	\$ 3,477,153	\$ (39,900)	\$ (10,645,641)	\$ (2,934,197)	\$ (1,605,072)	\$ (4,686,790)	\$ (7,865,141)	\$ (1,631,724)
District's covered payroll	15,853,213	16,194,698	16,035,649	15,978,708	17,100,993	18,652,865	18,238,761	17,679,595
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	21.93%	0.25%	66.39%	18.36%	9.39%	25.13%	43.12%	9.23%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.417836%	0.417545%	0.411426%	39.952400%	0.383359%	0.384008%	0.379933%	0.369013%
District's proportionate share of the net pension asset/(liability)	\$ 72,406,972	\$ (11,537,903)	\$ 10,688,867	\$ 7,224,457	\$ 2,913,912	\$ (4,112,288)	\$ 39,462,897	\$ 41,105,753
District's covered payroll	72,074,698	71,831,144	70,108,972	66,141,438	61,889,514	60,435,165	58,060,154	55,602,537
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	100.46%	16.06%	15.25%	10.92%	4.71%	6.80%	67.97%	73.93%
Plan fiduciary net position as a percentage of the total pension asset/(liability) coming from plan	113.25%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Notes to Required Supplementary Information

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

Teachers' Retirement System

The discounted rate decreased from 7.10% to 6.95% as reflected in 2021 and 2022 above.

Employees' Retirement System

The discounted rate remained at 5.90% as reflected in 2021 and 2022 above.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
Last Ten Fiscal Years

NYSERS										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,447,551	\$ 2,364,439	\$ 2,305,705	\$ 2,511,388	\$ 2,636,644	\$ 2,753,273	\$ 3,102,809	\$ 3,364,271	\$ 3,188,815	\$ 3,263,054
Contributions in relation to the contractually required contribution	2,447,551	2,364,439	2,305,705	2,511,388	2,636,644	2,753,273	3,102,809	3,364,271	3,188,815	3,263,054
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered payroll	16,429,898	15,892,333	15,917,869	16,008,737	16,069,007	18,509,052	18,373,788	17,963,008	17,291,655	17,038,034
Contributions as a percentage of covered payroll	14.90%	14.88%	14.49%	15.69%	16.41%	14.88%	16.89%	18.73%	18.44%	19.15%
NYSTRS										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 7,362,812	\$ 6,758,692	\$ 6,279,153	\$ 7,293,140	\$ 6,377,649	\$ 7,118,974	\$ 7,857,388	\$ 10,004,554	\$ 6,758,443	\$ 6,576,921
Contributions in relation to the contractually required contribution	7,362,812	6,758,692	6,279,153	7,293,140	6,377,649	7,118,974	7,857,388	10,004,554	6,758,443	6,576,921
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered payroll	76,387,565	72,074,698	71,831,144	70,108,972	66,141,438	61,889,514	60,435,165	58,060,154	55,602,537	54,787,789
Contributions as a percentage of covered payroll	9.64%	9.38%	8.74%	10.40%	9.64%	11.50%	13.00%	17.23%	12.15%	12.00%

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 184,937,763
Add: Prior year's encumbrances		<u>1,717,259</u>
Original budget		186,655,022
Budget revision - Sale of Property		864,302
Budget revision - Donations		<u>5,000</u>
Final budget		<u><u>\$ 187,524,324</u></u>
2022-23 voter-approved expenditure budget		<u><u>\$ 195,504,039</u></u>
Maximum allowed (4% of 2022-23 budget)		<u><u>\$ 7,820,162</u></u>
Unrestricted fund balance:		
Assigned fund balance	\$ 5,554,911	
Unassigned fund balance	<u>6,781,150</u>	<u>\$ 12,336,061</u>
Less:		
Appropriated fund balance	\$ 3,900,000	
Encumbrances	<u>1,654,911</u>	<u>5,554,911</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		<u><u>\$ 6,781,150</u></u>
Actual Percentage		3.47%

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2022

Capital assets, net		\$ 56,073,565
Add:		
Unamortized deferred charges on advance refunding of bonds		492,252
Deduct:		
Short-term portion of bonds payable, inclusive of premiums	\$ 3,107,641	
Long-term portion of bonds payable, inclusive of premiums	15,383,858	
Short-term portion of installment purchase debt payable	19,575	
Long-term portion of installment purchase debt payable	28,225	
Short-term portion of leases payable	521,184	
Long-term portion of leases payable	824,416	
Short-term portion of energy performance contract	860,400	
Long-term portion of energy performance contract	3,787,715	
	24,533,014	
Net Investment in capital assets		\$ 32,032,803

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

To the Board of Education
South Huntington Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the South Huntington Union Free School District (the "District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 5, 2022