

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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, 2023, 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, 2023, 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.

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.

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 District's total other post-employment benefits liability and related ratios, schedule of District's contributions, and schedule of District's proportionate share of the net pension asset/(liability) on pages 1 through 16 and 63 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 3, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 3, 2023

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of the South Huntington Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- On the District-Wide Financial Statements, revenues (excluding special items) increased by \$12,744,973, or 6.53%, mainly due to an increase in charges for services, state sources, and use of money and property, partially offset by a decrease in operating grants and contributions and miscellaneous revenues.
- On the District-Wide Financial Statements, expenses increased by \$27,484,894, or 14.99%, primarily due to an increase in instruction expenses due to increases in other post-employment benefits and pension expenses based on the current year actuarial valuations.
- On the Fund Financial Statements, the District's fund balance in the general fund decreased by \$2,676,647, or 11.04%, due to expenditures and other financing uses exceeding revenues and other financing sources as well as special items.
- On July 6, 2022, the District sold the Central Fields property to Dena Properties LLC as authorized by the Board of Education on June 15, 2022, for sale proceeds of \$789,450. The sale proceeds are recognized in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance. The District recognized \$789,450 of the proceeds from the sale in the general fund. The residents voted to approve proposition 2 at the May 17, 2022 budget vote hearing for a 2022-2023 budget revision to expend all proceeds of the sale in the capital projects fund for the deconstruction of elementary portable classrooms and the construction of elementary library/media-STREAM Centers. The proceeds were transferred from the general fund to the capital projects fund during the 2022-2023 school year as proposed. The gain on the sale of the property in the amount of \$789,450 is reflected on the District-Wide Financial Statements on the Statement of Activities as a special item.
- On August 3, 2022, the District sold a building located at 2 Melville Road, Huntington Station, and related property to Rise in Spirit, Inc. as authorized by the Board of Education on June 15, 2022, for sale proceeds of \$1,748,343. The sale proceeds are recognized in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance. The District recognized \$1,748,343 of the proceeds from the sale in the general fund. The residents voted to approve proposition 3 at the May 17, 2022 budget vote hearing for a 2022-2023 budget revision to expend all proceeds of the sale in the capital projects fund for the deconstruction of elementary portable classrooms and the construction of elementary library/media-STREAM Centers. The proceeds were transferred from the general fund to the capital projects fund during the 2022-2023 school year as proposed. The gain on the sale of the property in the amount of \$1,759,523 is reflected on the District-Wide Financial Statements in the Statement of Activities as a special item.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- On May 10, 2023, the District entered into an energy performance contract with a total principal amount of \$16,043,799, and with an interest rate of 3.355%. The proceeds will be used for various District-wide energy improvement projects.
- The general fund budget for the 2023-2024 school year was approved by the voters in the amount of \$209,068,729. This is an increase of \$13,564,690 or 6.94% over the previous year's budget. The increase was primarily due to increases in personnel costs, and employee benefits.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

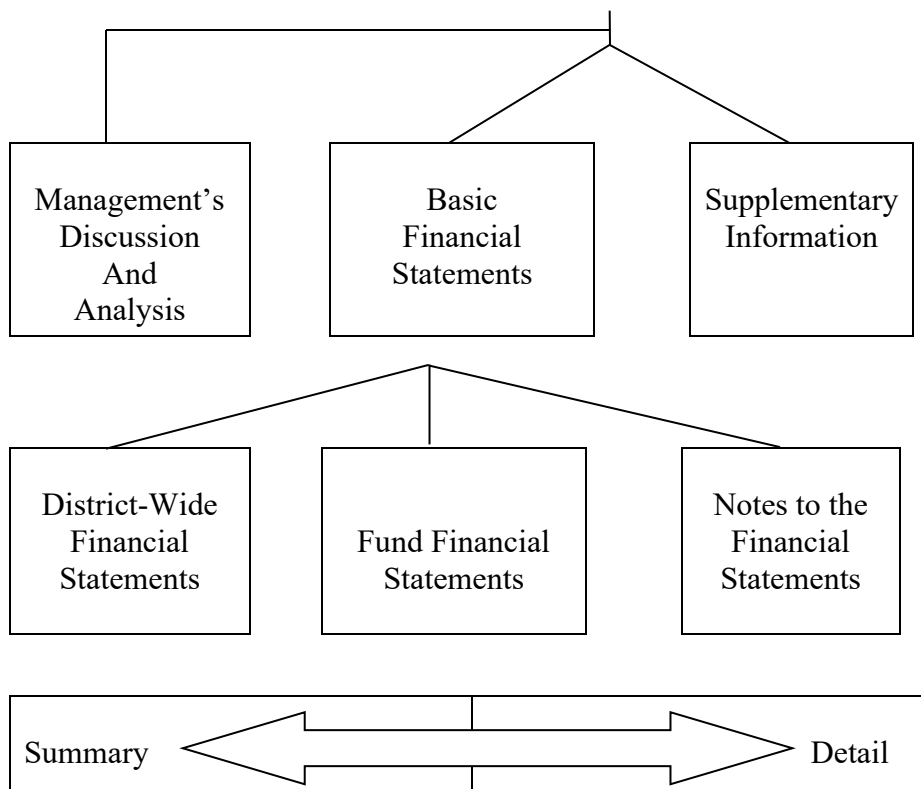
The basic financial statements include two kinds of statements that present different views of the District:

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Organization of the District’s Annual Financial Report



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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Major Features of the District-Wide and Fund Financial Statements

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A) District-Wide Financial Statements:

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

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

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

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

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

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- *Unrestricted net position (deficit)* includes net amounts that do not meet any of the above restrictions.

B) Fund Financial Statements:

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

The District has two kinds of funds:

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's total net deficit increased by \$288,322 from that of the prior year as reflected in the following table.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total Percentage Change
Current assets	\$ 59,479,272	\$ 42,458,474	\$ 17,020,798	40.09%
Non-current assets	61,900,078	56,531,526	5,368,552	9.50%
Net pension asset - proportionate share	-	75,884,125	(75,884,125)	(100.00%)
Total Assets	<u>121,379,350</u>	<u>174,874,125</u>	<u>(53,494,775)</u>	<u>(30.59%)</u>
Deferred outflows of resources	<u>85,213,038</u>	<u>88,849,902</u>	<u>(3,636,864)</u>	<u>(4.09%)</u>
Total Assets and Deferred Outflows of Resources	<u>206,592,388</u>	<u>263,724,027</u>	<u>(57,131,639)</u>	<u>(21.66%)</u>
Current liabilities	15,089,919	13,345,334	1,744,585	13.07%
Long-term liabilities	<u>258,614,966</u>	<u>225,228,904</u>	<u>33,386,062</u>	<u>14.82%</u>
Total Liabilities	<u>273,704,885</u>	<u>238,574,238</u>	<u>35,130,647</u>	<u>14.73%</u>
Deferred inflows of resources	<u>70,790,109</u>	<u>162,764,073</u>	<u>(91,973,964)</u>	<u>(56.51%)</u>
Total Liabilities and Deferred Inflows of Resources	<u>344,494,994</u>	<u>401,338,311</u>	<u>(56,843,317)</u>	<u>(14.16%)</u>
Net Position (deficit)				
Net investment in capital assets	40,043,886	32,032,803	8,011,083	25.01%
Restricted	10,192,765	12,042,064	(1,849,299)	(15.36%)
Unrestricted (deficit)	<u>(188,139,257)</u>	<u>(181,689,151)</u>	<u>(6,450,106)</u>	<u>(3.55%)</u>
Total Net Position (deficit)	<u>\$ (137,902,606)</u>	<u>\$ (137,614,284)</u>	<u>\$ (288,322)</u>	<u>(0.21%)</u>

*Reclassifications have been made to current and non-current assets for 2022 to conform to the 2023 financial statement classification. These reclassifications resulted in no net effect on ending net position.

Current assets increased by \$17,020,798 from prior year primarily due to an increase in cash and cash equivalents in the capital fund due to the proceeds from the energy performance contract debt issuance in the current year, partially offset by a decrease in receivables.

Non-current assets increased by \$5,368,552. This was attributable to current year capital asset and intangible lease asset additions, partially offset by current year depreciation and amortization, as well as reductions to the lease receivable for current year principal payments received.

The District's net pension asset – proportionate share for pension systems decreased by \$75,884,125 as a result of the actuarial valuations provided by the State resulting in a net pension liability in 2022-2023, compared with a net pension asset in 2021-2022.

The change in deferred outflows of resources represents amortization of the deferred amounts on refundings as discussed in Note 14, amortization of pension-related items as discussed in Note 15, as well as the amortization of deferred outflows for other post-employment benefits obligation, as discussed in Note 17.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Current liabilities increased by \$1,744,585. This was primarily attributable to increases in accounts payable, due to teachers' retirement system, and due to employees' retirement system, partially offset by decreases in accrued liabilities, due to other governments, and collections in advance.

Long-term liabilities increased by \$33,386,062, which was primarily attributable to increases in energy performance contract payable as a result of the current year's debt issuance, as well as increases to the total other post-employment benefits obligation and net pension liabilities as actuarially determined. This was partially offset by a decrease in bonds payable, lease liability, compensated absences payable, and workers' compensation claims payable.

The change in deferred inflows of resources represents current year lease principal revenue received, as discussed in Note 8, amortization of pension related items, as discussed in Note 15, and the amortization of deferred inflows related to the total other post-employment benefits obligation, as discussed in Note 17.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings & improvements, and furniture & equipment, net of depreciation, amortization, and related debt. This number increased from the prior year by \$8,011,083 primarily due to capital asset and intangible lease asset additions and principal payments made on related debt.

The restricted net position at June 30, 2023, relates to the District's reserves and restricted amounts for scholarships and donations. Restricted net position decreased by \$1,849,299, primarily due to decreases in the employee benefits accrued liability reserve, the retirement contribution reserve (ERS and TRS), and the workers compensation reserve, partially offset by an increase in restricted for debt service, the insurance reserve, and the unemployment insurance reserve.

The unrestricted deficit amount of \$(188,139,257) 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 increased from the prior year by \$6,450,106 primarily as a result of the increases in the total OPEB liability and the net pension liabilities for the New York State Employees' Retirement System and Teachers' Retirement System, as actuarially determined.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this Statement for the years ended June 30, 2023 and 2022 is as follows:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Change in Net Position from Operating Results

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for services	\$ 5,307,933	\$ 4,234,476	\$ 1,073,457	25.35%
Operating grants and contributions	14,386,277	16,404,854	(2,018,577)	(12.30%)
Capital grants	376,383	159,000	217,383	136.72%
General Revenues				
Real property taxes and other tax items	121,835,967	121,834,550	1,417	0.00%
State sources	57,183,002	44,188,933	12,994,069	29.41%
Use of money and property	2,778,471	1,784,952	993,519	55.66%
Other	6,187,989	6,704,284	(516,295)	(7.70%)
Total Revenues	<u>208,056,022</u>	<u>195,311,049</u>	<u>12,744,973</u>	6.53%
Special Item				
Gain on sale of properties	2,537,793	-	2,537,793	N/A
Total Revenues and Special Items	<u>210,593,815</u>	<u>195,311,049</u>	<u>15,282,766</u>	7.82%
Expenses				
General support	23,747,265	20,525,801	3,221,464	15.69%
Instruction	166,867,831	144,559,723	22,308,108	15.43%
Pupil transportation	16,543,125	14,124,307	2,418,818	17.13%
Community service	-	6,214	(6,214)	(100.00%)
Debt service - interest	1,847,201	1,142,521	704,680	61.68%
Food service program	1,876,715	3,038,677	(1,161,962)	(38.24%)
Total Expenses	<u>210,882,137</u>	<u>183,397,243</u>	<u>27,484,894</u>	14.99%
Total Change in Net Position	<u>\$ (288,322)</u>	<u>\$ 11,913,806</u>	<u>\$ (12,202,128)</u>	(102.42%)

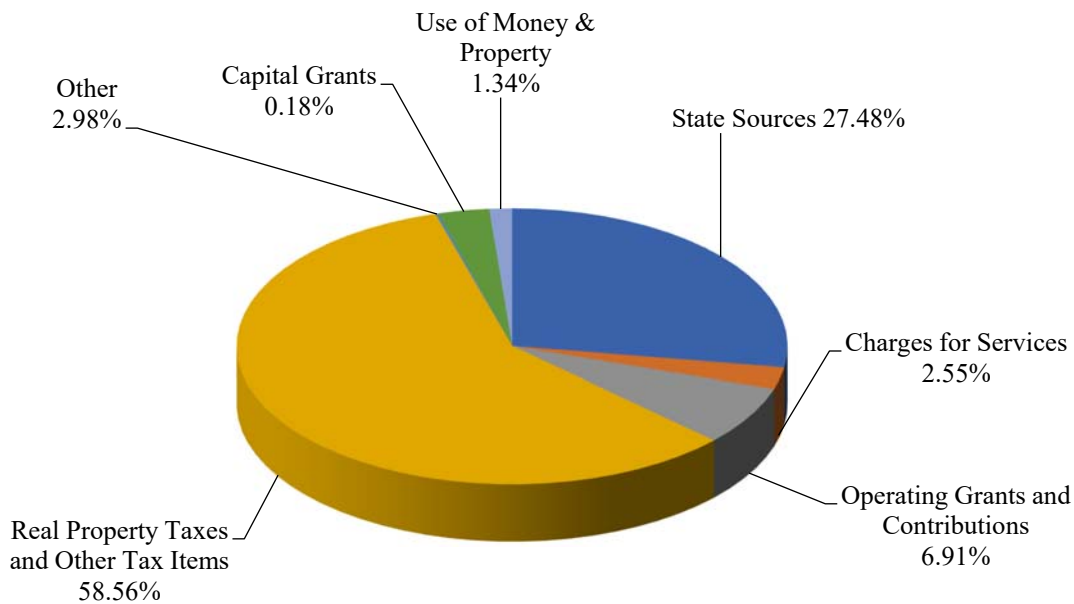
The District's total fiscal year 2023 revenues and special item – gain on sale of properties, totaled \$210,593,815. Property taxes and other tax items, and state sources accounted for most of the District's revenue by contributing 58.56% and 27.48%, respectively of total revenue (excluding the special item).

The District's revenues and special item increased by \$15,282,766 or 7.82%. This was primarily attributable to increases in charges for services, capital grants, state sources, use of money and property, and the special item – gain on sale of properties, partially offset by decreases in operating grants and contributions, and other revenue items.

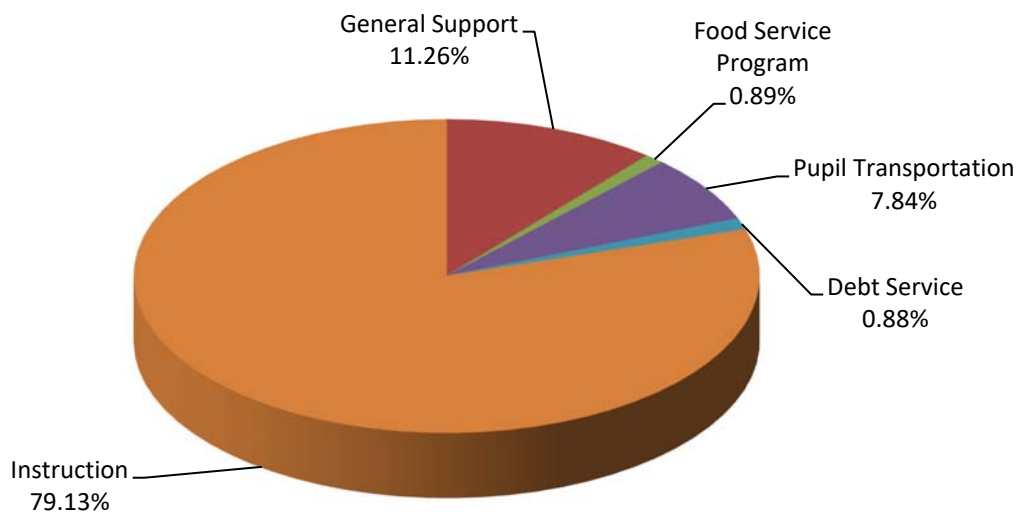
The cost of all programs and services totaled \$210,882,137 for fiscal year 2023. These expenditures are predominantly related to general instruction and transporting students, which account for 86.97% of District expenses. The District's general support activities accounted for 11.26% of total costs. Total expenses increased by \$27,484,894 or 14.99%. This was primarily attributable to increases in pension and OPEB expense, with the majority being allocated to instruction.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues for Fiscal Year 2023



Expenses for Fiscal Year 2023



**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$43,651,230 which is an increase of \$14,929,701 from the prior year.

A summary of the changes in fund balance for all funds are as follows:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total Percentage Change
General Fund				
Nonspendable: long term receivable	\$ 10,806	\$ -	\$ 10,806	N/A
Restricted for employee benefit accrued liability	7,654,320	8,203,743	(549,423)	(6.70%)
Restricted for retirement contribution - ERS	913,667	1,387,463	(473,796)	(34.15%)
Restricted for retirement contribution - TRS	30,461	360,652	(330,191)	(91.55%)
Restricted for workers' compensation	378,801	927,844	(549,043)	(59.17%)
Restricted for debt service	5,715	-	5,715	N/A
Restricted for insurance	727,877	689,981	37,896	5.49%
Restricted for unemployment insurance	358,087	339,444	18,643	5.49%
Assigned for general support	201,853	588,899	(387,046)	(65.72%)
Assigned for instructional	183,644	952,654	(769,010)	(80.72%)
Assigned for pupil transportation	7,631	107,952	(100,321)	(92.93%)
Assigned for employee benefits	-	5,000	(5,000)	(100.00%)
Assigned for debt service	-	406	(406)	(100.00%)
Assigned - appropriated for subsequent years expenditures	2,990,000	3,900,000	(910,000)	(23.33%)
Unassigned	8,105,679	6,781,150	1,324,529	19.53%
Total Fund Balance - General Fund	<u>21,568,541</u>	<u>24,245,188</u>	<u>(2,676,647)</u>	(11.04%)
School Lunch Fund				
Nonspendable: inventory	187,111	136,707	50,404	36.87%
Assigned - unappropriated	1,622,462	1,188,424	434,038	36.52%
Total Fund Balance - School Lunch Fund	<u>1,809,573</u>	<u>1,325,131</u>	<u>484,442</u>	36.56%
Miscellaneous Special Revenue Fund				
Assigned	669,171	536,796	132,375	24.66%
Restricted for scholarships and donations	123,837	132,937	(9,100)	(6.85%)
Total Fund Balance - Miscellaneous Special Revenue Fund	<u>793,008</u>	<u>669,733</u>	<u>123,275</u>	18.41%
Capital Projects Fund				
Assigned	5,507,312	2,481,477	3,025,835	121.94%
Restricted for unspent debt proceeds	13,972,796	-	13,972,796	N/A
Total Fund Balance - Capital Projects Fund	<u>19,480,108</u>	<u>2,481,477</u>	<u>16,998,631</u>	685.02%
Total Fund Balance - All Funds	<u>\$ 43,651,230</u>	<u>\$ 28,721,529</u>	<u>\$ 14,929,701</u>	51.98%

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A) General Fund

The fund balance in the general fund decreased by \$2,676,647 during the year as compared to a decrease of \$1,535,010 in the prior year. Revenues and other financing sources increased by \$9,310,922 or 5.12% compared to the prior year, primarily due to increases in real property taxes, use of money and property, and state sources, offset by decreases in other real property tax items, sale of property and compensation for loss, and federal sources.

Expenditures and other financing uses increased by \$12,990,352, or 7.09%, compared to the prior year, primarily due to increases across the budget, with the largest being within instruction and employee benefits.

B) School Lunch Fund

Fund balance in the school lunch fund increased by \$484,442 during the year as compared to an increase of \$1,151,951 in the prior year. This increase was primarily due to revenues and operating transfers in exceeding expenditures. The overall decrease in operating profit in the school lunch fund is primarily the result of the discontinuation of the free lunch to all students program that was being offered in the previous year by the Federal government as a response to the coronavirus pandemic. This resulted in a significant decrease in federal aid reimbursements for meals served in the current year, which was partially offset by increases in school lunch sales revenue.

C) Miscellaneous Special Revenue Fund

The net change in fund balance in the miscellaneous special revenue fund is due to extraclassroom and other student activity revenues exceeding extraclassroom and other student activity expenditures, partially offset by scholarship awards exceeding scholarship donations received.

D) Capital Projects Fund

Fund balance in the capital projects fund increased by \$16,998,631. This increase is due to the proceeds from issuance on the energy performance contract debt received in 2022-2023, partially offset by current year capital outlay.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-2023 Budget:

The District's general fund adopted budget for the year ended June 30, 2023 was \$195,504,039. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,654,911 and budget revisions in the amount of \$2,586,152, which resulted in a final budget of \$199,745,102. The majority of the funding was real property taxes and other tax items, and state sources of \$180,226,039.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Opening, unassigned fund balance	\$ 6,781,150
Revenues over budget	1,912,590
Expenditures, other financing uses, and encumbrances under budget	3,072,546
Interest allocated to reserves	(659,801)
Change in nonspendable	(10,806)
Assigned, appropriated for June 30, 2024 budget	<u>(2,990,000)</u>
Closing, unassigned fund balance	<u><u>\$ 8,105,679</u></u>

The \$6,781,150 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned and not restricted or assigned for subsequent year's taxes.

The revenues over budget of \$1,912,590 were primarily attributable to charges for services, use of money and property, and miscellaneous sources, partially offset by state sources and federal sources under budget (See Supplemental Schedule 1 for details).

The expenditures and encumbrances under budget of \$3,072,546 represent savings across the budget, but were predominantly in general support, instruction, and pupil transportation (See Supplemental Schedule 1 for details).

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

The reserves earned interest as follows:

Employee benefit accrued liability	\$ 450,576
Retirement contribution reserves	96,012
Workers' compensation	50,960
Debt service	5,714
Insurance	37,896
Unemployment insurance	18,643
Total	<u><u>\$ 659,801</u></u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District has chosen to use \$2,990,000 of its available June 30, 2023 fund balance to partially fund its 2023-2024 approved operating budget.

The closing unassigned fund balance of \$8,105,679 represents the fund balance retained by the District that is not restricted or assigned for subsequent year's taxes. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4.00% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A) Capital Assets and Intangible Lease Assets:

The District paid for furniture and equipment, vehicles, renovations, and various other capital asset and intangible lease asset additions during fiscal year 2023. A summary of the District's capital assets and intangible lease assets, net of accumulated depreciation amortization is as follows:

Category	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Land	\$ 579,019	\$ 579,019	\$ -	0.00%
Construction in progress	9,166,989	1,902,835	7,264,154	381.75%
Buildings & building improvements	108,246,478	109,298,367	(1,051,889)	(0.96%)
Furniture & equipment	9,614,557	9,279,480	335,077	3.61%
Vehicles	8,211,553	7,195,803	1,015,750	14.12%
Land improvement	3,178,151	3,216,145	(37,994)	(1.18%)
Subtotal	<u>138,996,747</u>	<u>131,471,649</u>	<u>7,525,098</u>	5.72%
Less: Accumulated Depreciation	<u>78,046,219</u>	<u>76,724,393</u>	<u>1,321,826</u>	1.72%
Total Net Capital Assets, Net	<u>\$ 60,950,528</u>	<u>\$ 54,747,256</u>	<u>\$ 6,203,272</u>	11.33%
Intangible Lease Assets, Net	<u>\$ 824,997</u>	<u>\$ 1,326,309</u>	<u>\$ (501,312)</u>	(37.80%)

Depreciation expense and loss on disposals was \$2,598,774 and amortization expense was \$556,549 for fiscal year ended June 30, 2023. See Note 9 to the financial statements for additional detail.

B) Long-Term Debt:

At June 30, 2023, the District had total bonds payable of \$15,383,858 inclusive of unamortized premiums, energy performance contract payable of \$19,831,514, lease liability of \$824,416, and installment purchase debt payable of \$68,522. The decreases in bonds payable and lease liability is due to principal payments made during the year. The increases in energy performance contract debt payable and installment purchase debt payable are due to the current year's energy performance contract debt issuance, and the District entering into a new installment purchase debt contract. More detailed information about the District's long-term debt is presented in the Note 13 to the financial statements.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Bonds payable (inclusive of unamortized premiums)	\$ 15,383,858	\$ 18,491,499	\$ (3,107,641)
Energy performance contract debt payable	19,831,514	4,648,115	15,183,399
Lease liability	824,416	1,345,600	(521,184)
Installment purchase debt payable	68,522	47,800	20,722
Total	<u>\$ 36,108,310</u>	<u>\$ 24,533,014</u>	<u>\$ 11,575,296</u>

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- The general fund budget for the 2023-2024 school year was approved by the voters in the amount of \$209,068,729. This is an increase of \$13,564,690 or 6.94% over the previous year's budget. The increase was primarily due to increases in personnel costs, and employee benefits.
- Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

South Huntington Union Free School District
Mr. Michael J. Conway
Executive Director for Business
60 Weston Street
Huntington Station, New York 11746
(631) 812-3001

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS

Current Assets

Cash and cash equivalents		
Unrestricted	\$	23,668,215
Restricted		24,165,561
Receivables		
State and federal aid		6,569,501
Due from other governments		4,720,902
Accounts receivable		167,982
Inventory		187,111

Non-Current Assets

Receivable within one year		
Lease receivable		39,365
Receivable after one year		
Lease receivable		85,188
Capital assets		
Not being depreciated		9,746,008
Being depreciated, net of accumulated depreciation		51,204,520
Intangible lease assets, net of accumulated amortization		824,997

TOTAL ASSETS

121,379,350
DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refundings		403,875
Other post-employment benefits		34,720,676
Pensions		50,088,487

TOTAL DEFERRED OUTFLOWS OF RESOURCES

85,213,038
LIABILITIES

Payables

Accounts payable		3,659,319
Accrued liabilities		619,147
Due to other governments		257,822
Due to teachers' retirement system		8,634,287
Due to employees' retirement system		613,399
Compensated absences payable		765,132
Accrued interest payable		279,351

Unearned Credits

Collections in advance		261,462
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Long-term liabilities

Due and payable within one year		
Bonds payable (inclusive of premiums)		3,217,641
Energy performance contract debt payable		893,695
Lease liability		391,047
Installment purchase debt payable		20,645
Compensated absences payable		765,132
Workers' compensation claims payable		322,157
Due and payable after one year		
Bonds payable (inclusive of premiums)		12,166,217
Energy performance contract debt payable		18,937,819
Lease liability		433,369
Installment purchase debt payable		47,877
Compensated absences payable		9,955,379
Workers' compensation claims payable		1,293,391
Total other post-employment benefits obligation		192,804,823
Net pension liability - proportionate share - employees' retirement system		9,227,726
Net pension liability - proportionate share - teachers' retirement system		8,138,048

TOTAL LIABILITIES

273,704,885
DEFERRED INFLOWS OF RESOURCES

Leases		113,747
Other post-employment benefits		65,534,147
Pensions		5,142,215

TOTAL DEFERRED INFLOWS OF RESOURCES

70,790,109
NET POSITION

Net investment in capital assets		40,043,886
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Restricted

Employee benefit accrued liability		7,654,320
Retirement contribution - ERS		913,667
Retirement contribution - TRS		30,461
Workers' compensation		378,801
Debt service		5,715
Insurance		727,877
Unemployment insurance		358,087
Scholarships and donations		123,837

10,192,765

Unrestricted (deficit)

(188,139,257)
TOTAL NET POSITION (DEFICIT)

\$ (137,902,606)

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (23,747,265)				\$ (23,747,265)
Instruction	(166,867,831)	\$ 4,432,298	\$ 11,833,584	\$ 376,383	(150,225,566)
Pupil transportation	(16,543,125)				(16,543,125)
Debt service-interest	(1,847,201)				(1,847,201)
Food service program	(1,876,715)	875,635	2,552,693		1,551,613
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (210,882,137)</u>	<u>\$ 5,307,933</u>	<u>\$ 14,386,277</u>	<u>\$ 376,383</u>	<u>(190,811,544)</u>
GENERAL REVENUES					
Real property taxes					113,242,932
Other tax items - including STAR reimbursement					8,593,035
State sources					57,183,002
Use of money and property					2,778,471
Sale of property and compensation for loss					143,249
Miscellaneous					5,725,711
Federal sources					319,029
TOTAL GENERAL REVENUES					<u>187,985,429</u>
SPECIAL ITEM (SEE NOTE 20)					
Gain on the sale of properties					<u>2,537,793</u>
CHANGE IN NET POSITION					(288,322)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					<u>(137,614,284)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (137,902,606)</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
BALANCE SHEET -- GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 13,837,409	\$ 141,744	\$ 1,297,754	\$ 669,171	\$ 7,722,137	\$ 23,668,215
Restricted	10,068,928			123,837	13,972,796	24,165,561
Receivables						
State and federal aid	1,784,104	4,188,703	161,792		434,902	6,569,501
Due from other governments	4,720,902					4,720,902
Due from other funds	3,470,229		314,400			3,784,629
Accounts receivable	76,561	81,789	9,632			167,982
Lease receivable	124,553					124,553
Inventory			187,111			187,111
TOTAL ASSETS	<u>\$ 34,082,686</u>	<u>\$ 4,412,236</u>	<u>\$ 1,970,689</u>	<u>\$ 793,008</u>	<u>\$ 22,129,835</u>	<u>\$ 63,388,454</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Payables						
Accounts payable	\$ 727,969	\$ 788,732			\$ 2,142,618	\$ 3,659,319
Accrued liabilities	565,223	51,346	\$ 2,578			619,147
Due to other governments	181,347	76,439	36			257,822
Due to other funds	314,400	3,392,759			77,470	3,784,629
Due to teachers' retirement system	8,634,287					8,634,287
Due to employees' retirement system	613,399					613,399
Compensated absences	765,132					765,132
Unearned credits						
Collections in advance		102,960	158,502			261,462
TOTAL LIABILITIES	<u>11,801,757</u>	<u>4,412,236</u>	<u>161,116</u>	<u>-</u>	<u>2,220,088</u>	<u>18,595,197</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	598,641				429,639	1,028,280
Leases	113,747					113,747
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>712,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,639</u>	<u>1,142,027</u>
FUND BALANCES						
Nonspendable						
Inventory			187,111			187,111
Long-term receivable	10,806					10,806
Restricted						
Employee benefit accrued liability	7,654,320					7,654,320
Retirement contribution - ERS	913,667					913,667
Retirement contribution - TRS	30,461					30,461
Workers' compensation	378,801					378,801
Debt service	5,715					5,715
Insurance	727,877					727,877
Unemployment insurance	358,087					358,087
Unspent debt proceeds					13,972,796	13,972,796
Scholarships and donations				\$ 123,837		123,837
Assigned						
Appropriated fund balance	2,990,000					2,990,000
Unappropriated fund balance	393,128		1,622,462	669,171	5,507,312	8,192,073
Unassigned	8,105,679					8,105,679
TOTAL FUND BALANCES	<u>21,568,541</u>	<u>-</u>	<u>1,809,573</u>	<u>793,008</u>	<u>19,480,108</u>	<u>43,651,230</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 34,082,686</u>	<u>\$ 4,412,236</u>	<u>\$ 1,970,689</u>	<u>\$ 793,008</u>	<u>\$ 22,129,835</u>	<u>\$ 63,388,454</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances	\$	43,651,230
Amounts reported for governmental activities in the Statement of Net Position are different because:		
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		1,028,280
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	\$ 138,996,747	
Accumulated depreciation	<u>(78,046,219)</u>	60,950,528
The cost of leasing assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those leased assets among the assets of the District as a whole, and their costs are amortized annually over their useful lives.		
Cost of intangible lease assets	\$ 1,905,840	
Accumulated amortization	<u>(1,080,843)</u>	824,997
The Statement of Net Position will amortize deferred amounts from bond refundings received over the life of the bond. Governmental funds record the deferred amounts in the year of issuance. The balance on deferred amounts on refundings at June 30, 2023 was		
		403,875
Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and OPEB that will be recognized as expenditures in future periods amounted to		
Deferred outflows related to total OPEB liability	\$ 34,720,676	
Deferred outflows related to pensions	<u>50,088,487</u>	84,809,163
Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest on bonds and energy performance contracts.		
		(279,351)
Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of		
Bonds payable, inclusive of premium	\$ (15,383,858)	
Energy performance contract debt payable	(19,831,514)	
Lease liability	(824,416)	
Installment purchase debt payable	(68,522)	
Compensated absences payable	(10,720,511)	
Workers' compensation claims payable	(1,615,548)	
Total other post-employment benefits obligation	(192,804,823)	
Net pension liability - proportionate share (ERS)	(9,227,726)	
Net pension liability - proportionate share (TRS)	<u>(8,138,048)</u>	(258,614,966)
Deferred inflows of resources- The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.		
Deferred inflows related to total OPEB liability	\$ (65,534,147)	
Deferred inflows related to pensions	<u>(5,142,215)</u>	<u>(70,676,362)</u>
Total Net Position	\$	<u>(137,902,606)</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes	\$ 113,242,932					\$ 113,242,932
Other tax items - including STAR reimbursement	8,593,035					8,593,035
Charges for services	3,378,938			\$ 1,053,360		4,432,298
Use of money and property	2,764,976		\$ 13,495			2,778,471
Sale of property and compensation for loss	143,249					143,249
Miscellaneous	5,439,827		61,550	238,704		5,740,081
Local sources		\$ 120,952				120,952
State sources	57,183,002	2,463,908	68,747			59,715,657
Federal sources	319,029	9,234,354	2,331,301			11,884,684
Surplus food			152,645			152,645
Sales - school lunch			875,635			875,635
TOTAL REVENUES	<u>191,064,988</u>	<u>11,819,214</u>	<u>3,503,373</u>	<u>1,292,064</u>	<u>-</u>	<u>207,679,639</u>
EXPENDITURES						
General support	17,626,645					17,626,645
Instruction	106,616,435	11,373,543		1,168,789		119,158,767
Pupil transportation	14,161,873	422,931				14,584,804
Employee benefits	44,603,157	468,646	212,335			45,284,138
Debt service - principal	4,173,269					4,173,269
Debt service - interest	2,073,985					2,073,985
Cost of sales			2,846,961			2,846,961
Capital outlay					\$5,582,961	5,582,961
TOTAL EXPENDITURES	<u>189,255,364</u>	<u>12,265,120</u>	<u>3,059,296</u>	<u>1,168,789</u>	<u>5,582,961</u>	<u>211,331,530</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,809,624</u>	<u>(445,906)</u>	<u>444,077</u>	<u>123,275</u>	<u>(5,582,961)</u>	<u>(3,651,891)</u>
OTHER FINANCING SOURCES AND (USES)						
Proceeds from debt issuance					16,043,799	16,043,799
Operating transfers in		445,906	40,365		6,537,793	7,024,064
Operating transfers (out)	(7,024,064)					(7,024,064)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(7,024,064)</u>	<u>445,906</u>	<u>40,365</u>	<u>-</u>	<u>22,581,592</u>	<u>16,043,799</u>
SPECIAL ITEM						
Proceeds from the sale of property (see Note 20)	2,537,793					2,537,793
NET CHANGE IN FUND BALANCES	(2,676,647)		484,442	123,275	16,998,631	14,929,701
FUND BALANCES - BEGINNING OF YEAR	24,245,188		1,325,131	669,733	2,481,477	28,721,529
FUND BALANCES - END OF YEAR	<u>\$ 21,568,541</u>	<u>\$ -</u>	<u>\$ 1,809,573</u>	<u>\$ 793,008</u>	<u>\$ 19,480,108</u>	<u>\$ 43,651,230</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances		\$ 14,929,701
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating expenses-compensated absences (vacation and sick days), are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences from June 30, 2022 to June 30, 2023 changed by		(71,389)
Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.		376,383
Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Accrued claims payable from June 30, 2022 to June 30, 2023 changed by		391,557
Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Teachers' retirement system	\$ (2,017,700)	
Employees' retirement system	(2,030,926)	
Other post-employment benefits obligation	<u>(5,876,755)</u>	(9,925,381)
Capital Asset Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.		
Capital outlays	\$ 8,802,046	
Depreciation expense and loss on disposals	<u>(2,598,774)</u>	6,203,272
Capital outlays related to leasing assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities.		
Intangible lease capital outlays	\$ 55,237	
Amortization expense	<u>(556,549)</u>	(501,312)
Long-Term Debt Differences		
Proceeds from energy performance contract debt are recorded as revenue in the governmental funds but not in the Statement of Activities.		(16,043,799)
Proceeds from installment purchase debt is an other funding source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(47,407)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		2,765,000
Repayment of energy performance contract debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		860,400
Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		521,184
Repayment of installment purchase debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		26,685
Governmental funds may report premiums, discounts, and similar items on the refunded bonds as revenues or expenditures. These amounts are deferred and amortized in the Statement of Activities. Amortization for the fiscal year ended June 30, 2023 was		
Amortization of bond premiums	\$ 342,641	
Amortization of deferred amounts on refundings	<u>(88,377)</u>	254,264
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2022 to June 30, 2023 changed by		<u>(27,480)</u>
Change in Net Position		<u>\$ (288,322)</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	Custodial
ASSETS	
Cash and cash equivalents - restricted	\$ -
Due from governmental funds	-
TOTAL ASSETS	\$ -
LIABILITIES	
Other liabilities	\$ -
Due to governmental funds	-
TOTAL LIABILITIES	-
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	\$ -

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Real property taxes collected for other governments	\$ 6,070,752
TOTAL ADDITIONS	6,070,752
DEDUCTIONS	
Real property taxes disbursed to other governments	6,070,752
TOTAL DEDUCTIONS	6,070,752
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	\$ -

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

Certain significant accounting principles and policies utilized by the District are described as follows:

A) Reporting entity:

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

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

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

B) Joint venture:

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (GML).

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

C) Basis of presentation:

District-Wide Financial Statements:

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

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

Fund Financial Statements:

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

The District reports the following major governmental funds:

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund, which is used to account for real property taxes collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

D) Measurement focus and basis of accounting:

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable, energy performance contract debt payable, lease liability, installment purchase debt payable, compensated absences, workers' compensation claims payable, other post-employment benefits, and pension costs, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease assets 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. The District's tax levy is collected by the Town of Huntington (the "Town") along with the respective Town and Suffolk County (the "County") levies. Tax collections are remitted to the District and Town comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted resources:

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

G) Interfund transactions:

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

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

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

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

H) Estimates:

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Estimates and assumptions are made in a variety of areas, including lease receivable, useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, workers' compensation claims payable, other post-employment benefits obligation, net pension asset/liability, and other potential contingent liabilities.

I) Cash and cash equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventory:

Inventory 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. Inventory is accounted for on the consumption method, a current asset for inventory is recorded as the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

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

L) Capital assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets (except intangible lease assets, which is discussed in Note 1M) are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

M) Intangible lease assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

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

	<u>Capitalization Threshold</u>	<u>Amortization Method</u>	<u>Estimated Useful Life</u>
Intangible lease assets	\$1,500	Straight-line	5 years

N) Deferred outflows and 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 amounts on the refunding of bonds, which are detailed further in Note 14. The other two are deferred outflows of resources related to pensions and other post-employment benefits obligation reported in the District-Wide Statement of Net Position, and are detailed further in Note 15 and Note 17.

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to lease receivable, which is reported in the District-Wide Statement of Net Position as well as in the general fund, and is detailed further in Note 8. The District also reported deferred inflows related to pensions and OPEB reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 17.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 are classified as revenues. The District recorded \$598,641 in general State aid as unavailable revenue in the general fund and \$429,639 in Smart School Bond Act funds as unavailable revenue in the capital projects fund. The District-Wide Financial Statements, however, report these deferred inflows as revenue in accordance with the accrual basis of accounting and economic resources measurement focus.

O) 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 liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

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

The District issued and redeemed a \$38,495,000 TAN in the fiscal year ended June 30, 2023. See Note 12 for further details.

P) Collections in advance:

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

Collections in advance consist of amounts received in advance for grant advances in the special aid fund, and grant advances as well as prepaid meals that have not yet been purchased in the school lunch fund. See Note 10 for more detail.

Q) Employee benefits – compensated absences:

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

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

In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R) Other benefits:

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

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

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

S) Long term debt:

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the district-wide financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T) Equity classifications:

District-Wide Financial Statements

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

Net investment in capital assets consists of capital assets and intangible lease assets, net of accumulated depreciation and amortization reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred amounts on refunding).

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

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

Fund Financial Statements

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

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2023, the District has \$10,806 in nonspendable fund balance for long-term receivable in the general fund and \$187,111 of nonspendable fund balance for inventory in the school lunch fund.

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

The District has classified the following reserves as restricted:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Retirement Contribution

Retirement Contribution Reserve (GML§6-r), must be used for financing retirement contributions 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 operation 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.

Workers' compensation reserve

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

Restricted for debt service

Used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unexpected balances of proceeds of borrowing for capital projects as well as interest and earnings from investment in proceeds of borrowing premiums. These restricted funds are accounted for in the general fund.

Insurance reserve

Insurance reserve (GML §6-n), is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund as restricted fund balance.

Unemployment insurance reserve

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

Restricted for unspent debt proceeds

Unspent long-term debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Restricted for scholarships and donations

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

Unrestricted Resources:

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

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2023.

Assigned fund balance – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. All encumbrances not classified as restricted or committed are classified as assigned fund balances. The amount appropriated for the subsequent year's budget of the general fund is classified as assigned fund balance in the general fund, if applicable.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Unassigned fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balances of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District’s unassigned fund balance in the general fund at June 30, 2023 is within the legal limit.

Fund Balance Classification

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

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

Order of Use of Fund Balances

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.

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

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

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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B) Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities:

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

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

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

Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial 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.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted.

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5 – Schedule of Change from Adopted Budget to Final Budget – General Fund, where applicable.

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

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

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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

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

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

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

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities, and none were exposed to custodial credit risk as described above at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash and equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2023 included \$24,165,561 within the governmental funds for general reserves, amounts restricted for scholarships, and unspent debt proceeds for capital projects.

C) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

D) Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2023, the District held \$19,447,800 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2023 are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 13,962,548	\$ 13,962,548
School Lunch Fund	913,496	913,496
Capital Projects Fund	4,571,756	4,571,756
	<u>\$ 19,447,800</u>	<u>\$ 19,447,800</u>

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2023, the District was billed \$14,852,307 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,073,623. Financial statements for the Western Suffolk BOCES are available from the Western Suffolk BOCES administrative office at 507 Deer Park Road, Dix Hills, New York 11746.

NOTE 6 – FEDERAL AND STATE AID RECEIVABLES:

Federal and state aid receivables at June 30, 2023 consisted of the following:

General fund	
Excess cost aid	\$ 1,146,586
General aid	<u>637,518</u>
Total - General fund	<u>1,784,104</u>
Special aid fund	
Federal aid	2,377,916
State aid	<u>1,810,787</u>
Total - Special aid fund	<u>4,188,703</u>
School lunch fund	
Federal reimbursements	143,153
State reimbursements	<u>18,639</u>
Total - School lunch fund	<u>161,792</u>
Capital projects fund	
State aid - Smart Schools Bonds	<u>434,902</u>
Total - Capital projects fund	<u>434,902</u>
Total - All funds	<u><u>\$ 6,569,501</u></u>

The general fund and capital projects fund state aid receivables include \$598,641 and \$429,639, respectively, of unavailable revenues, which are included in deferred inflows of resources on the balance sheet.

District management has deemed the amounts to be fully collectible.

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments at June 30, 2023 consisted of the following:

General Fund	
Tuition and health services billings	\$ 1,647,279
BOCES aid	3,073,623
Total - General Fund	\$ 4,720,902

District management has deemed the amounts to be fully collectible.

NOTE 8 – LEASE RECEIVABLE:

The District recognized a lease receivable and deferred inflow of resources – leases, for an agreement whereby the District leases building space to another entity, with an interest rate of 0.46%, and an annual payment escalation of 4.70 – 19%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the District’s lease receivable amounted to \$107,430 and \$965, respectively, for the fiscal year ended June 30, 2023.

The following is a summary of the principal and interest requirements to maturity for the District’s lease receivable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 39,365	\$ 573	\$ 39,938
2025	41,514	392	41,906
2026	43,674	201	43,875
	\$ 124,553	\$ 1,166	\$ 125,719

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 9 - CAPITAL ASSETS:**A) Capital Assets**

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 579,019			\$ 579,019
Construction in progress	1,902,835	\$ 7,266,626	\$ (2,472)	9,166,989
Total capital assets not being depreciated	<u>2,481,854</u>	<u>7,266,626</u>	<u>(2,472)</u>	<u>9,746,008</u>
Capital assets that are depreciated:				
Building & building improvements	109,298,367		(1,051,889)	108,246,478
Furniture & equipment	9,279,480	519,670	(184,593)	9,614,557
Vehicles	7,195,803	1,015,750		8,211,553
Land improvements	3,216,145		(37,994)	3,178,151
Total capital assets being depreciated	<u>128,989,795</u>	<u>1,535,420</u>	<u>(1,274,476)</u>	<u>129,250,739</u>
Less accumulated depreciation:				
Building & building improvements	61,868,119	1,701,432	(1,011,608)	62,557,943
Furniture & equipment	6,569,854	521,503	(175,885)	6,915,472
Vehicles	6,156,487	235,852		6,392,339
Land improvements	2,129,933	86,986	(36,454)	2,180,465
Total accumulated depreciation	<u>76,724,393</u>	<u>2,545,773</u>	<u>(1,223,947)</u>	<u>78,046,219</u>
Total capital assets being depreciated, net	<u>52,265,402</u>	<u>(1,010,353)</u>	<u>(50,529)</u>	<u>51,204,520</u>
Total capital assets, net	<u>\$ 54,747,256</u>	<u>\$ 6,256,273</u>	<u>\$ (53,001)</u>	<u>\$ 60,950,528</u>

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

General support	\$ 297,033
Instruction	2,007,992
Pupil transportation	245,774
Food service program	47,975
	<u>\$ 2,598,774</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

B) Intangible Lease Assets

The following schedule summarizes the intangible lease asset activity for the fiscal year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible lease assets				
Furniture & equipment	\$ 1,850,603	\$ 55,237		\$ 1,905,840
Total intangible lease assets being amortized	<u>1,850,603</u>	<u>55,237</u>	<u>-</u>	<u>1,905,840</u>
Less accumulated amortization:				
Furniture & equipment	524,294	556,549		1,080,843
Total accumulated amortization	<u>524,294</u>	<u>556,549</u>	<u>-</u>	<u>1,080,843</u>
Total intangible lease assets, net	<u>\$ 1,326,309</u>	<u>\$ (501,312)</u>	<u>\$ -</u>	<u>\$ 824,997</u>

Amortization expense was charged to governmental functions as follows:

General support	\$ 556,549
	<u>\$ 556,549</u>

NOTE 10 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2023 consisted of the following:

Special Aid Fund	
Federal grants	\$ 97,040
Local grants	5,920
Total - Federal Fund	<u>102,960</u>
School Lunch Fund	
Federal grants - supply chain assistance	120,568
Student prepaid meals	37,934
Total - School Lunch Fund	<u>158,502</u>
Total - All Funds	<u>\$ 261,462</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 3,470,229	\$ 314,400		\$ 7,024,064
Special aid fund		3,392,759	\$ 445,906	
School lunch fund	314,400		40,365	
Capital projects fund		77,470	6,537,793	
Totals	<u>\$ 3,784,629</u>	<u>\$ 3,784,629</u>	<u>\$ 7,024,064</u>	<u>\$ 7,024,064</u>

The District typically transfers from the general fund to the special aid fund to fund the District's share of costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The District also transferred from the general fund to the school lunch fund to cover negative student account balances as of June 30, 2023.

The District made a \$6,537,793 transfer from the general fund to the capital projects fund in accordance with voter authorizations to fund various school improvement capital projects.

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

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

NOTE 12 - SHORT-TERM DEBT:

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/28/23	4.00%	<u>\$ -</u>	<u>\$38,495,000</u>	<u>\$38,495,000</u>	<u>\$ -</u>

This debt was issued for the purpose of providing cash flow to the general fund in anticipation of revenues from property taxes.

Interest on short-term debt for the year was \$1,184,791.

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 – LONG-TERM LIABILITIES:

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Bonds payable					
General obligation det:					
Construction serial bonds	\$ 16,410,000	\$ -	\$ (2,765,000)	\$ 13,645,000	\$ 2,875,000
Bond premium	2,081,499		(342,641)	1,738,858	342,641
Bonds payable, inclusive of premium	<u>18,491,499</u>	<u>-</u>	<u>(3,107,641)</u>	<u>15,383,858</u>	<u>3,217,641</u>
Other long-term liabilities:					
Energy performance contract debt payable	4,648,115	16,043,799	(860,400)	19,831,514	893,695
Lease liability	1,345,600		(521,184)	824,416	391,047
Installment purchase debt payable	47,800	47,408	(26,686)	68,522	20,645
Compensated absences payable	10,649,122	71,389		10,720,511	765,132
Workers' compensation claims payable	2,007,105	370,841	(762,398)	1,615,548	322,157
Total other post-employment benefits obligation	188,039,663	14,327,773	(9,562,613)	192,804,823	
Net pension liability-proportionate share - ERS	-	9,227,726		9,227,726	
Net pension liability-proportionate share - TRS	-	8,138,048		8,138,048	
Total Long-term liabilities	<u>\$225,228,904</u>	<u>\$48,226,984</u>	<u>\$ (14,840,922)</u>	<u>\$258,614,966</u>	<u>\$ 2,392,676</u>

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

A) Bonds Payable

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

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30,2023
Construction Serial Bond	9/19/2012	6/15/2027	2.00 - 2.375%	\$ 1,500,000
Construction Serial Bond	2/15/2013	6/15/2027	2.00 - 2.60%	400,000
Advance Refunding Serial Bond	3/20/2013	9/1/2025	2.00 - 4.50%	1,360,000
Advance Refunding Serial Bond	8/20/2016	12/15/2028	2.00 - 5.00%	5,475,000
Advance Refunding Serial Bond	6/21/2017	6/15/2029	5.00%	3,015,000
Current Refunding Serial Bond	12/20/2019	3/15/2030	4.00 - 5.00%	1,895,000
				<u>\$ 13,645,000</u>

SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	1,685,000	113,200	1,798,200
2029-2030	1,580,000	66,475	1,646,475
	\$13,645,000	\$1,674,587	\$15,319,587

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.

B) Premiums on Bonds:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$1,738,858 at June 30, 2023. This represents premiums received on the 2013 bond refunding, the 2015 bond refunding, the 2017 bond refunding, and the 2021 bond refunding. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. As of June 30, 2023, the premiums recorded in the District-Wide Financial Statements consisted of:

	<u>2013 Refunding</u>	<u>2015 Refunding</u>	<u>2017 Refunding</u>	<u>2021 Refunding</u>
Premium on bonds	\$ 966,193	\$ 1,591,686	\$ 1,203,417	\$ 451,656
Accumulated amortization	(797,594)	(935,116)	(605,887)	(135,497)
Premium on bonds, net of accumulated amortization	\$ 168,599	\$ 656,570	\$ 597,530	\$ 316,159
Total premium on bonds, net of accumulated amortization	\$ 1,738,858			

C) Energy Performance Contract Debt Payable

Energy performance contract debt payable is comprised of the following:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
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Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	2/29/2012	7/15/2026	3.870%	\$ 3,787,715
Energy performance contract	5/10/2023	4/15/2038	3.355%	16,043,799
				<u>\$ 19,831,514</u>

On May 10, 2023, the District entered into an energy performance contract with a total principal amount of \$16,043,799, and with an interest rate of 3.355%. The proceeds will be used for various district-wide energy improvement projects.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 893,698	\$ 647,474	\$ 1,541,172
2025	1,843,149	642,658	2,485,807
2026	1,910,024	575,783	2,485,807
2027	1,979,338	506,469	2,485,807
2028	1,010,895	434,630	1,445,525
2029-2033	5,591,211	1,636,412	7,227,623
2034-2038	6,603,199	624,423	7,227,622
Total	<u>\$ 19,831,514</u>	<u>\$ 5,067,849</u>	<u>\$ 24,899,363</u>

D) Lease Liability

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates ranging from 1.59% to 3.00%.

Principal and interest expense paid on the District's lease liability amounted to \$521,184 and \$40,218, respectively, for the fiscal year ended June 30, 2023.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fiscal Year Ended June 30,	Principal	Interest	Total
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
	\$ 824,416	\$ 43,104	\$ 867,520

E) Installment Purchase Debt Payable

Installment purchase debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Outstanding at June 30, 2023
Copiers: Konica	9/24/2020	9/23/2024	\$ 1,454
Copiers: Konica	1/1/2021	1/3/2025	3,619
Copiers: Leaf Funding	8/1/2021	7/30/2026	23,152
Copiers: Pitney Bowes	12/8/2022	12/8/2026	40,297
			\$ 68,522

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 20,645	\$ -	\$ 20,645
2025	18,422	-	18,422
2026	16,997	-	16,997
2027	10,088	-	10,088
2028	2,370	-	2,370
Total	\$ 68,522	\$ -	\$ 68,522

F) Long-Term Interest

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

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	Total
Interest paid	\$ 889,194
Less interest accrued in the prior year	(251,871)
Plus interest accrued in the current year	279,351
Plus amortization of deferred amounts	88,377
Less amortization of bond premiums	(342,641)
Total expense	\$ 662,410

NOTE 14 – DEFERRED AMOUNTS ON REFUNDINGS:

The deferred amounts on bond refundings recorded in the District-Wide Financial Statements as deferred outflow of resources at June 30, 2023 consisted of the following:

	Total Years Amortized	Initial Amount at Refunding	Amortization To Date	Balance at June 30, 2023
2013 Bond Refunding	12.5	\$ 326,614	\$ 269,616	\$ 56,998
2015 Bond Refunding	12.5	710,328	417,318	293,010
2017 Bond Refunding	12	70,909	35,701	35,208
2020 Bond Refunding	10	28,892	10,233	18,659
Total Deferred charges on refunding		\$ 1,136,743	\$ 732,868	\$ 403,875

The deferred amounts on the refundings are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statements.

NOTE 15 – PENSION PLANS:

A) Provisions and Administration:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State 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

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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 TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new 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. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding Policies:

The Systems are noncontributory, except as follows:

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

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- c. Employees who joined the system on or after April 1, 2012
- i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2023, ranged from 8.20% to 13.00% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2023 was 10.29% of covered payroll.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2023	\$7,848,781	\$1,836,256
2022	7,362,812	2,447,551
2021	6,758,692	2,364,439

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 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.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (9,227,726)	\$ (8,138,048)
District's portion of the Plan's total net pension asset/(liability)	0.0430317%	0.424101%
Change in proportion since the prior measurement date	0.000496%	0.006265%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$3,860,782 and \$9,862,911 for ERS and TRS, respectively. At June 30, 2023 the District reported deferred

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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	\$ 982,825	\$ 8,527,644	\$ 259,149	\$ 163,072
Changes of assumptions	4,481,579	15,786,436	49,530	3,278,236
Net difference between projected and actual earnings on pension plan investments		10,515,129	54,212	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,324,518	8,176	20,907	1,317,109
District's contributions subsequent to the measurement date	613,399	7,848,781		
	<u>\$ 7,402,321</u>	<u>\$42,686,166</u>	<u>\$ 383,798</u>	<u>\$ 4,758,417</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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>Plan Year ended:</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 1,749,177	\$ 5,632,673
2024	(84,526)	2,756,507
2025	2,149,635	(1,563,231)
2026	2,590,838	20,574,267
2027		2,589,945
Thereafter		88,807
Total	<u>\$ 6,405,124</u>	<u>\$ 30,078,968</u>

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. The actuarial valuations used the following actuarial assumptions:

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	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrements	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
Inflation	System's Experience 2.90%	System's Experience 2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022, 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, 2021 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.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
	<u>Target</u>	<u>Long-term</u> <u>expected real</u>	<u>Target</u>	<u>Long-term</u> <u>expected real</u>
<u>Asset type</u>	<u>Allocation</u>	<u>rate of return</u>	<u>Allocation</u>	<u>rate of return</u>
Domestic equity	32%	4.30%	33%	6.50%
International equity	15%	6.85%	16%	7.20%
Global equity			4%	6.90%
Private equity	10%	7.50%	8%	9.90%
Real estate	9%	4.60%	11%	6.20%
Opportunistic/absolute return strategy	3%	5.38%		
Credit	4%	5.43%		
Real assets	3%	5.84%		
Fixed income	23%	1.50%		
Cash	1%	0.00%		
Domestic fixed income securities			16%	1.10%
Global bonds			2%	0.60%
High-yield bonds			1%	3.30%
Private debt			2%	5.30%
Real estate debt			6%	2.40%
Cash equivalents			1%	-0.30%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 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

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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:

	1% Decrease (4.9)	Current Assumption (5.9%)	1% Increase (6.9%)
<u>ERS</u>			
Employer's proportionate share of the net pension asset/(liability)	<u>(\$22,299,455)</u>	<u>(\$9,227,726)</u>	<u>\$1,695,225</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
Employer's proportionate share of the net pension asset/(liability)	<u>(\$75,036,614)</u>	<u>(\$8,138,048)</u>	<u>\$48,123,208</u>

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,474)
Plan fiduciary net position	<u>211,183,223</u>	<u>131,964,582</u>
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>\$ (1,918,892)</u>

Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$613,399.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on

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paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$8,634,287.

NOTE 16 – PENSION PLANS - OTHER:

A) Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the employees for the year ended June 30, 2023 totaled \$4,331,922. The District did not make any contributions to the plan for the year ended June 30, 2023.

NOTE 17 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) Plan Description and Benefits

Plan Description

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

Benefits Provided

The District assumes a portion of the premium costs (0% - 60%) and recognizes the cost of the healthcare plan annually as an expenditure in the general fund of the fund financial statements as payments accrued. For the year ended June 30, 2023, the District contributed 6,258,051 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any means other than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

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Inactive employees or beneficiaries currently receiving benefit payments	637
Active employees	<u>932</u>
Total	<u><u>1,569</u></u>

B) Total OPEB Liability

The District's total OPEB liability of \$192,804,823 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021 and rolled forward to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.65%
Health care cost trends	6.50% for 2023, decreasing 0.5% per year to an ultimate rate of 4.0% for 2028 and later years
Retirees' share of benefit-related costs	60% to 100% of projected health insurance

The discount rate was based on the 20-Bond GO Index as of June 30, 2023, which tracks the average yields of 20 general obligation municipal bonds. The average rating of the 20 bonds that make up the index are grade Aa2 (Moody's) or grade AA (Standard & Poor's).

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

C) Changes in total OPEB liability

Balance as of June 30, 2022	<u>\$ 188,039,663</u>
Changes for the fiscal year:	
Service cost	7,303,544
Interest	6,749,122
Change in benefit terms	
Difference between expected and actual experience	275,107
Changes of assumptions or other inputs	(3,304,562)
Benefit payments	<u>(6,258,051)</u>
Net Changes	<u>4,765,160</u>
Balance as of June 30, 2023	<u><u>\$ 192,804,823</u></u>

There were no significant plan changes since the last valuation.

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Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% percent in 2022 to 3.65% percent in 2023 and a change in healthcare cost trend rates from 7.00% in 2022 to 6.50% in 2023.

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Assumption (3.65%)</u>	<u>1% Increase (2.65%)</u>
Total OPEB Liability	<u>\$226,172,874</u>	<u>\$192,804,823</u>	<u>\$166,218,800</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.5%) or 1-percentage point higher (7.5%) than the assumed healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$160,415,252</u>	<u>\$192,804,823</u>	<u>\$235,117,069</u>

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$12,134,807. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,283,723	\$ (18,970,267)
Changes of assumptions or other inputs	<u>33,436,953</u>	<u>(46,563,880)</u>
Total	<u>\$ 34,720,676</u>	<u>\$ (65,534,147)</u>

Benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>June 30:</u>	<u>Amount</u>
2024	\$ (1,917,859)
2025	(1,917,859)
2026	(1,917,859)
2027	(1,917,859)
2028	(1,917,859)
Thereafter	<u>(21,224,176)</u>
	<u>\$ (30,813,471)</u>

NOTE 18 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES:

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024:

Workers compensation	\$ 26,844
Retirement Contribution	
Employees' retirement system	323,156
Employee benefit accrued liability	<u>1,630,000</u>
	<u>\$ 1,980,000</u>

NOTE 19 – ASSIGNED: APPROPRIATED FUND BALANCE:

The amount of \$2,990,000 has been appropriated from the general fund unassigned fund balance at June 30, 2023 to reduce taxes for the year ending June 30, 2024.

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NOTE 20 – SPECIAL ITEM

On July 6, 2022, the District sold the Central Fields property to Dena Properties LLC as authorized by the Board of Education on June 15, 2022, for sales proceeds of \$789,450. The sales proceeds are recognized in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balance. The District recognized \$789,450 of the proceeds from the sale to general fund revenue. The residents voted to approve proposition 2 at the May 17, 2022 budget vote hearing for a 2022-2023 budget revision to expend all proceeds of the sale in the capital projects fund for the deconstruction of elementary portable classrooms and the construction of elementary library/media-STREAM Centers. The proceeds were transferred from the general fund to the capital projects fund during the 2022-2023 school year as proposed. The gain on the sale of the property in the amount of \$789,450 is reflected on the District-Wide Financial Statements on the Statement of Activities as special item.

On August 3, 2022, the District sold a building located at 2 Melville Road, Huntington Station, and related property to Rise in Spirit, Inc. as authorized by the Board of Education on June 15, 2022, for sales proceeds of \$1,748,343. The sales proceeds are recognized in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balance. The District recognized \$1,748,343 of the proceeds from the sale to general fund. The residents voted to approve proposition 3 at the May 17, 2022 budget vote hearing for a 2022-2023 budget revision to expend all proceeds of the sale in the capital projects fund for the deconstruction of elementary portable classrooms and the construction of elementary library/media-STREAM Centers. The proceeds were transferred from the general fund to the capital projects fund during the 2022-2023 school year as proposed. The gain on the sale of the property in the amount of \$1,759,523 is reflected on the District-Wide Financial Statements on the Statement of Activities as special item.

NOTE 21– RISK MANAGEMENT:

A) General Information:

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

B) Risk Retention:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of June 30, 2023, the District has recorded a workers' compensation claims payable liability for \$1,615,548. This represents the District's liability for unpaid reported claims and claims that have been incurred but not reported (IBNR) discounted at 2.00%. The District has a workers' compensation reserve in the amount of \$378,801.

The claims activity is as follows:

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Fiscal Year Ending	Unpaid Claims at the Beginning of the Year	Incurred Claims	Paid Claims and Adjustments	Unpaid Claims at the End of the Year
June 30, 2022	\$ 1,696,812	\$ 1,073,781	\$ (763,488)	\$ 2,007,105
June 30, 2023	\$ 2,007,105	\$ 370,841	\$ (762,398)	\$ 1,615,548

C) Consortiums and Self-Insured Plans:

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

NOTE 22– COMMITMENTS AND CONTINGENCIES:

A) Assigned: Unappropriated – Encumbrances:

All encumbrances are classified as assigned fund balance. At June 30, 2023 the District had encumbered the following amounts:

General fund for:

General Support	\$ 201,853
Instruction	183,644
Transportation	<u>7,631</u>
Total General Fund	<u><u>\$ 393,128</u></u>

Special aid fund	<u><u>\$ 2,363,141</u></u>
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Capital projects fund	<u><u>\$ 2,585,462</u></u>
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

NOTE 23 – SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 3, 2023 which is the date the financial statements were available to be issued. The following subsequent event was identified:

- A) On September 14, 2023, the District issued a tax anticipation note in the amount of \$41,500,000, which is due June 24, 2024, which bears an interest rate of 5.00%, and a premium of \$427,1450.

SUPPLEMENTARY INFORMATION

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$ 121,832,088	\$ 113,242,932	\$ 113,242,932	\$ -
Other real property tax items	-	8,589,156	8,593,035	3,879
Charges for services	2,460,000	2,460,000	3,378,938	918,938
Use of money & property	1,778,000	1,778,000	2,764,976	986,976
Sale of property & compensation for loss	-	48,359	143,249	94,890
Miscellaneous	3,990,000	3,990,000	5,439,827	1,449,827
State sources	58,393,951	58,393,951	57,183,002	(1,210,949)
Federal sources	650,000	650,000	319,029	(330,971)
TOTAL REVENUES	<u>189,104,039</u>	<u>189,152,398</u>	<u>\$ 191,064,988</u>	<u>\$ 1,912,590</u>
Appropriated fund balance	3,900,000	6,437,793		
Appropriated reserves	<u>4,154,911</u>	<u>4,154,911</u>		
TOTAL REVENUES AND APPROPRIATED FUND BALANCE AND RESERVES	<u>\$ 197,158,950</u>	<u>\$ 199,745,102</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

SMITHTOWN CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 133,918	\$ 115,301	\$ 98,940	\$ 1,406	\$ 14,955
Central administration	498,025	510,812	468,535		42,277
Finance	2,782,936	2,633,578	2,247,156	82,658	303,764
Staff	942,672	1,003,174	943,833	11,323	48,018
Central services	11,887,759	12,735,462	12,541,420	106,466	87,576
Special items	1,299,228	1,336,585	1,326,761		9,824
Total General Support	17,544,538	18,334,912	17,626,645	201,853	506,414
Instruction					
Instruction, adm. & imp.	9,801,475	9,540,057	9,157,318	6,351	376,388
Teaching - regular school	56,006,013	54,071,488	53,585,939	141,787	343,762
Programs for children with handicapping conditions	31,726,273	32,595,840	32,362,077	11,535	222,228
Occupational education	1,200,000	940,000	931,529		8,471
Teaching special schools	746,800	364,698	354,223		10,475
Instructional media	4,489,053	4,245,586	3,661,513	7,348	576,725
Pupil services	7,038,347	6,752,694	6,563,836	16,623	172,235
Total Instruction	111,007,961	108,510,363	106,616,435	183,644	1,710,284
Pupil Transportation	14,610,682	14,622,623	14,161,873	7,631	453,119
Employee Benefits	44,570,986	44,971,157	44,603,157		368,000
Debt Service					
Debt service principal	3,650,807	4,173,269	4,173,269		-
Debt service interest	1,323,976	2,073,985	2,073,985		-
Total Debt Service	4,974,783	6,247,254	6,247,254	-	-
TOTAL EXPENDITURES	192,708,950	192,686,309	189,255,364	393,128	3,037,817
Other financing uses					
Transfers to other funds	4,450,000	7,058,793	7,024,064		34,729
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 197,158,950	\$ 199,745,102	196,279,428	\$ 393,128	\$ 3,072,546
SPECIAL ITEM					
Proceeds from the sale of properties (See Note 20)			2,537,793		
NET CHANGE IN FUND BALANCES			(2,676,647)		
FUND BALANCES - BEGINNING OF YEAR			24,245,188		
FUND BALANCES- END OF YEAR			\$ 21,568,541		

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 OPEB LIABILITY
AND RELATED RATIOS
FOR THE FISCAL YEAR ENDED JUNE 30,**

TOTAL OPEB LIABILITY	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 7,303,544	\$ 7,264,973	\$ 7,216,783	\$ 6,952,955	\$ 5,365,086	\$ 5,165,193
Interest	6,749,122	7,963,496	4,685,046	4,414,868	7,020,823	6,785,189
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	275,107	1,202,062	(718,837)	(26,687,690)	(920,796)	(519,619)
Changes of assumptions or other inputs	(3,304,562)	(50,839,335)	1,984,439	37,717,642	11,841,359	-
Benefit payments	<u>(6,258,051)</u>	<u>(5,470,695)</u>	<u>(5,171,271)</u>	<u>(5,095,940)</u>	<u>(5,124,660)</u>	<u>(5,158,204)</u>
NET CHANGE IN TOTAL OPEB LIABILITY	4,765,160	(39,879,499)	7,996,160	17,301,835	18,181,812	6,272,559
TOTAL OPEB LIABILITY - BEGINNING	<u>188,039,663</u>	<u>227,919,162</u>	<u>219,923,002</u>	<u>202,621,167</u>	<u>184,439,355</u>	<u>178,166,796</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 192,804,823</u>	<u>\$ 188,039,663</u>	<u>\$ 227,919,162</u>	<u>\$ 219,923,002</u>	<u>\$ 202,621,167</u>	<u>\$ 184,439,355</u>
COVERED-EMPLOYEE PAYROLL	\$ 63,510,982	\$ 63,510,982	\$ 76,221,412	\$ 76,221,412	\$ 71,710,629	\$ 71,710,629
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	303.58%	296.07%	299.02%	288.53%	282.55%	257.20%

NOTES TO SCHEDULE:*Trust Assets*

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

Changes of Assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2023	3.65%
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)
FOR THE LAST NINE FISCAL YEARS ENDED JUNE 30,**

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.0430317%	0.0425361%	0.0400712%	0.0402017%	0.0414124%	0.0497320%	0.0498795%	0.049003%	0.0483009%
District's proportionate share of the net pension asset/(liability)	\$ (9,227,726)	\$ 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	\$ 17,165,818	\$ 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	53.76%	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	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.424101%	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)	\$ (8,138,048)	\$ 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	\$ 77,623,571	\$ 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	10.48%	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 liability	98.57%	113.20%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Note to Required Supplementary Information

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

Teachers' Retirement System

The discounted rate remained at 6.95% as reflected in 2022 and 2023 above

Employees' Retirement System

The discounted rate remained at 5.90% as reflected in 2022 and 2023 above

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

NYSERS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,836,256	\$ 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
Contributions in relation to the contractually required contribution	<u>1,836,256</u>	<u>2,447,551</u>	<u>2,364,439</u>	<u>2,305,705</u>	<u>2,511,388</u>	<u>2,636,644</u>	<u>2,753,273</u>	<u>3,102,809</u>	<u>3,364,271</u>	<u>3,188,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$17,165,818	\$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
Contributions as a percentage of covered payroll	10.70%	14.90%	14.88%	14.49%	15.69%	16.41%	14.88%	16.89%	18.73%	18.44%
NYSTRS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 7,848,781	\$ 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
Contributions in relation to the contractually required contribution	<u>7,848,781</u>	<u>7,362,812</u>	<u>6,758,692</u>	<u>6,279,153</u>	<u>7,293,140</u>	<u>6,377,649</u>	<u>7,118,974</u>	<u>7,857,388</u>	<u>10,004,554</u>	<u>6,758,443</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	77,623,571	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
Contributions as a percentage of covered payroll	10.11%	9.64%	9.38%	8.74%	10.40%	9.64%	11.50%	13.00%	17.23%	12.15%

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 195,504,039
Add: Prior year's encumbrances		<u>1,654,911</u>
Original Budget		197,158,950
Budget Revisions:		
Add:		
Budget revision - Sale of Properties	\$ 2,537,793	
Budget revision - Insurance Recovery	<u>48,359</u>	
		<u>2,586,152</u>
Final Budget		<u><u>\$ 199,745,102</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter approved expenditure budget		<u><u>\$ 209,068,729</u></u>
Maximum allowed (4% of 2023-2024 budget)		<u><u>\$ 8,362,749</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		
Assigned fund balance	\$ 3,383,128	
Unassigned fund balance	<u>8,105,679</u>	
Total unrestricted fund balance		<u>11,488,807</u>
Less:		
Appropriated fund balance	\$ 2,990,000	
Encumbrances	<u>393,128</u>	
Total adjustments		<u>3,383,128</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 8,105,679</u></u>
Actual percentage		3.88%

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

PROJECT TITLE	Budget		Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023	
	June 30, 2022	June 30, 2023	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources		Total
PAC Entranceway	\$ 83,775	\$ 83,603	\$ 83,603		\$ 83,603	\$ 172		\$ 83,603	\$ 83,603	\$ -	
Stinson Parking Lot	937,784	937,784	921,061		921,061	16,723		937,784	937,784	16,723	
Smart Schools Phase 1	300,907	300,907	298,260		298,260	2,647	300,907		300,907	2,647	
Smart Schools Phase 2	398,731	398,731	393,479		393,479	5,252	398,731		398,731	5,252	
Smart Schools Phase 3	548,873	548,873	548,861		548,861	12	548,873		548,873	12	
Smart Schools Phase 4	707,824	707,824	654,568		654,568	53,256	707,824		707,824	53,256	
Smart Schools Phase 5		597,304		376,383	376,383	220,921	597,304		597,304	220,921	
Memorial Sump	306,192	306,192	265,799		265,799	40,393		306,192	306,192	40,393	
Memorial Baseball Field	170,884	270,884	165,624	72,292	237,916	32,968		270,884	270,884	32,968	
Morton Bldg Relocate	183,144	183,144	136,264	38,798	175,062	8,082		183,144	183,144	8,082	
MW/BW Storm Water Improvement	182,000	182,000	171,978		171,978	10,022		182,000	182,000	10,022	
BW Fitness Lab	60,500	60,500	1,050	411	1,461	59,039		60,500	60,500	59,039	
MW Fitness Lab	60,500	60,500	600	411	1,011	59,489		60,500	60,500	59,489	
CW Roof Repair		200,000		169,886	169,886	30,114		200,000	200,000	30,114	
WW Bleachers/ Press Box		1,352,800		73,505	73,505	1,276,495	1,352,800		1,352,800	1,279,295	
WW Drainage		420,000		9,494	9,494	410,506	420,000		420,000	410,506	
WW Library/Air Conditioning		54,208			-	545,000		54,208	54,208	54,208	
BW Vestibule	190,000	211,352	6,692	169,943	176,635	13,365		211,352	211,352	34,717	
MW Vestibule	190,000	210,000	6,311	166,477	172,788	17,212		210,000	210,000	37,212	
OW Vestibule	196,400	275,594	8,576	247,148	255,724	(59,324)		275,594	275,594	19,870	
SW Lockers & Casework	496,100	496,100	463,826	15,921	479,747	16,353		496,100	496,100	16,353	
SW Vestibule	40,056	120,400	2,344	40,923	43,267	39,189		120,400	120,400	77,133	
SW Makerspace	102,254	282,254	101,223	82,010	183,233	99,021		282,254	282,254	99,021	
WW Vestibule	27,187	196,600	5,430	4,396	9,826	323,961		196,600	196,600	186,774	
WW DNA/Research Lab	350,000	400,000	15,819	335,749	351,568	48,432		400,000	400,000	48,432	
WW Art Gallery	250,000	270,000	11,221	80,919	92,140	177,860		270,000	270,000	177,860	
WW PA System		390,000		238,368	238,368	151,632		390,000	390,000	151,632	
CW Vestibule	210,550	278,550	11,648	213,931	225,579	(15,029)		278,550	278,550	52,971	
Stimson PAES Lab & Room 3	509,381	1,069,928	475,602	311,853	787,455	11,926		1,069,928	1,069,928	282,473	
Stimson Vestibule		234,314		125,098	125,098	(19,098)		234,314	234,314	109,216	
Stimson Science Lab	833,000	833,000	48,823	738,041	786,864	46,136		833,000	833,000	46,136	
Elementary Library Media Room		2,537,793			-	2,537,793		2,537,793	2,537,793	2,537,793	
Energy Performance Contract		16,043,799		2,071,003	2,071,003	13,972,796	\$ 16,043,799		16,043,799	13,972,796	
	<u>\$ 7,336,042</u>	<u>\$ 30,514,938</u>	<u>\$ 4,798,662</u>	<u>\$ 5,582,960</u>	<u>\$ 10,381,622</u>	<u>\$ 20,133,316</u>	<u>\$ 16,043,799</u>	<u>\$ 2,553,639</u>	<u>\$ 11,917,500</u>	<u>\$ 30,514,938</u>	<u>20,133,316</u>

Smart Schools Bond Act revenue not realized	(650,560)
EXCEL project revenue not realized	(2,648)
Capital Projects Fund - Fund Balance	<u>\$ 19,480,108</u>

**SOUTH HUNTINGTON UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Capital assets, net		\$ 60,950,528
Intangible lease assets, net		824,997
Add:		
Deferred amounts on refundings		403,875
Deduct:		
Short-term bonds payable, inclusive of premium	\$ 3,217,641	
Long-term bonds payable, inclusive of premium	12,166,217	15,383,858
Short-term energy performance contract debt payable	\$ 893,695	
Long-term energy performance contract debt payable	18,937,819	
Less: unspent debt proceeds	(13,972,796)	5,858,718
Short-term lease liability	\$ 391,047	
Long-term lease liability	433,369	824,416
Short-term installment purchase debt payable	\$ 20,645	
Long-term installment purchase debt payable	47,877	68,522
Net investment in capital assets		<u><u>\$ 40,043,886</u></u>

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

To the Board of Education
South Huntington Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the South Huntington Union Free School District (the "District") as of and for the fiscal year ended June 30, 2023, 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 3, 2023.

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 3, 2023