



FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2022

HUNTINGTON UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Huntington Union Free School District
Huntington Station, New York

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

OPINION UNIT	TYPE OF OPINION
Governmental Activities	<i>Unmodified</i>
General Fund	<i>Unmodified</i>
Special Aid Fund	<i>Unmodified</i>
School Food Service Fund	<i>Unmodified</i>
Debt Service Fund	<i>Unmodified</i>
Capital Projects Fund	<i>Unmodified</i>
Extraclassroom Activities Fund	<i>Qualified</i>
Scholarships Fund	<i>Unmodified</i>
Permanent Fund	<i>Unmodified</i>
Fiduciary Fund	<i>Unmodified</i>

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the cash receipts referred to in the "Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activities Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Huntington Union Free School District, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activities fund, and the fiduciary fund of the Huntington Union Free School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Qualified Opinion and Unmodified 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 Huntington Union Free School 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activities Fund

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

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle," the District has adopted the provisions of GASB Statement No. 87, *Leases*, as of June 30, 2022. Our opinion is not modified with respect to this matter.

Management's Responsibility 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 Responsibility 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 management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 19 and 57 through 61, respectively, 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.

Other Information

The other information on pages 62 through 65 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2022 on our consideration of the Huntington Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Huntington Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Huntington Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 5, 2022

HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Huntington Union Free School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022 in comparison with the year ended June 30, 2021, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position was a deficit of \$219,372,850 in the district-wide financial statements at June 30, 2022, compared to a deficit of \$233,560,106 at June 30, 2021. The deficit decreased by \$14,187,256 from the prior year due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$130,963,219. Of this amount, \$8,687,920 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$136,462,555 amounted to 94.01% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements was \$32,879,433 at June 30, 2022. This balance represents a \$1,326,041 decrease (3.88%) from the prior year due to an excess of expenditures and other financing uses over revenues and other financing sources, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances decreased by a net of \$1,041,390 due to the voter-approved use of the capital reserve, as well as the budgeted use of the reserves, which was offset by the funding of the reserves and interest allocated to the reserves.
 - Assigned fund balance decreased by a net of \$430,749, as the District decreased the fund balance appropriated to fund the 2023 budget, which was offset by an increase in encumbrances.
 - Unassigned fund balance increased by \$146,098 to \$5,718,733.
- On May 17, 2022, the voters of the District approved the use of the capital reserves in the amount of \$6,640,000 to fund district-wide improvements. The District transferred the funds during 2021-2022 to the capital projects fund.
- On May 20, 2008, the voters approved the establishment of the 2008 capital reserve. The reserve has a funding cap of \$10,000,000 plus investment income over a probable term of eight years and provides for an annual funding of an amount not to exceed \$2,000,000. This reserve has been fully funded. During the year ended June 30, 2022, the unspent balance of \$379,538 was used to partially fund a portion of the \$6,640,000 capital projects approved by the voters on May 17, 2022.
- On May 21, 2013, the voters approved the establishment of the 2013 capital reserve. The reserve has a funding cap of \$10,000,000 plus investment income for a probable term of eight years and provides for an annual funding of an amount not to exceed \$2,000,000. This reserve has been fully funded. During the year ended June 30, 2022, the unspent balance of \$307,458 was used to partially fund a portion of the \$6,640,000 capital projects approved by the voters on May 17, 2022.
- On May 16, 2017, the voters approved the establishment of the 2017 capital reserve. The reserve has a funding cap of \$12,500,000 plus investment income for a probable term of eight years. This reserve has been fully funded through June 30, 2022 and has accumulated interest income of \$83,975. The remaining balance in this reserve in the general fund at June 30, 2022 is \$180,465.

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

- On May 15, 2018, the voters approved the establishment of the 2018 capital reserve. The reserve has a funding cap of \$1,500,000 plus investment income over a probable term of five years. This reserve has been funded in the amount of \$1,135,026 through June 30, 2022 plus interest of \$3,488. During the year ended June 30, 2022, the unspent balance of \$729,572 was used to partially fund a portion of the \$5,223,432 capital projects approved by the voters on May 17, 2022. During the year the District funded the reserve \$364,974. The remaining balance in this reserve in the general fund at June 30, 2022 is \$365,550.
- On May 17, 2022, the voters approved the establishment of the 2022 Building Improvement Fund capital reserve fund in the amount of \$15,000,000 to be funded over a period of ten years for the purpose of financing district-wide capital improvements. During the current year the District funded the reserve \$4,135,026.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

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

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

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

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments and collections and disbursements for independent entities affiliated with the District, and utilizes the

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

economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2021, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record both a capital asset and the related liability of \$36,813; however, these changes had no impact on total net position.

The District's total net position (deficit) decreased by \$14,187,256 between fiscal year 2021 and 2022. The decrease is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 60,625,841	\$ 54,108,020	\$ 6,517,821	12.05 %
Capital Assets, Net	28,403,112	26,044,587	2,358,525	9.06 %
Net Pension Assets -				
Proportionate Share	52,340,211	52,340,211	0.00 %	0.00 %
Total Assets	<u>141,369,164</u>	<u>80,152,607</u>	<u>61,216,557</u>	76.38 %
Deferred Outflows of Resources	<u>54,262,893</u>	<u>61,236,918</u>	<u>(6,974,025)</u>	(11.39)%
Liabilities				
Current and Other Liabilities	13,209,379	8,567,128	4,642,251	54.19 %
Long-Term Liabilities	10,994,623	11,859,141	(864,518)	(7.29)%
Net Pension Liabilities -				
Proportionate Share	7,884,085	(7,884,085)	(100.00)%	(100.00)%
Total OPEB Liability	<u>237,866,335</u>	<u>320,429,660</u>	<u>(82,563,325)</u>	(25.77)%
Total Liabilities	<u>262,070,337</u>	<u>348,740,014</u>	<u>(86,669,677)</u>	(24.85)%
Deferred Inflows of Resources	<u>152,934,570</u>	<u>26,209,617</u>	<u>126,724,953</u>	483.51 %
Net Position (Deficit)				
Net Investment in Capital Assets	27,441,700	24,967,774	2,473,926	9.91 %
Restricted	33,557,009	32,448,610	1,108,399	3.42 %
Unrestricted (Deficit)	<u>(280,371,559)</u>	<u>(290,976,490)</u>	10,604,931	(3.64)%
Total Net Position (Deficit)	<u>\$ (219,372,850)</u>	<u>\$ (233,560,106)</u>	<u>\$ 14,187,256</u>	(6.07)%

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

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

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

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from liabilities to assets. The accompanying Notes to Financial Statements, Note 15 "Pension Plans – New York State," provides additional information.

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

Current and other liabilities increased mainly due to increases in accounts payable and accrued liabilities.

The decrease in long-term liabilities is mostly the result of decreases in compensated absences payable and the workers' compensation liability.

Net pension liabilities – proportionate share represents the District's share of the New York State Teachers' Retirement System's and the New York State and Local Employees' Retirement System's collective net pension liabilities, at the measurement date of the respective year. The decrease is due to the shift from net pension liabilities in the prior year, to net pension assets in the current year. The accompanying Notes to Financial Statements, Note 15 "Pension Plans – New York State" provides additional information.

Total OPEB liability decreased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 17 "Postemployment Healthcare Benefits," provides additional information.

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

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

The restricted amount relates to the District's reserves, which increased compared to the prior year mainly due to transfers into, and interest earned on the reserves.

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

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 633,161	\$ 347,299	\$ 285,862	82.31 %
Operating Grants & Contributions	7,925,833	6,185,531	1,740,302	28.14 %
Capital Grants	128,926	414,636	(285,710)	(68.91)%
General Revenues				
Real Property Taxes & STAR	112,718,438	112,350,000	368,438	0.33 %
State Sources	22,686,710	17,482,098	5,204,612	29.77 %
Other	1,057,407	1,496,422	(439,015)	(29.34)%
Total Revenues	<u>145,150,475</u>	<u>138,275,986</u>	<u>6,874,489</u>	4.97 %
Expenses				
General Support	19,762,432	19,647,881	114,551	0.58 %
Instruction	97,945,965	122,423,966	(24,478,001)	(19.99)%
Pupil Transportation	10,972,382	10,078,532	893,850	8.87 %
Debt Service - Interest	180,869	215,167	(34,298)	(15.94)%
Food Service Program	2,101,571	1,942,140	159,431	8.21 %
Total Expenses	<u>130,963,219</u>	<u>154,307,686</u>	<u>(23,344,467)</u>	(15.13)%
Change in Net Position	<u>\$ 14,187,256</u>	<u>\$ (16,031,700)</u>	<u>\$ 30,218,956</u>	(188.50)%

Net position increased by \$14,187,256 and decreased by \$16,031,700 for the years ended June 30, 2022 and 2021, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- The increase in state sources is chiefly due to the District receiving more in general and BOCES aid, offset by decreases in excess cost aid and other state aids.
- Operating grants increased as the District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program.
- Real property taxes and STAR were increased to fund increases in appropriations in the voter-approved 2021-2022 budget.
- The decrease in other revenues was due to a refund received in the prior year relating to fraudulent unemployment insurance claims and the District receiving less workers' compensation refunds in the current year.

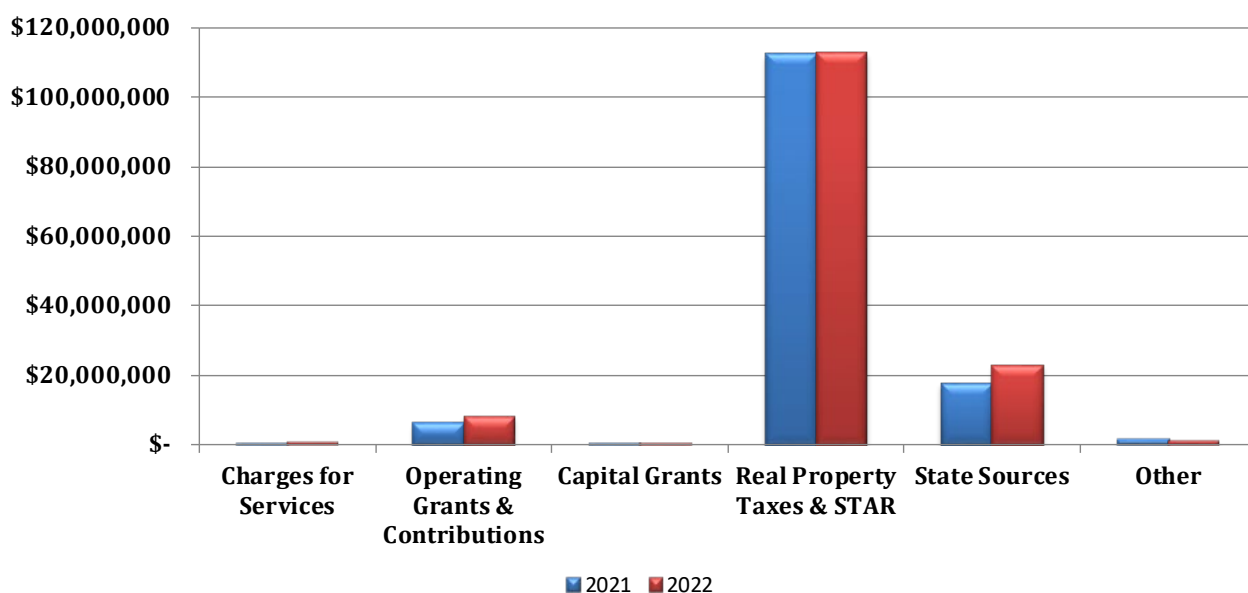
HUNTINGTON UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- Instruction expenses decreased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and compensated absences allocations.
- Pupil transportation expenses increased due to a new transportation contract.
- The food service program expenses increased due to the growth in the number of students receiving breakfast and lunch, as the meals were free to all students during the year.

As indicated on the graphs that follow, real property taxes and STAR comprise the largest component of revenues recognized, (i.e., 77.7% and 81.3% of the total for the years ended 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred, (i.e., 74.8% and 79.4% of the total for the years ended 2022 and 2021, respectively).

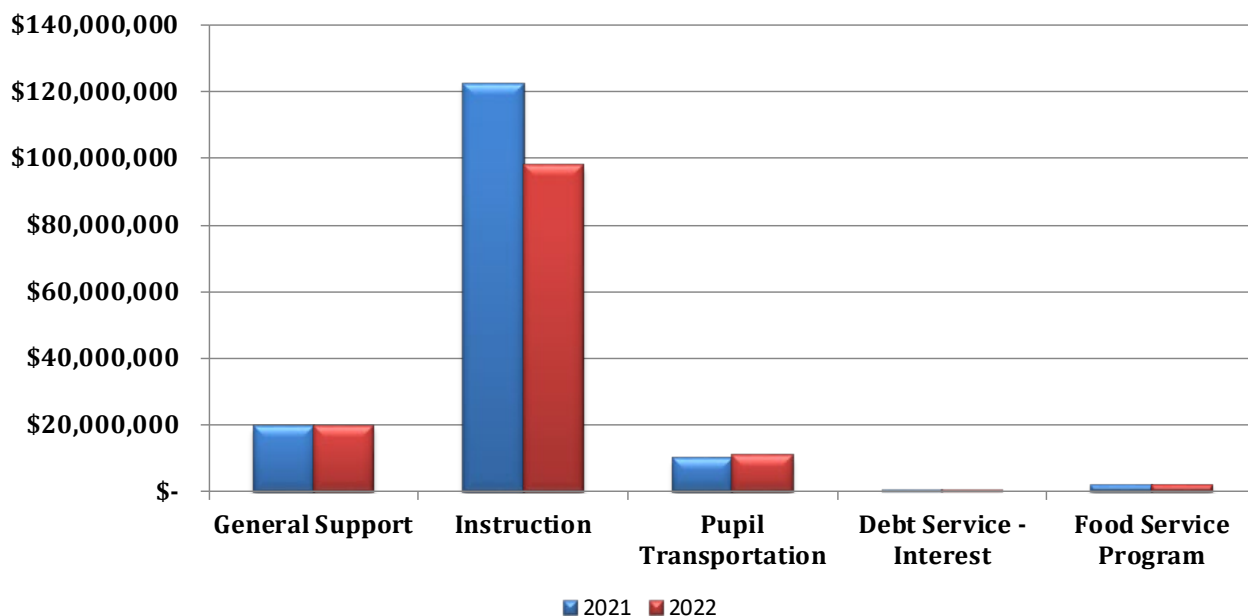
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Real Property Taxes & STAR	State Sources	Other
2021	0.3%	4.5%	0.3%	81.3%	12.6%	1.0%
2022	0.4%	5.5%	0.1%	77.7%	15.6%	0.7%

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

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2021	12.7%	79.4%	6.5%	0.1%	1.3%
2022	15.1%	74.8%	8.4%	0.1%	1.6%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$46,842,869, which is an increase of \$1,746,328 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses based upon the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

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

	2022	2021	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Workers' compensation	\$ 2,214,415	\$ 2,511,980	\$ (297,565)	(11.85)%
Unemployment insurance	58,320	58,263	57	0.10 %
Retirement contribution				
Teachers' retirement system	2,143,085	2,141,010	2,075	0.10 %
Employees' retirement system	5,909,132	5,619,370	289,762	5.16 %
Employee benefit accrued liability	6,396,846	6,710,742	(313,896)	(4.68)%
Capital	4,681,041	5,402,864	(721,823)	(13.36)%
Assigned:				
Appropriated fund balance	1,000,000	1,600,000	(600,000)	(37.50)%
Unappropriated fund balance	4,757,861	4,588,610	169,251	3.69 %
Unassigned: Fund balance	5,718,733	5,572,635	146,098	2.62 %
	<u>32,879,433</u>	<u>34,205,474</u>	<u>(1,326,041)</u>	<u>(3.88)%</u>
School Food Service Fund				
Nonspendable: Inventory	27,748	19,937	7,811	39.18 %
Assigned: Unappropriated fund balance	1,026,131	686,292	339,839	49.52 %
	<u>1,053,879</u>	<u>706,229</u>	<u>347,650</u>	<u>49.23 %</u>
Debt Service Fund				
Restricted: Debt service	<u>212,522</u>	<u>212,522</u>	<u>-</u>	<u>0.00 %</u>
Capital Projects Fund				
Restricted: Capital	10,901,894	8,746,242	2,155,652	24.65 %
Assigned: Unappropriated fund balance	549,068		549,068	100.00 %
Unassigned: Fund balance (deficit)		(25,181)	25,181	(100.00)%
	<u>11,450,962</u>	<u>8,721,061</u>	<u>2,729,901</u>	<u>31.30 %</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>206,319</u>	<u>205,638</u>	<u>681</u>	<u>0.33 %</u>
Scholarships Fund				
Restricted: Scholarships	<u>159,436</u>	<u>165,299</u>	<u>(5,863)</u>	<u>(3.55)%</u>
Permanent Fund				
Restricted: Scholarships	<u>880,318</u>	<u>880,318</u>	<u>-</u>	<u>0.00 %</u>
Total Fund Balance	<u>\$ 46,842,869</u>	<u>\$ 45,096,541</u>	<u>\$ 1,746,328</u>	<u>3.87 %</u>

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

A. General Fund

The general fund – fund balance is a net decrease of \$1,326,041 compared to an increase of \$3,595,872 in 2021. This resulted from expenditures and other financing uses in excess of revenues and other financing sources.

Revenues and other financing sources increased by \$5,014,580 or 3.76%. The following is a summary of the major changes:

- State sources increased mainly due to more general aid and BOCES.
- Other financing sources increased due to the return from the capital project fund of unused capital reserve funds on completed projects.
- Property taxes increased due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget.
- Federal sources decreased as the District received funding in the prior year for COVID-19 relief under the Coronavirus Aid, Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) Program in the general fund. Funding from these programs in the current year was recognized in the special aid fund.
- Miscellaneous revenues primarily decreased as the District received less unemployment insurance refunds in the current year.

Expenditures and other financing uses increased by \$9,936,493 or 7.67% over the prior year. The following is a summary of the major changes:

- Other financing uses increased mainly due to the voter-approved transfer to the capital projects fund to fund capital improvements to district-wide facilities.
- General support expenditures increased due to additional maintenance and repairs.
- Instruction expenditures increased due to routine salary and step increases, coupled with additional staffing needs. This increase was offset by costs savings that were realized, due to changes in services needed during the pandemic, as well as decreases in programs for students with disabilities because of changes in enrollment and program costs.
- Pupil transportation expenditures increased due to the District signing a new transportation contract with higher rates.

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

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

	Balance @ June 30, 2021	Return of Unused Funds	Use of Reserves	Interest	Funding	Balance @ June 30, 2022
Workers' compensation	\$ 2,511,980	\$	\$ (500,000)	\$ 2,435	\$ 200,000	\$ 2,214,415
Unemployment insurance	58,263			57		58,320
Retirement contribution						
TRS	2,141,010		(300,000)	2,075	300,000	2,143,085
ERS	5,619,370		(300,000)	5,448	584,314	5,909,132
EBALR	6,710,742		(320,400)	6,504		6,396,846
Capital						
2008	-	379,538	(379,538)			-
2013	-	307,458	(307,458)			-
2017	4,830,750	568,486	(5,223,432)	4,661		180,465
2018	572,114	157,458	(729,572)	576	364,974	365,550
2022	-				4,135,026	4,135,026
	<u>\$ 22,444,229</u>	<u>\$ 1,412,940</u>	<u>\$ (8,060,400)</u>	<u>\$ 21,756</u>	<u>\$ 5,584,314</u>	<u>\$ 21,402,839</u>

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

B. School Food Service Fund

The school food service fund - fund balance net increase can be attributed to greater state and federal reimbursements, the result of an Executive Order, granting school districts waivers, which authorized the distribution of free meals to all students, regardless of their eligibility status. The District also met eligibility requirements to receive approximately \$11,000 of emergency operational cost assistance funds during the year.

C. Debt Service Fund

The debt service fund - fund balance, which did not change from the prior year, represents bond proceeds and debt premium that will be used to offset future debt principal payments.

D. Capital Projects Fund

The capital projects fund - fund balance increased by \$2,729,901. This was the result of a transfer from the general fund capital reserve for voter-authorized projects in the amount of \$6,640,000, a general fund transfer of \$325,000 for a fire alarm system and proceeds of leases of \$100,600, offset by capital expenditures of \$3,447,759, and a transfer to the general fund of \$1,412,940 of unexpended capital reserve funds on completed projects.

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

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

	Balance @ June 30, 2021	Use of Reserves	Funding	Balance @ June 30, 2022
May 2008	\$ 471,849	\$ (443,702)	\$ 379,538	\$ 407,685
May 2013	1,731,726	(1,210,989)	307,458	828,195
May 2017	6,357,179	(2,642,315)	5,223,432	8,938,296
May 2018	185,488	(187,342)	729,572	727,718
	<u>\$ 8,746,242</u>	<u>\$ (4,484,348)</u>	<u>\$ 6,640,000</u>	<u>\$ 10,901,894</u>

E. Extraclassroom Activities Fund

The extraclassroom activities fund – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

F. Scholarships Fund

The scholarships fund – fund balance net decrease is the result of scholarships awarded exceeding scholarship donations and interest.

G. Permanent Fund

The permanent fund – fund balance, which did not change from the prior year, consists of nonspendable scholarship funds.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's general fund adopted budget for the year ended June 30, 2022, was \$139,315,854. This amount was increased by encumbrances carried forward from the prior year in the amount of \$4,588,610 and budget revisions of \$7,099,702, for a total final budget of \$151,004,166.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$112,718,438 in estimated property taxes and STAR receipts.

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

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

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

Opening, Unassigned Fund Balance	\$ 5,572,635
Fund Balance Appropriated for Budget Revision	(348,676)
Revenues Over Budget	1,825,240
Expenditures and Encumbrances Under Budget	6,688,544
Transfer of Capital Reserves	(1,412,940)
Net Change in Reserves	(5,606,070)
Appropriated to Fund the June 30, 2023 Budget	<u>(1,000,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 5,718,733</u>

Opening, Unassigned Fund Balance

The \$5,572,635 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

Fund Balance Appropriated for Budget Revision

The District, by Board resolution, authorized the spending for unanticipated ordinary contingent expenditures funded by unassigned fund balance, \$325,000 for the fire alarm system.

Revenues Over Budget

The 2021-2022 final budget for revenues and other sources was \$136,406,480. Actual revenues and other sources recognized for the year were \$138,231,720 and were more than estimated or budgeted revenues by \$1,825,240, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and other uses was \$151,004,166. Actual expenditures as of June 30, 2022 were \$139,557,761 and outstanding encumbrances were \$4,757,861. Combined, the expenditures plus encumbrances for 2021-2022 were \$144,315,622. The final budget variance was \$6,688,544, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

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

Transfer of Capital Reserves

In prior years, capital reserve funds had been transferred to the capital projects fund for various facility improvements and renovations. After completion of the related projects, amounts were unspent; therefore, these unexpended amounts were returned to the reserves for future use.

Net Change in Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this Management's Discussion and Analysis details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$1,000,000 of the available June 30, 2022 fund balance to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2022 was \$5,718,733. The unassigned portion is equal to the permissible 4.0% statutory maximum.

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

A. Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital additions of \$4,624,011 in excess of depreciation/amortization expense of \$2,265,486 recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2022 and 2021 is as follows:

	2022	As Restated 2021	Increase (Decrease)
Land	\$ 1,545,142	\$ 1,545,142	\$ -
Construction in progress	5,827,294	2,549,298	3,277,996
Buildings and improvements	16,264,126	17,710,932	(1,446,806)
Site improvements	2,254,588	2,517,109	(262,521)
Furniture and equipment	2,400,550	1,685,293	715,257
Leased equipment and fixtures	111,412	36,813	74,599
Capital assets, net	<u>\$ 28,403,112</u>	<u>\$ 26,044,587</u>	<u>\$ 2,358,525</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of leased equipment and fixtures.

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

B. Debt Administration

At June 30, 2022, the District had combined total debt of \$961,412. The decreases in outstanding debt represent principal payments made throughout the year, while the increases indicate new issuances. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

Issue/ Commencement Date	Interest Rate	2022	As Restated 2021	Increase (Decrease)
Bonds				
4/1/2015	2.0-4.0%	<u>\$ 850,000</u>	<u>\$ 1,040,000</u>	<u>\$ (190,000)</u>
Lease Liabilities				
5/1/2017	0.98%	\$	\$ 10,994	(10,994)
5/1/2017	0.98%		2,451	(2,451)
5/1/2017	0.98%		5,457	(5,457)
7/1/2020	0.98%	13,559	17,911	(4,352)
12/1/2021	0.98%	32,961		32,961
12/1/2021	0.98%	14,476		14,476
7/1/2022	0.98%	<u>50,416</u>		<u>50,416</u>
		<u>\$ 111,412</u>	<u>\$ 36,813</u>	<u>\$ 74,599</u>

The District implemented GASB Statement No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of lease liabilities.

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa3.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation liability, net pension liabilities – proportionate share, and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences payable	\$ 7,122,856	\$ 7,410,438	\$ (287,582)
Workers' compensation liabilities	2,910,355	3,371,890	(461,535)
Net pension liabilities - proportionate share		7,884,085	(7,884,085)
Total OPEB liability	<u>237,866,335</u>	<u>320,429,660</u>	<u>(82,563,325)</u>
	<u>\$ 247,899,546</u>	<u>\$ 339,096,073</u>	<u>\$ (91,196,527)</u>

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

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

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 17, 2022, for the year ending June 30, 2023, is \$142,968,343. This is an increase of \$3,652,489 or 2.62% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$3,772,296 increase over the prior year's estimate, which is in part due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$1,000,000 is a decrease of \$600,000 from the previous year. Additionally, the District has elected to appropriate \$1,900,593 of reserves towards the next year's budget, which is an increase of \$480,193 over the previous year. There is no increase in the property tax levy.

B. Future Budgets

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges of fuel, goods, and borrowing costs may impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2022-2023 is 3.76%. The District's 2022-2023 property tax increase of 0.0% was less than the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

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

HUNTINGTON UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

ASSETS

Cash	
Unrestricted	\$ 20,210,130
Restricted	33,557,009
Receivables	
Accounts receivable	4,231
Due from state and federal	6,061,702
Due from other governments	457,866
Other assets	307,155
Inventory	27,748
Capital assets not being depreciated/amortized	7,372,436
Capital assets being depreciated/amortized, net of accumulated depreciation/amortization	21,030,676
Net pension assets - proportionate share	<u>52,340,211</u>
Total Assets	<u>141,369,164</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	34,061,352
Other postemployment benefits	<u>20,201,541</u>
Total Deferred Outflows of Resources	<u>54,262,893</u>

LIABILITIES

Payables	
Accounts payable	4,910,513
Accrued liabilities	1,637,348
Due to fiduciary funds	1,230
Due to other governments	166,868
Due to teachers' retirement system	5,344,022
Due to employees' retirement system	467,882
Compensated absences payable	168,741
Other liabilities	21,806
Unearned credits: collections in advance	490,969
Long-term liabilities	
Due and payable within one year	
Bonds payable	200,000
Lease liabilities	21,759
Compensated absences payable	66,834
Workers' compensation liabilities	566,340
Due and payable after one year	
Bonds payable	650,000
Lease liabilities	89,653
Compensated absences payable	7,056,022
Workers' compensation liabilities	2,344,015
Total other postemployment benefits liability	<u>237,866,335</u>
Total Liabilities	<u>262,070,337</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	65,472,150
Other postemployment benefits	<u>87,462,420</u>
Total Deferred Inflows of Resources	<u>152,934,570</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>27,441,700</u>
Restricted	
Workers' compensation	2,214,415
Unemployment insurance	58,320
Retirement contribution	
Teachers' retirement system	2,143,085
Employees' retirement system	5,909,132
Employee benefit accrued liability	6,396,846
Capital	15,582,935
Debt	212,522
Scholarships	<u>1,039,754</u>
	<u>33,557,009</u>
Unrestricted (Deficit)	<u>(280,371,559)</u>
Total Net Position (Deficit)	<u>\$ (219,372,850)</u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

			Program Revenues		Net (Expense)
			Operating Grants	Capital	Revenue and
	Expenses	Charges for	& Contributions	Grants	Changes in
		Services			Net Position
FUNCTIONS/PROGRAMS					
Governmental Activities:					
General support	\$ 19,762,432	\$	\$	\$	\$ (19,762,432)
Instruction	97,945,965	557,125	5,303,659	128,926	(91,956,255)
Pupil transportation	10,972,382				(10,972,382)
Debt service - interest	180,869				(180,869)
Food service program	2,101,571	76,036	2,622,174		596,639
Total Governmental Activities	<u>\$ 130,963,219</u>	<u>\$ 633,161</u>	<u>\$ 7,925,833</u>	<u>\$ 128,926</u>	<u>(122,275,299)</u>
GENERAL REVENUES					
Real property taxes					106,813,923
Other tax items					6,035,863
Use of money and property					73,456
Sale of property and compensation for loss					24,552
Miscellaneous					828,051
State sources					<u>22,686,710</u>
Total General Revenues					<u>136,462,555</u>
Change in Net Position (Deficit)					14,187,256
Total Net Position (Deficit) - Beginning of Year					<u>(233,560,106)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (219,372,850)</u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activities	Scholarships	Permanent	Total Governmental Funds
ASSETS									
Cash									
Unrestricted	\$ 17,043,181	\$ 2,237,428	\$ 722,642	\$	\$	\$ 206,879	\$	\$	\$ 20,210,130
Restricted	31,053,385			212,522	1,291,044		1,000,058		33,557,009
Receivables									
Accounts receivable	3,396		335				500		4,231
Due from other funds	5,218,128		100,000		11,467,935		39,196	880,318	17,705,577
Due from state and federal	2,787,489	2,354,712	748,220		171,281				6,061,702
Due from other governments	457,866								457,866
Other assets	307,155								307,155
Inventory			27,748						27,748
Total Assets	<u>\$ 56,870,600</u>	<u>\$ 4,592,140</u>	<u>\$ 1,598,945</u>	<u>\$ 212,522</u>	<u>\$ 12,930,260</u>	<u>\$ 206,879</u>	<u>\$ 1,039,754</u>	<u>\$ 880,318</u>	<u>\$ 78,331,418</u>
LIABILITIES									
Payables									
Accounts payable	\$ 4,237,799	\$ 301,448	\$ 138,504	\$	\$ 232,202	\$ 560	\$	\$	\$ 4,910,513
Accrued liabilities	1,573,013	55,157	7,761						1,635,931
Due to other funds	11,608,362	3,858,660	284,507		1,074,960	-	880,318		17,706,807
Due to other governments	165,813		200		855				166,868
Due to teachers' retirement system	5,344,022								5,344,022
Due to employees' retirement system	467,882								467,882
Compensated absences payable	168,741								168,741
Other liabilities	21,806								21,806
Unearned credits: collections in advance		376,875	114,094						490,969
Total Liabilities	<u>23,587,438</u>	<u>4,592,140</u>	<u>545,066</u>	<u>-</u>	<u>1,308,017</u>	<u>560</u>	<u>880,318</u>	<u>-</u>	<u>30,913,539</u>
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	<u>403,729</u>				<u>171,281</u>				<u>575,010</u>
FUND BALANCES									
Nonspendable			27,748					880,318	908,066
Restricted:									
Workers' compensation	2,214,415								2,214,415
Unemployment insurance	58,320								58,320
Retirement contribution									
Teachers' retirement system	2,143,085								2,143,085
Employees' retirement system	5,909,132								5,909,132
Employee benefit accrued liability	6,396,846								6,396,846
Capital	4,681,041				10,901,894				15,582,935
Debt				212,522					212,522
Scholarships							159,436		159,436
Assigned:									
Appropriated fund balance	1,000,000								1,000,000
Unappropriated fund balance	4,757,861		1,026,131		549,068	206,319			6,539,379
Unassigned: Fund balance	<u>5,718,733</u>								<u>5,718,733</u>
Total Fund Balances	<u>32,879,433</u>	<u>-</u>	<u>1,053,879</u>	<u>212,522</u>	<u>11,450,962</u>	<u>206,319</u>	<u>159,436</u>	<u>880,318</u>	<u>46,842,869</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 56,870,600</u>	<u>\$ 4,592,140</u>	<u>\$ 1,598,945</u>	<u>\$ 212,522</u>	<u>\$ 12,930,260</u>	<u>\$ 206,879</u>	<u>\$ 1,039,754</u>	<u>\$ 880,318</u>	<u>\$ 78,331,418</u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total Governmental Fund Balances	\$	46,842,869
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Amounts reported for governmental activities in the
Statement of Net Position are different because:

The costs of building, acquiring, and leasing capital 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 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	\$ 78,832,870	
Less: Accumulated depreciation/amortization	<u>(50,429,758)</u>	
		28,403,112

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

Net pension asset - teachers' retirement system	49,327,167	
Net pension asset - employees' retirement system	3,013,044	
Deferred outflows of resources	34,061,352	
Deferred inflows of resources	<u>(65,472,150)</u>	
		20,929,413

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

Deferred outflows of resources	20,201,541	
Total other postemployment benefits liability	(237,866,335)	
Deferred inflows of resources	<u>(87,462,420)</u>	
		(305,127,214)

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

575,010

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

Accrued interest on bonds payable	(1,417)	
Bonds payable	(850,000)	
Lease liabilities	(111,412)	
Compensated absences payable	(7,122,856)	
Workers' compensation liabilities	<u>(2,910,355)</u>	
		<u>(10,996,040)</u>

Total Net Position (Deficit)	\$	<u><u>(219,372,850)</u></u>
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HUNTINGTON UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Permanent	Total Governmental Funds
REVENUES									
Real property taxes	\$ 106,813,923	\$	\$	\$	\$	\$	\$	\$	\$ 106,813,923
Other tax items	6,035,863								6,035,863
Charges for services	308,587								308,587
Use of money and property	73,375		81				1,637		75,093
Sale of property and compensation for loss	24,552								24,552
Miscellaneous	828,051					248,538	200		1,076,789
Interfund revenue	632								632
State sources	22,686,710	1,361,003	49,942						24,097,655
Federal sources	47,087	3,893,732	2,572,232						6,513,051
Sales			76,036						76,036
Total Revenues	136,818,780	5,254,735	2,698,291	-	-	248,538	1,837	-	145,022,181
EXPENDITURES									
General support	17,229,886	205,293							17,435,179
Instruction	72,035,364	4,929,387				247,857	7,700		77,220,308
Pupil transportation	10,481,430	450,880							10,932,310
Employee benefits	31,593,070								31,593,070
Debt service									
Principal	26,001			190,000					216,001
Interest	139,585			41,600					181,185
Food service program			2,350,641						2,350,641
Capital outlay					3,447,759				3,447,759
Total Expenditures	131,505,336	5,585,560	2,350,641	231,600	3,447,759	247,857	7,700	-	143,376,453
Excess (Deficiency) of Revenues Over Expenditures	<u>5,313,444</u>	<u>(330,825)</u>	<u>347,650</u>	<u>(231,600)</u>	<u>(3,447,759)</u>	<u>681</u>	<u>(5,863)</u>	<u>-</u>	<u>1,645,728</u>
OTHER FINANCING SOURCES AND (USES)									
Proceeds of debt					100,600				100,600
Operating transfers in	1,412,940	330,825		231,600	7,490,000				9,465,365
Operating transfers (out)	<u>(8,052,425)</u>				<u>(1,412,940)</u>				<u>(9,465,365)</u>
Total Other Financing Sources and (Uses)	(6,639,485)	330,825	-	231,600	6,177,660	-	-	-	100,600
Net Change in Fund Balances	(1,326,041)	-	347,650	-	2,729,901	681	(5,863)	-	1,746,328
Fund Balances - Beginning of Year	34,205,474	-	706,229	212,522	8,721,061	205,638	165,299	880,318	45,096,541
Fund Balances - End of Year	\$ 32,879,433	\$ -	\$ 1,053,879	\$ 212,522	\$ 11,450,962	\$ 206,319	\$ 159,436	\$ 880,318	\$ 46,842,869

HUNTINGTON UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2022

Net Change in Fund Balances \$ 1,746,328

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 revenues are measured by the amounts earned during the year.

In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). \$ 128,926

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

Decrease in compensated absences liability	287,582	
Decrease in workers' compensation liabilities	461,535	
		878,043

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures.

However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization in the period.

Capital outlays and other additions	4,624,011	
Depreciation/amortization expense	(2,265,486)	
		2,358,525

Long-Term Debt Transaction Differences

Proceeds from the issuance of debt (new lease agreements) are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

(100,600)

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

Repayment of bonds payable	190,000	
Repayment of lease liabilities	26,001	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2021 to June 30, 2022.

	316	115,717
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Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	7,767,544	
Employees' retirement system	1,497,610	
Other postemployment benefits	(176,511)	
		9,088,643

Change in Net Position (Deficit) of Governmental Activities	\$	14,187,256
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HUNTINGTON UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2022

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

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2022

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 8,948,970
Participant fees	67,891
Donations	<u>4,000</u>
Total Additions	<u>9,020,861</u>
DEDUCTIONS	
Real property taxes disbursements to the Library	8,948,970
Program fees	67,891
Awards	<u>4,000</u>
Total Deductions	<u>9,020,861</u>
Change in Net Position	-
Net Position - Beginning of Year	<u> </u>
Net Position - End of Year	<u><u>\$ -</u></u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

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

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

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Extraclassroom Activities Fund – is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

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

Permanent Fund – is used to account for endowed scholarship funds collected that benefit annual scholarships for students.

Fiduciary Funds – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District's fiduciary fund:

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

E. Real Property Taxes and Other Tax Items

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County in June.

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenues.

F. Payments in Lieu of Taxes (PILOT)

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

G. Restricted Resources

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

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

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents

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

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

K. Receivables

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

L. Inventory

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

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

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

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

M. Other Assets

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

N. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 50,000	50 years
Site improvements	25,000	20 years
Furniture and equipment	5,000	5-20 years
Leased equipment and fixtures	0	5-6 years

O. Deferred Outflows of Resources

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

P. Short-Term Debt

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

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

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, 2022. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

Q. Collections in Advance

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

R. Employee Benefits – Compensated Absences

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

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

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

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

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

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

S. Other Benefits

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

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

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

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

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

T. 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 and debt service fund.

U. Deferred Inflows of Resources

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

V. Equity Classifications

District-Wide Statements

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

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

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

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

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

Fund Statements

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

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

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

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

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Restricted for Debt

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

3. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending	Statement
June 30, 2023	GASB No. 96 - <i>Subscription Based Information Technology Agreements</i>

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations

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

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

Transfer to capital projects fund funded by capital reserves as approved by the voters in May 2022	\$ 6,640,000
Advanced placement exams funded by fees collected	66,934
Contingent expenditures funded by unassigned fund balance	348,676
Contingent expenditures funded by vendor refunds	37,833
Contingent expenditures funded by donations	<u>6,259</u>
	<u>\$ 7,099,702</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

C. Over Expenditure of Certain Appropriations

The following general fund appropriation categories of the budget were over expended: board of education, central administration, finance, occupational education, instructional media, and debt service principal. The general fund budget in total was not over expended.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

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

Investment Pool:

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

Total investments of the cooperative at June 30, 2022 are \$4,223,478,681, which consisted of \$1,151,932,927 in repurchase agreements, \$2,228,081,678 in U.S. Treasury Securities and \$843,464,076 in collateralized bank deposits, with various interest rates and due dates.

The scholarships restricted cash balance has an amount of \$1,000,058 and is invested in a NYCLASS account. This amount represent the fair value of the investment pool shares, The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$12,064,481 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,493,625. Financial statements for the BOCES are available from the BOCES administrative offices at 507 Deer Park Road, P.O. Box 8007, Huntington Station, New York 11746-9007.

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

8. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State - Excess cost aid	\$ 512,995
Federal - CARES Act - GEER	97,564
Federal - CARES Act - ESSER	574,306
BOCES aid	<u>1,602,624</u>
	2,787,489
Special Aid Fund	
Federal and State grants	2,354,712
School Food Service Fund	
Federal and State food service program reimbursements	748,220
Capital Projects Fund	
Dormitory Authority of the State of New York	44,832
SMART Schools Bond Act	<u>126,449</u>
	<u>171,281</u>
	<u>\$ 6,061,702</u>

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Tuition and health services - other districts	\$ 268,576
Town of Huntington - PILOT revenue	184,650
Other	<u>4,640</u>
	<u>\$ 457,866</u>

District management expects these amounts to be fully collectible.

10. OTHER ASSETS

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

At June 30, 2022, total cash surrender value for these policies amounted to \$307,155, which has been recorded as other assets in the general fund. The corresponding revenue to this receivable is included in unavailable revenues and will be recognized in the year that the proceeds are received.

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

11. CAPITAL ASSETS

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in capital assets. As a result, capital assets at June 30, 2021, were increased \$36,813. Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 1,545,142	\$	\$	\$ 1,545,142
Construction in progress	2,549,298	3,277,996		5,827,294
Total capital assets not being depreciated/amortized	<u>4,094,440</u>	<u>3,277,996</u>	<u>-</u>	<u>7,372,436</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	57,763,710			57,763,710
Site improvements	6,902,379	27,257		6,929,636
Furniture and equipment	5,440,996	1,218,158	(29,479)	6,629,675
Leased equipment and fixtures	36,813	100,600		137,413
Total capital assets being depreciated/amortized	<u>70,143,898</u>	<u>1,346,015</u>	<u>(29,479)</u>	<u>71,460,434</u>
Less accumulated depreciation/amortization for:				
Buildings	40,052,778	1,446,806		41,499,584
Improvements Other Than Buildings	4,385,270	289,778		4,675,048
Equipment	3,755,703	502,901	(29,479)	4,229,125
Leased equipment and fixtures		26,001		26,001
Total accumulated depreciation/amortization	<u>48,193,751</u>	<u>2,265,486</u>	<u>(29,479)</u>	<u>50,429,758</u>
Total capital assets, being depreciated/amortized, net	<u>21,950,147</u>	<u>(919,471)</u>	<u>-</u>	<u>21,030,676</u>
Capital assets, net	<u>\$ 26,044,587</u>	<u>\$ 2,358,525</u>	<u>\$ -</u>	<u>\$ 28,403,112</u>

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 134,096
Instruction	2,110,970
Food service program	<u>20,420</u>
Total depreciation/amortization expense	<u>\$ 2,265,486</u>

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

B. Lease Liabilities

The District has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases vary between five and six years with discount rates 0.98%. These leases are included in leased equipment and fixtures included in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

12. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 5,218,128	\$ 11,608,362	\$ 1,412,940	\$ 8,052,425
Special Aid Fund		3,858,660	330,825	
School Food Service Fund	100,000	284,507		
Debt Service Fund			231,600	
Capital Projects Fund	11,467,935	1,074,960	7,490,000	1,412,940
Scholarships Fund	39,196	880,318		
Permanent Fund	880,318			
	<u>17,705,577</u>	<u>17,706,807</u>	<u>\$ 9,465,365</u>	<u>\$ 9,465,365</u>
Custodial Fund	<u>1,230</u>			
	<u>\$ 17,706,807</u>	<u>\$ 17,706,807</u>		

The District typically transfers from the general fund to other governmental funds per the approved budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the debt service fund was for the payment of principal and interest on long-term outstanding indebtedness. The budget included a transfer from the general fund to the capital projects fund for \$525,000. In June 2022, the Board declared the fire alarm system project as a contingent expenditure and \$325,000 was transferred to the capital projects fund. In addition, the general fund transferred from the 2008, 2013, 2017 and 2018 capital reserves \$6,640,000 per the May 2022 voter authorization to the capital projects fund for projects to be completed at the high school, middle school and primary school. The transfer from the capital projects fund to the general fund was for return of unused capital reserve funds on completed projects.

13. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2021	Issued	Redeemed	Balance June 30, 2022
TAN	6/24/22	1.25%	<u>\$</u>	<u>\$ 16,000,000</u>	<u>\$ (16,000,000)</u>	<u>\$</u>

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

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

Interest on short-term debt for the year was \$138,889. The District received a premium of \$115,840 on this TAN borrowing resulting in an effective interest rate of 0.2074%, which is included in miscellaneous revenue in the general fund.

14. LONG-TERM LIABILITIES

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in lease liabilities. Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 1,040,000	\$	\$ (190,000)	\$ 850,000	\$ 200,000
Lease liabilities	36,813	100,600	(26,001)	111,412	21,759
Other long-term liabilities:					
Compensated absences	7,410,438		(287,582)	7,122,856	66,834
Workers' compensation	3,371,890	285,597	(747,132)	2,910,355	566,340
	<u>\$ 11,859,141</u>	<u>\$ 386,197</u>	<u>\$ (1,250,715)</u>	<u>\$ 10,994,623</u>	<u>\$ 854,933</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Refunding debt	4/2015	6/2026	2.0-4.0%	<u>\$ 850,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 200,000	\$ 34,000	\$ 234,000
2024	210,000	26,000	236,000
2025	215,000	17,600	232,600
2026	<u>225,000</u>	<u>9,000</u>	<u>234,000</u>
Total	<u>\$ 850,000</u>	<u>\$ 86,600</u>	<u>\$ 936,600</u>

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

C. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Issue/ Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Pitney Bowes folder inserter	7/1/2020	2/5/2027	0.98%	\$ 13,559
Pitney Bowes folder inserter	12/1/2021	2/1/2027	0.98%	32,961
Pitney Bowes postage meter	12/1/2021	2/1/2027	0.98%	14,476
Pitney Bowes folder inserter	7/1/2022	2/4/2027	0.98%	50,416
				<u>\$ 111,412</u>

The following is a summary of debt service requirements for lease liabilities:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 21,759	\$ 2,300	\$ 24,059
2024	21,929	2,387	24,316
2025	24,875	2,280	27,155
2026	20,977	1,367	22,344
2027	19,060	537	19,597
2028	2,812	27	2,839
Total	<u>\$ 111,412</u>	<u>\$ 8,898</u>	<u>\$ 120,310</u>

There were no variable payments or other payments made for leases included above. There were no additional lease commitments entered into by the District after June 30, 2022.

D. Interest Expense

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

Interest paid	\$ 42,296
Less interest accrued in the prior year	(1,733)
Plus interest accrued in the current year	<u>1,417</u>
Total interest expense on long-term debt	<u>\$ 41,980</u>

15. PENSION PLANS – NEW YORK STATE

A. General Information

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

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

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October, and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 15.45% of covered payroll for the ERS' fiscal year ended March 31, 2022.

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

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022 was \$4,884,355 for TRS at the contribution rate of 9.80% and \$1,684,506 for ERS at an average contribution rate of 13.00%.

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2018, for TRS and March 31, 2022 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension asset	\$ 49,327,167	\$ 3,013,044
District's portion of the Plan's total net pension asset	0.284650%	0.0368587%
Change in proportion since the prior measurement date	0.000698	(0.0010184)

For the year ended June 30, 2022, the District recognized pension expense (credit) of \$(2,883,189) for TRS and \$186,896 for ERS. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 6,799,227	\$ 228,182	\$ 256,276	\$ 295,965
Changes of assumptions	16,224,736	5,028,433	2,873,162	84,849
Net difference between projected and actual earnings on pension plan investments			51,625,984	9,866,457
Changes in proportion and differences between the District's contributions and proportionate share of contributions	122,547	305,990	205,473	263,984
District contributions subsequent to the measurement date	4,884,355	467,882		
Total	<u>\$ 28,030,865</u>	<u>\$ 6,030,487</u>	<u>\$ 54,960,895</u>	<u>\$ 10,511,255</u>

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

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

Year Ending June 30,	TRS	ERS
2023	\$ (6,420,286)	\$ (749,958)
2024	(7,534,354)	(1,107,997)
2025	(9,419,838)	(2,570,451)
2026	(12,414,199)	(520,244)
2027	2,334,409	
Thereafter	1,639,883	
	<u>\$ (31,814,385)</u>	<u>\$ (4,948,650)</u>

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Inflation	2.40%	2.70%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2021 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The June 30, 2020 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2021		March 31, 2022
Asset type				
Domestic equity	33.0%	6.80%	32.0%	3.30%
International equity	16.0%	7.60%	15.0%	5.85%
Global equity	4.0%	7.10%		
Real estate equity	11.0%	6.50%	9.0%	5.00%
Private equities	8.0%	10.00%	10.0%	6.50%
Alternatives investments			10.0%	3.78-5.58%
Domestic fixed income	16.0%	1.30%		
Global bonds	2.0%	0.80%		
High-yield bonds	1.0%	3.80%		
Fixed Income			23.0%	0.00%
Private debt	1.0%	5.90%		
Real estate debt	7.0%	3.30%		
Cash equivalents	1.0%	(0.20)%		
Cash			1.0%	(1.00)%
	<u>100.0%</u>		<u>100.0%</u>	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS (the discount rate used by the TRS at the prior year's measurement date of June 30, 2020, was 7.10%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (5.95% for TRS and 4.90% for ERS) or 1 percentage point higher (7.95% for TRS and 6.90% for ERS) than the current rate:

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ 5,176,167</u>	<u>\$ 49,327,167</u>	<u>\$ 86,432,879</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
<u>ERS</u>			
District's proportionate share of the net pension asset/(liability)	<u>\$ (7,755,543)</u>	<u>\$ 3,013,044</u>	<u>\$ 12,020,448</u>

Pension Plan Fiduciary Net Position

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

	<u>TRS</u>	<u>ERS</u>
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2021	March 31, 2022
Employers' total pension liability	\$ (130,819,415)	\$ (223,874,888)
Plan fiduciary net position	<u>148,148,457</u>	<u>232,049,473</u>
Employers' net pension asset	<u>\$ 17,329,042</u>	<u>\$ 8,174,585</u>
Ratio of plan fiduciary net position to the employers' total pension liability	113.25%	103.65%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2022 amounted to \$4,884,355 of employer contributions and \$459,667 of employee contributions.

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

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$467,882 of employer contributions. Employee contributions are remitted monthly.

16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$308,329, and \$2,849,105, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for administrators, central office staff, teachers and chairs. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2022 totaled \$324,762.

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

Benefits Provided – The District provides medical, Medicare part B reimbursement, major medical, vision, and term life insurance for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	668
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>848</u>
	<u><u>1,516</u></u>

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

B. Total OPEB Liability

The District's total OPEB liability of \$237,866,335 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

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

Inflation	2.20%	
Salary increases including inflation	2.60%	
Discount rate	3.54%	
Healthcare cost trend rates	5.10%	decreasing to an ultimate rate of 4.10% over 54 years
Retirees' share of benefit-related costs	15 - 40%	of projected health insurance premiums for retirees

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

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 320,429,660</u>
Changes for the year	
Service cost	13,319,288
Interest on total OPEB liability	7,132,445
Differences between expected and actual experience	(37,912,295)
Changes in assumptions or other inputs	(57,978,328)
Benefit payments	<u>(7,124,435)</u>
	<u>(82,563,325)</u>
Balance at June 30, 2022	<u><u>\$ 237,866,335</u></u>

Change in assumptions or other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

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

OPEB	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability	<u>\$ (278,127,129)</u>	<u>\$ (237,866,335)</u>	<u>\$ (205,462,732)</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 (4.10%) or 1 percentage point higher (6.10%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.10% decreasing to 3.10%	Healthcare Cost Trend Rates 5.10% decreasing to 4.10%	1% Increase 6.10% decreasing to 5.10%
Total OPEB liability	<u>\$ (205,097,504)</u>	<u>\$ (237,866,335)</u>	<u>\$ (280,245,428)</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$7,300,946. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 32,759,934
Changes of assumptions or other inputs	<u>20,201,541</u>	<u>54,702,486</u>
Total	<u>\$ 20,201,541</u>	<u>\$ 87,462,420</u>

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (13,150,787)
2024	(11,669,021)
2025	(9,403,312)
2026	(13,250,806)
2027	(15,220,734)
Therafter	<u>(4,566,219)</u>
	<u>\$ (67,260,879)</u>

18. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements deferred inflows of resources, at June 30, 2022 represents unavailable revenues, including split dollar life insurance receivable, NYS supplemental aid, DASNY receivable and Smart Schools Bond Act receivable.

19. RISK MANAGEMENT

A. General Information

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

B. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unreported claims which were incurred on or before year end but not reported (IBNR) based on an actuarial valuation which reflects a 2% discount rate. Claims activity is summarized below:

	<u>2021</u>	<u>2022</u>
Unpaid claims at beginning of year	\$ 2,730,621	\$ 3,371,890
Incurred claims and claim adjustment expenses	1,394,348	285,597
Claim payments	<u>(753,079)</u>	<u>(747,132)</u>
Unpaid claims at year-end	<u>\$ 3,371,890</u>	<u>\$ 2,910,355</u>

At June 30, 2022, the District had \$2,214,415 of funds in the workers' compensation reserve.

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

20. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

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

Workers' Compensation	\$ 200,000
Retirement Contributions	
Teachers' retirement system	565,000
Employees' retirement system	<u>1,135,593</u>
	<u>\$ 1,900,593</u>

21. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$1,000,000 has been appropriated to reduce taxes for the year ending June 30, 2023.

22. RESTRICTED FOR CAPITAL RESERVES

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

Date Created	May 2008	May 2013	May 2017	May 2018	May 2022	
Number of Years to Fund	8	8	8	5	10	
Maximum Funding	<u>\$10,000,000</u>	<u>\$10,000,000</u>	<u>\$12,500,000</u>	<u>\$ 1,500,000</u>	<u>\$15,000,000</u>	Total
General Fund						
Funding Provided	\$10,000,000	\$10,000,000	\$12,500,000	\$ 1,500,000	\$ 4,135,026	\$38,135,026
Interest Earnings	34,962	84,673	83,975	3,488		207,098
Use of Reserve	<u>(10,034,962)</u>	<u>(10,084,673)</u>	<u>(12,403,510)</u>	<u>(1,137,938)</u>		<u>(33,661,083)</u>
Total General Fund	<u>-</u>	<u>-</u>	<u>180,465</u>	<u>365,550</u>	<u>4,135,026</u>	<u>4,681,041</u>
Capital Projects Fund						
Funding Provided	10,034,962	10,084,673	12,403,510	1,137,938	-	33,661,083
Use of Reserve	<u>(9,627,277)</u>	<u>(9,256,478)</u>	<u>(3,465,214)</u>	<u>(410,220)</u>		<u>(22,759,189)</u>
Total Capital Projects Fund	<u>407,685</u>	<u>828,195</u>	<u>8,938,296</u>	<u>727,718</u>	<u>-</u>	<u>10,901,894</u>
Balance as of June 30, 2022	<u>\$ 407,685</u>	<u>\$ 828,195</u>	<u>\$ 9,118,761</u>	<u>\$ 1,093,268</u>	<u>\$ 4,135,026</u>	<u>\$15,582,935</u>

23. TAX ABATEMENTS

The Suffolk County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The amount of property tax revenue that was reduced as a result of these programs is \$84,990. The District received payment in lieu of taxes (PILOT) payments totaling \$131,348, which included past due amounts from the Town of Huntington that had been in litigation and has been resolved in the current year.

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

24. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2022, the District encumbered the following amounts:

Restricted Fund Balance	
Capital Projects Fund	
Capital projects	<u>\$ 2,972,480</u>
Assigned: Unappropriated Fund Balance:	
General Fund	
General support	4,311,722
Instruction	<u>446,139</u>
	<u>4,757,861</u>
	<u><u>\$ 7,730,341</u></u>

B. Grants

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

C. Litigation

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

25. SUBSEQUENT EVENTS

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

Issuance of TANs

The District is scheduled to issue \$16,000,000 of tax anticipation notes on October 13, 2022, which are due June 20, 2023, and have a net interest rate of 3.29%.

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 112,718,438	\$ 106,813,923	\$ 106,813,923	\$ -
Other tax items	93,275	5,997,790	6,035,863	38,073
Charges for services	376,000	376,000	308,587	(67,413)
Use of money and property	166,000	166,000	73,375	(92,625)
Sale of property and compensation for loss	10,000	11,737	24,552	12,815
Miscellaneous	645,000	754,289	828,051	73,762
Interfund revenue			632	632
Total Local Sources	114,008,713	114,119,739	114,084,983	(34,756)
State Sources	22,166,741	22,166,741	22,686,710	519,969
Federal Sources			47,087	47,087
Total Revenues	136,175,454	136,286,480	136,818,780	532,300
OTHER SOURCES				
Operating Transfers In	120,000	120,000	1,412,940	1,292,940
Total Revenues and Other Sources	136,295,454	136,406,480	138,231,720	\$ 1,825,240
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,600,000	1,948,676		
Prior Year's Encumbrances	4,588,610	4,588,610		
Appropriated Reserves	1,420,400	8,060,400		
Total Appropriated Fund Balance	7,609,010	14,597,686		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 143,904,464	\$ 151,004,166		

Note to Required Supplementary Information

Budget Basis of Accounting

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

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 52,692	\$ 57,692	\$ 72,792	\$	\$ (15,100)
Central administration	345,775	344,774	401,482	191	(56,899)
Finance	1,377,254	1,386,086	1,411,213	11,832	(36,959)
Staff	952,165	940,705	846,484	400	93,821
Central services	12,106,729	18,003,127	13,282,546	4,299,299	421,282
Special items	1,194,547	1,284,547	1,215,369		69,178
Total General Support	16,029,162	22,016,931	17,229,886	4,311,722	475,323
Instruction					
Administration & improvement	5,732,086	5,735,416	5,470,095	48,687	216,634
Teaching - regular school	38,491,762	37,440,166	35,639,528	184,845	1,615,793
Programs for students with disabilities	24,061,699	21,628,681	19,991,321	721	1,636,639
Occupational education	1,315,889	1,315,889	1,329,995		(14,106)
Teaching - special schools	331,080	380,580	365,503		15,077
Instructional media	2,902,368	4,695,031	4,572,247	124,282	(1,498)
Pupil services	4,518,644	4,819,519	4,666,675	87,604	65,240
Total Instruction	77,353,528	76,015,282	72,035,364	446,139	3,533,779
Pupil Transportation	12,486,820	10,633,230	10,481,430		151,800
Employee Benefits	36,568,354	33,907,123	31,593,070		2,314,053
Debt Service					
Principal	-	26,001	26,001		-
Interest	260,000	233,999	139,585		94,414
Total Debt Service	260,000	260,000	165,586	-	94,414
Total Expenditures	142,697,864	142,832,566	131,505,336	4,757,861	6,569,369
OTHER USES					
Operating Transfers Out	1,206,600	8,171,600	8,052,425		119,175
Total Expenditures and Other Uses	<u>\$ 143,904,464</u>	<u>\$ 151,004,166</u>	<u>139,557,761</u>	<u>\$ 4,757,861</u>	<u>\$ 6,688,544</u>
Net Change in Fund Balance			(1,326,041)		
Fund Balance - Beginning of Year			34,205,474		
Fund Balance - End of Year			<u>\$ 32,879,433</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	<i>Teachers' Retirement System</i>							
	<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)	0.284650%	0.283952%	0.283530%	0.286414%	0.285776%	0.278921%	0.278733%	0.278975%
District's proportionate share of the net pension asset/(liability)	\$ 49,327,167	\$ (7,846,369)	\$ 7,366,131	\$ 5,179,123	\$ 2,172,184	\$ (2,987,364)	\$ 28,951,470	\$ 31,076,115
District's covered payroll	\$ 48,314,281	\$ 48,778,002	\$ 47,923,393	\$ 47,097,886	\$ 45,649,714	\$ 44,582,849	\$ 43,439,992	\$ 42,678,795
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	102.10 %	(16.09)%	15.37 %	11.00 %	4.76 %	(6.70)%	66.65 %	72.81 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95 %	7.10 %	7.10 %	7.25 %	7.25 %	7.50 %	8.00 %	8.00 %

	<i>Employees' Retirement System</i>							
	<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)	0.0368587%	0.0378771%	0.0398610%	0.0414114%	0.0426710%	0.0398755%	0.0421879%	0.0423398%
District's proportionate share of the net pension asset/(liability)	\$ 3,013,044	\$ (37,716)	\$ (10,555,321)	\$ (2,934,124)	\$ (1,377,182)	\$ (3,746,795)	\$ (6,771,270)	\$ (1,430,343)
District's covered payroll	\$ 11,869,026	\$ 12,158,781	\$ 12,235,901	\$ 12,120,143	\$ 12,371,765	\$ 12,387,920	\$ 12,592,594	\$ 11,965,445
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(25.39)%	0.31 %	86.27 %	24.21 %	11.13 %	30.25 %	53.77 %	11.95 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90 %	5.90 %	6.80 %	7.00 %	7.00 %	7.00 %	7.00 %	7.50 %

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

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

Teachers' Retirement System

	<u>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>	<u>2013</u>
Contractually required contribution	\$ 4,884,355	\$ 4,604,351	\$ 4,321,731	\$ 5,026,028	\$ 4,615,593	\$ 5,307,536	\$ 5,724,976	\$ 7,319,763	\$ 6,686,748	\$ 4,855,866
Contributions in relation to the contractually required contribution	<u>4,884,355</u>	<u>4,604,351</u>	<u>4,321,731</u>	<u>5,026,028</u>	<u>4,615,593</u>	<u>5,307,536</u>	<u>5,724,976</u>	<u>7,319,763</u>	<u>6,686,748</u>	<u>4,855,866</u>
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	\$ 50,454,691	\$ 48,314,281	\$ 48,778,002	\$ 47,923,393	\$ 47,097,886	\$ 45,649,714	\$ 44,582,849	\$ 43,439,992	\$ 42,678,795	\$ 42,023,298
Contributions as a percentage of covered payroll	10%	10%	9%	10%	10%	12%	13%	17%	16%	12%

Employees' Retirement System

	<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>	<u>2013</u>
Contractually required contribution	\$ 1,684,506	\$ 1,839,295	\$ 1,718,799	\$ 1,698,507	\$ 1,812,104	\$ 1,750,779	\$ 2,043,486	\$ 2,414,526	\$ 2,428,021	\$ 1,802,225
Contributions in relation to the contractually required contribution	<u>1,684,506</u>	<u>1,839,295</u>	<u>1,718,799</u>	<u>1,698,507</u>	<u>1,812,104</u>	<u>1,750,779</u>	<u>2,043,486</u>	<u>2,414,526</u>	<u>2,428,021</u>	<u>1,802,225</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,956,315	\$ 12,796,524	\$ 12,179,219	\$ 12,595,831	\$ 12,419,527	\$ 11,829,467	\$ 13,055,250	\$ 12,744,116	\$ 12,680,942	\$ 11,555,751
Contributions as a percentage of covered payroll	13%	14%	14%	13%	15%	15%	16%	19%	19%	16%

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 13,319,288	\$ 13,742,349	\$ 10,184,941	\$ 11,368,279	\$ 11,037,164
Interest on total OPEB liability	7,132,445	6,957,802	9,298,198	8,266,350	7,916,896
Differences between expected and actual experience	(37,912,295)	-	(1,487,845)	-	(301,407)
Changes of assumptions or other inputs	(57,978,328)	2,606,493	35,306,417	(20,744,735)	-
Benefit payments	(7,124,435)	(7,891,475)	(7,465,956)	(7,718,720)	(6,957,478)
Net change in total OPEB liability	(82,563,325)	15,415,169	45,835,755	(8,828,826)	11,695,175
Total OPEB liability, beginning	320,429,660	305,014,491	259,178,736	268,007,562	256,312,387
Total OPEB liability, ending	<u>\$ 237,866,335</u>	<u>\$ 320,429,660</u>	<u>\$ 305,014,491</u>	<u>\$ 259,178,736</u>	<u>\$ 268,007,562</u>
Covered employee payroll	\$ 54,980,879	\$ 53,662,088	\$ 53,662,088	\$ 57,896,983	\$ 57,896,983
Total OPEB liability as a percentage of covered employee payroll	432.63%	597.12%	568.40%	447.65%	462.90%
Discount rate	3.54 %	2.16 %	2.21 %	3.50 %	3.00 %
Healthcare trend rates	5.10% to 4.1% over 54 years	6.60% to 4.1% over 56 years	6.60% to 4.1% over 56 years	7.50% to 4.5% by 2023	7.50% to 4.5% by 2023

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

Notes to Required Supplementary Information

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

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 139,315,854
Additions:		
Prior year's encumbrances		<u>4,588,610</u>
Original Budget		143,904,464
Budget revisions		
Transfer to capital projects fund funded by capital reserves as approved by the voters in May 2022	\$ 6,640,000	
Advanced placement exams funded by fees collected	66,934	
Contingent expenditures funded by unassigned fund balance	348,676	
Contingent expenditures funded by vendor refunds	37,833	
Contingent expenditures funded by donations	<u>6,259</u>	
		<u>7,099,702</u>
Final Budget		<u><u>\$ 151,004,166</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget		<u><u>\$ 142,968,343</u></u>
Maximum allowed (4% of 2022-2023 budget)		<u><u>\$ 5,718,734</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 5,757,861	
Unassigned fund balance	<u>5,718,733</u>	
		\$ 11,476,594
Less:		
Appropriated fund balance	1,000,000	
Encumbrances	<u>4,757,861</u>	
Total adjustments		<u>5,757,861</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 5,718,733</u></u>
Actual Percentage		4.00%

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2022

PROJECT TITLE	Budget June 30, 2021	Budget June 30, 2022	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2022	
			Prior Years	Current Year	Total			State Aid	Local Sources	Total		
2016 HS ADA Compliant Locker Room Restrooms, Wheelchair Lift, Ramps and Foundation Repairs #001-045	\$ 195,000	\$ 195,000	\$ 184,036	\$	\$ 184,036	\$ 10,964	\$	\$	\$ 195,000	\$ 195,000	\$ 10,964	*
2016 JTFMS ADA Compliant Rest Rooms and Ramps and Door Upgrades Panel and Foundation #014-024	531,000	531,000	421,664		421,664	109,336			531,000	531,000	109,336	*
2016 WHIS ADA Compliant Restrooms, Office Counters and Ramps #004-020	100,000	100,000	86,465		86,465	13,535			100,000	100,000	13,535	*
2016 JA STEM School ADA Compliant Restrooms and Ramps and Fire Rated Doors #017-018	800,000	800,000	605,039		605,039	194,961			800,000	800,000	194,961	*
2016 FHPS ADA Compliant Restrooms and Door Replacement #002-020	90,000	90,000	76,008		76,008	13,992			90,000	90,000	13,992	*
2016 JPS ADA Compliant Restrooms, Ramps and Entry Way Vestibule #013-016	325,000	325,000	309,043		309,043	15,957			325,000	325,000	15,957	*
SDPS ADA Compliant Restrooms #003-019	50,000	50,000	40,730		40,730	9,270			50,000	50,000	9,270	*
WPS ADA Compliant Rest Room and Doorway #009-019	45,000	45,000	41,135		41,135	3,865			45,000	45,000	3,865	*
2017 JTFMS Exterior Door Replacement and Woodshop Rollup Door #014-025	85,065	85,062	85,065		85,065	(3)			85,062	85,062	(3)	*
2018 JTFMS Tile & Seats in LGI Room #014-026	566,839	566,842	566,842		566,842	-			566,842	566,842	-	*
2018 FHPS Security Vestibule #002-021	61,831	61,831	61,089		61,089	742			61,831	61,831	742	*
2018 FHPS Roof #002-022	1,122,867	1,122,867	1,139,888		1,139,888	(17,021)			1,122,867	1,122,867	(17,021)	*
2018 SDPS Roof #003-021	1,030,150	1,030,151	1,041,499		1,041,499	(11,348)			1,030,151	1,030,151	(11,348)	*
2018 WHIS Parking Lot, Curbs & Bathroom Tiles #004-022	723,184	723,184	723,132		723,132	52			723,184	723,184	52	*
Donation - Mock Trial Theater	40,000	40,000	30,035		30,035	9,965			40,000	40,000	9,965	
2017 - 2018 Interfund Transfer	100,000	100,000	92,790		92,790	7,210			100,000	100,000	7,210	

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund (Continued)
For the Year Ended June 30, 2022

PROJECT TITLE	Budget June 30, 2021	Budget June 30, 2022	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total			State Aid	Local Sources	Total	
2019 JTFMS Student Lockers #014-027	\$ 600,000	\$ 600,000	\$ 245,051	\$ 934	\$ 245,985	\$ 354,015	\$	\$	\$ 600,000	\$ 600,000	\$ 354,015 *
2019 HS Partial Roof, Turf Field, Perimeter Netting & Goal Posts #001-047	1,746,000	1,746,000	1,096,771	71,582	1,168,353	577,647			1,746,000	1,746,000	577,647 *
2019 HS Boiler Replacements #001-048	1,500,000	1,500,000	1,243,390	119,635	1,363,025	136,975			1,500,000	1,500,000	136,975 *
2020 HS Partail Roof	1,000,000	1,000,000		638,959	638,959	361,041			1,000,000	1,000,000	361,041
2020 MS Boiler Replacements #014-028	1,000,000	1,000,000	7,700	761,101	768,801	231,199			1,000,000	1,000,000	231,199
2020 Classroom & Corridor Reconstruction #014-029	1,000,000	1,000,000	7,700	484,604	492,304	507,696			1,000,000	1,000,000	507,696
2020 JA Auditorium & Flooring Reconstruction	300,000	300,000	7,700	236,973	244,673	55,327			300,000	300,000	55,327
2020 Southdown Rooftop Solar Power Station	340,000	340,000	750	138,441	139,191	200,809			340,000	340,000	200,809
2021 HS Partial Roof	1,450,000	1,450,000		524,270	524,270	925,730			1,450,000	1,450,000	925,730
2021 MS Parking Lot & Gym Reconstruction	1,175,000	1,175,000		42,877	42,877	1,132,123			1,175,000	1,175,000	1,132,123
2021 Jefferson Primary Boiler Replacement	900,000	900,000		48,803	48,803	851,197			900,000	900,000	851,197
2022 Flower Hill Solar Installation #002-024		525,000		150,054	150,054	374,946			525,000	525,000	374,946
2022 Washington Primary School Alarm System		325,000			-	325,000			325,000	325,000	325,000
2022 Flower Hill Primary Main Electrical Replacement #002-025		350,000			-	350,000			350,000	350,000	350,000
2022 Flower Hill Primary Carbon Monoxide Detection #002-026		30,000			-	30,000			30,000	30,000	30,000
2022 Jefferson Primary Main Electrical Replacement #013-021		300,000			-	300,000			300,000	300,000	300,000
2022 Southdown Primary Carbon Monoxide Detection #003-024		30,000			-	30,000			30,000	30,000	30,000
2022 Washington Primary Boiler Replacement #009-023		830,000			-	830,000			830,000	830,000	830,000
2022 Jack Abrams Partion Roof #017-022		1,000,000			-	1,000,000			1,000,000	1,000,000	1,000,000
2022 MS Parking Lot & Gym Reconstruction II #014-032		375,000			-	375,000			375,000	375,000	375,000
2022 HS Partial Roof IV #001-051		1,000,000			-	1,000,000			1,000,000	1,000,000	1,000,000
2022 HS Multi-Sport Turf Field Installation #001-052		2,725,000			-	2,725,000			2,725,000	2,725,000	2,725,000
DASNY - HS Library Media Center	200,000	128,000		126,449	126,449	1,551		128,000		128,000	1,551
2022 Lease		100,600		100,600	100,600	-			100,600	100,600	-
Smart Schools Bond Act	877,590	880,067	877,590	2,477	880,067	-		880,067		880,067	-
	<u>\$ 17,954,526</u>	<u>\$ 25,475,604</u>	<u>\$ 8,991,112</u>	<u>\$ 3,447,759</u>	<u>\$ 12,438,871</u>	<u>\$ 13,036,733</u>	<u>\$ -</u>	<u>\$ 1,008,067</u>	<u>\$ 24,467,537</u>	<u>\$ 25,475,604</u>	13,036,733
											Less: Interfund transfer to general fund (1,412,940)
											Less: Smart Schools Bond Act not recognized (44,831)
											Less: DASNY grant not recognized (128,000)
											<u>\$ 11,450,962</u>

HUNTINGTON UNION FREE SCHOOL DISTRICT
Schedule Net Investment in Capital Assets
June 30, 2022

Capital assets, net	<u>\$ 28,403,112</u>
Deduct:	
Short-term portion of bonds payable	(200,000)
Long-term portion of bonds payable	(650,000)
Short-term portion of leases liabilities	(21,759)
Long-term portion of leases liabilities	<u>(89,653)</u>
	<u>(961,412)</u>
Net investment in capital assets	<u><u>\$ 27,441,700</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
Huntington Union Free School District
Huntington Station, New York

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

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Huntington Union Free School District in a separate letter dated October 5, 2022.

Purpose of this Report

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

Cullen & Danowski, LLP

October 5, 2022

