

**NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Northport-East Northport Union Free School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund of the Northport-East Northport Union Free School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 and the fiduciary fund of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 20 and 65 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary financial information as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary financial information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



R.S. Abrams & Co., LLP
Islandia, NY
October 14, 2021

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

The following is a discussion and analysis of the Northport-East Northport Union Free School District's (the "District") financial performance for the year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The general fund adopted budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020 for the year ending June 30, 2021, was \$172,752,759. This is an increase of \$1,675,091 or 0.98% over the previous year's budget and an increase of \$5,503,214 or 3.29% over the previous year's actual expenditures and transfers. As illustrated in the table below, although the adjusted budget increase from 2019-2020 to 2020-2021 was 0.98%, actual expenditures decreased over the same period of time by 1.02%.
- Total actual expenditures and transfers for the 2020-2021 fiscal year decreased by \$1,705,365 or 1.02% from the previous year's actual expenditures and transfers. This decrease was primarily due to a decrease in transfers to other funds offset by increases in instruction, pupil transportation and employee benefits.

	<u>Adopted Budget</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures</u>
2019 - 2020	\$171,077,668	\$171,852,926	\$167,249,545
2020 - 2021	\$172,752,759	\$173,957,777	\$165,544,180
Change	\$1,675,091	\$2,104,851	-\$1,705,365
Percentage Change	0.98%	1.22%	-1.02%

- The 2020-2021 adopted budget was adjusted for various items during the year. The final adjusted budget for the year ending June 30, 2021 was \$173,957,777. This difference of \$1,205,018 reflects the following adjustments: (1) roll-over of prior year (2019-2020) encumbrances of \$501,594, resulting in the original budget of \$173,254,353, (2) donations from various sources in the amount of \$3,424 and (3) additional use of employee benefit accrued liability reserve of \$700,000.
- The District implemented Governmental Accounting Standards Board Statement No. 84, "Fiduciary Activities," in 2021. This resulted in the restatement of opening net position for the district-wide financial statements and opening fund balance for the special revenue fund effective July 1, 2020. See note 20, "Prior Period Adjustment" for further information.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL HIGHLIGHTS (continued)

Key financial highlights for fiscal year 2021 are as follows: (continued)

- The 2020-2021 financial statements reflect actual revenues over the budgeted amount and actual expenditures and encumbrances under the budgeted amount. The budgetary savings of \$9,366,691 and how that savings was utilized is illustrated in the following table:

Revenues over budget	\$	1,831,622
Expenditures and encumbrances under budget		7,535,069
Total budgetary savings (revenues + expenditures)		9,366,691
Change in nonspendable (prepaid expenditures)		(79,854)
Transfer to Capital Reserve (established 2018)		(2,000,000)
Transfer to Capital Reserve (established 2021)		(2,000,000)
Transfer to Retirement Contribution Reserve		(1,621,530)
Transfer of interest earnings to reserves		(16,330)
Return of unused Unemployment Reserve		(5,000)
Transfer to assigned fund balance to lower the tax levy		(2,411,265)
Transfer to unassigned fund balance		(1,232,712)
Balance of budgetary savings	\$	-

- The 2020-2021 total budgetary savings was \$9,366,691. The District used \$2,411,265 or 26% of the total budgetary savings to lower the 2021-2022 tax levy. The District consistently uses budgetary savings to lower the tax levy. Last year, the District used 131% of its 2019-2020 total budgetary savings to lower the 2020-2021 tax levy.
- The 2020-2021 revenues were over budget by \$1,831,622. This reflects the net variance amount for all the revenue items. Significant revenue variances existed as a result of the following: (1) a payment of \$2,500,000 due to a legal settlement with LIPA regarding a dispute over the tax assessment of the Northport Power Plant reflected in the miscellaneous revenue as discussed later in this section of the financial statements, offset by (2) state aid in the amount of \$464,615 was never received due to estimates versus actuals for expenditure driven aids as well as state aid cuts; (3) \$156,030 was not received from sale of property and compensation for loss due to less insurance recoveries; (4) charges for services were less than expected by \$237,066.
- The 2020-2021 expenditures and encumbrances were under budget by \$7,535,069, primarily due to the following items: (1) actual utility costs for fuel oil, natural gas and electricity were less than anticipated; (2) actual maintenance and equipment repair costs were less than budgeted; (3) actual supplies and textbook costs were less than budgeted; (4) actual tuition for children with handicapping conditions were less than budgeted; (5) expenditures for salaries and contractual services were less than projected for pupil services; and (6) actual pupil transportation costs were less than budgeted. Please see 'General Fund Budgetary Highlights – Expenditures and Encumbrances Under Budget' for further discussion on this topic.
- The general fund total fund balance, as reflected on the balance sheet in the fund financial statements, increased by \$4,315,431 to \$28,371,874. This was due to the excess of revenues and other financing sources over expenditures and other financing uses.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL HIGHLIGHTS (continued)

Key financial highlights for fiscal year 2021 are as follows: (continued)

- The \$4,315,431 increase in the District's general fund balance from \$24,056,443 at June 30, 2020 to \$28,371,874 at June 30, 2021 is illustrated in the table below.

Fund Balance as of June 30, 2020	<u>\$ 24,056,443</u>
Increases to fund balance:	
Nonspendable - prepaids	79,854
Reserve for capital	4,002,506
Reserve for unemployment insurance	1,212
Reserve for insurance	75
Retirement contribution reserve - ERS	77,516
Retirement contribution reserve - TRS	1,407,078
Assigned fund balance (roll-over prior year encumbrances)	376,934
Unassigned fund balance	<u>1,232,712</u>
Total increases to fund balance	<u>7,177,887</u>
Decreases to fund balance	
Employee benefit accrued liability reserve	(745,730)
Workers' compensation reserve	(136,518)
Assigned appropriated fund balance	<u>(1,980,208)</u>
Total decreases to fund balance	<u>(2,862,456)</u>
Fund balance as of June 30, 2021	<u>\$ 28,371,874</u>

- The amount of the general fund unassigned fund balance as of June 30, 2021 is \$6,987,592. This is 4.00% of the District's 2021-2022 approved operating budget of \$174,689,788. The District is in compliance with the New York State Real Property Tax Law §1318 limit, which restricts the unassigned fund balance to an amount not greater than 4% of the District's budget for the upcoming school year. Maintaining the maximum unassigned fund balance provides financial protection for unforeseen expenditures or revenue shortfalls and helps to ensure that adequate cash flow is available for operating expenses.
- Chapter 97 of the Laws of 2011 established a tax levy limit that affected all local governments, most school districts and independent taxing entities such as library, fire and water districts. The law has been referred to as the "2% property tax cap". Under this law, the growth in the property tax levy is capped at 2% or the rate of inflation, whichever is less, with some exceptions. School districts have the ability to override the cap by obtaining a super majority, or 60% approval by the District's budget voters. The District's 2020-2021 projected tax levy was under the 2% property tax cap for the thirteenth consecutive year.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended June 30, 2021

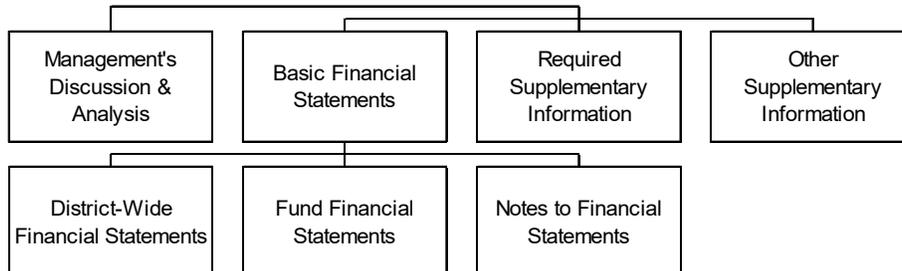
FINANCIAL HIGHLIGHTS (continued)

Key financial highlights for fiscal year 2021 are as follows: (continued)

- The District established and funded allowable reserves in anticipation of the 2% property tax cap and the pending LIPA tax certiorari on the Northport Power Plant. Reserve funds provide the District with a legal channel to save money for future needs. As part of the District's long range financial plan, these incremental savings have helped to alleviate the financial impact of the 2% property tax cap. The Northport Power Plant currently pays approximately \$54.2 million in taxes to the Northport-East Northport School District. The plant's assessed valuation represents approximately 36% of the total assessed valuation of the School District. In July and August of 2020, the Board of Education voted to approve the terms of a settlement between the School District, the Town of Huntington and LIPA, which resolves the School District's breach of contract case, and was subsequently approved by the Town of Huntington. The settlement terms include a reduction of the assessed value of the Northport Power Plant over a 7-year period resulting in a gradual reduction of total taxes paid to jurisdictions thereby reducing the Northport Power Plant school taxes from \$56 million to approximately \$32 million over the 7-year period rather than an immediate reduction in taxes, together with a phased-in payment of \$14.5 million directly to the School District to mitigate the loss of tax revenue from the Northport Power Plant.
- On the district-wide financial statements, total net position decreased by \$28,385,088 or 19.3% to (\$175,559,335) for the year ended June 30, 2021, compared to (\$147,174,247) at June 30, 2020. The decrease in net position is primarily the result of the increase of the unfunded addition to the total other postemployment benefit (OPEB) liability, and increase in the net pension liability for the New York State Teachers' Retirement System, offset by a decrease in the net pension liability for the New York State Employees' Retirement System.
- The District's total OPEB liability amounted to \$319,235,637 as of June 30, 2021, which is an increase of \$27,104,351 over the prior year amount. See Note 14 for further detail.
- On the district-wide financial statements, the District's expenses for the year totaled \$202,095,474. Of this amount, \$4,547,503 was offset by program charges for services and operating grants. General revenues of \$169,162,883 amount to 97.38% of total revenues, and were not adequate to cover the balance of program expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

The district-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances. These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Financial Statements

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as custodian or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

The District's total net position decreased by \$28,380,088 between fiscal year 2021 and 2020. A summary of the District's Statements of Net Position follows.

	6/30/2021	6/30/2020*	Change	Percent Change
Current and other assets	\$ 52,670,330	\$ 48,206,674	\$ 4,463,656	9.3%
Capital assets, net	103,772,352	103,357,393	414,959	0.4%
Net pension asset - proportionate share		10,776,144	(10,776,144)	-100.0%
Total assets	<u>156,442,682</u>	<u>162,340,211</u>	<u>(5,897,529)</u>	-3.6%
Deferred outflows of resources	<u>97,796,378</u>	<u>101,339,632</u>	<u>(3,543,254)</u>	-3.5%
Other liabilities	15,193,894	50,953,594	(35,759,700)	-70.2%
Non-current liabilities	383,134,753	318,508,566	64,626,187	20.3%
Net pension liability - proportionate share	<u>11,492,380</u>	<u>12,759,810</u>	<u>(1,267,430)</u>	-9.9%
Total liabilities	<u>409,821,027</u>	<u>382,221,970</u>	<u>27,599,057</u>	7.2%
Deferred inflows of resources	<u>19,977,368</u>	<u>28,632,120</u>	<u>(8,654,752)</u>	-30.2%
Net position:				
Net investment in capital assets	51,997,423	52,271,355	(273,932)	-0.5%
Restricted	19,771,168	16,309,251	3,461,917	21.2%
Unrestricted (deficit)	<u>(247,327,926)</u>	<u>(215,754,853)</u>	<u>(31,573,073)</u>	-14.6%
Total net position (deficit)	<u>\$ (175,559,335)</u>	<u>\$ (147,174,247)</u>	<u>\$ (28,385,088)</u>	19.3%

* Current and other assets and restricted net position for 2020 have been restated. See Note 20 for further information.

Current and other assets increased by \$4,463,656, as compared to the prior year. The increase is primarily related to increases in cash and amounts due from state and federal.

Capital assets, net increased by \$414,959, as compared to the prior year. This increase was the result of asset purchases, offset by depreciation expense during the year. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

Condensed Statement of Net Position (continued)

Net pension asset – proportionate share decreased by \$10,776,144, as compared to the prior year. This asset represents the District's share of the New York State Teachers' Retirement System's collective net pension asset at the measurement date of the respective year. The plan reported a net pension liability as of June 30, 2021.

Deferred outflows of resources decreased by \$3,543,254 as compared to the prior year. The deferred outflows of resources represents contributions to the state retirement plan subsequent to the measurement dates and actuarial adjustments at the plan level that will be amortized in future years, as well as actuarial adjustments and differences between expected and actual experience relating to the other postemployment benefits plan which will be amortized in future years.

Other liabilities decreased by \$35,759,700, as compared to the prior year. This decrease was primarily related to the repayment of bond anticipation notes during the year with the issuance of general obligation bonds, and a decrease in amounts due to other governments, offset by increases in accounts payable, accrued liabilities, and the amount due to the teachers' retirement system.

Noncurrent liabilities increased by \$64,626,187, as compared to the prior year. This increase was primarily in connection with the increase in the total other postemployment benefit liability accrual, and the issuance of general obligation bonds. The increase was offset by the payment of principal on serial bonds and energy performance contract. See Note 11 for additional information.

Net pension liability – proportionate share decreased by \$1,267,430 in the current year. This liability represents the District's share of the New York State and Local Employees' Retirement System and New York State Teachers' Retirement System's net pension liability at the measurement date of the respective year.

Deferred inflows of resources represent actuarial adjustments at the pension plan level that will be amortized in future years, as well as actuarial adjustments relating to the other postemployment benefits plan which will be amortized in future years. This amount decreased by \$8,654,752, as compared to the prior year due to changes in the actuarial adjustments.

The net investment in capital assets relates to the investment in capital assets at cost such as - buildings and improvements, and furniture and equipment, net of depreciation and related debt. This decreased over the prior year by \$273,932 due to the issuance of general obligation serial bonds, and current year depreciation expense, offset by additions to construction in progress, buildings and improvements and furniture, equipment and vehicles plus current year bond principal payments, and a decrease in bond anticipation notes payable.

The restricted net position at June 30, 2021 is \$19,771,168 and is composed of the District's restricted general fund reserves, amounts restricted for scholarships and extraclassroom activities in the special revenue fund, amounts restricted for debt service in the debt service fund, and the capital reserve and unspent bond proceeds in the capital projects fund as seen in the fund balance section on the balance sheet – governmental funds.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Condensed Statement of Net Position (continued)

The unrestricted deficit amount of \$(247,327,926) relates to the balance of the District's net position. This balance does not include the District's reserves or amounts restricted for specific purposes, which are classified as restricted. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis and is not permitted to accumulate funds for the total OPEB liability. This deficit increased over the prior year by \$31,573,073 primarily as a result of the increase of the unfunded addition to the total OPEB liability and increase in the net pension liability for the New York State Teachers' Retirement System, offset by a decrease in the net pension liability for the New York State Employees' Retirement System.

The District's total net position decreased by \$28,385,088 or 19.3% to \$(175,559,335) for the year ended June 30, 2021, compared to \$(147,174,247) at June 30, 2020.

Changes in Net Position from Operating Results

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the MD&A, STAR (school tax relief) revenue is included in the "Property Taxes" line. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

	6/30/2021	6/30/2020*	Increase (Decrease)	Percent Change
Revenues				
Program revenues:				
Charges for services	\$ 950,569	\$ 1,728,080	\$ (777,511)	-45.0%
Operating grants	3,596,934	2,917,979	678,955	23.3%
General revenues:				
Property taxes and STAR	149,718,275	149,717,642	633	0.0%
Other tax items	8,983	12,539	(3,556)	-28.4%
State aid	15,256,114	15,638,222	(382,108)	-2.4%
Federal aid - medicaid reimbursement	116,291	154,735	(38,444)	-24.8%
Other	4,063,220	2,350,269	1,712,951	72.9%
Total revenues	<u>173,710,386</u>	<u>172,519,466</u>	<u>1,190,920</u>	0.7%
Expenses				
General support	26,547,690	29,488,453	(2,940,763)	-10.0%
Instruction	163,129,673	157,279,431	5,850,242	3.7%
Pupil transportation	8,683,554	7,136,033	1,547,521	21.7%
Community services	129,418	561,714	(432,296)	-77.0%
Debt service - interest	1,930,314	1,936,026	(5,712)	-0.3%
School lunch program	1,674,825	1,545,418	129,407	8.4%
Total expenses	<u>202,095,474</u>	<u>197,947,075</u>	<u>4,148,399</u>	2.1%
Extraordinary item		(1,644,109)	1,644,109	-100.0%
Decrease in net position	(28,385,088)	<u>\$ (27,071,718)</u>	<u>\$ (1,313,370)</u>	4.9%
Net position - beginning, as restated	<u>(147,174,247)</u>			
Net position - ending	<u>\$ (175,559,335)</u>			

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in Net Position from Operating Results (continued)

* Other revenues and instruction expenses for 2020 were restated to conform to the current year presentation as a result of the implementation of GASB Statement No. 84.

The District's net position decreased by \$28,385,088 for the year ended June 30, 2021. The District's net position decreased by \$27,071,718 for the year ended June 30, 2020.

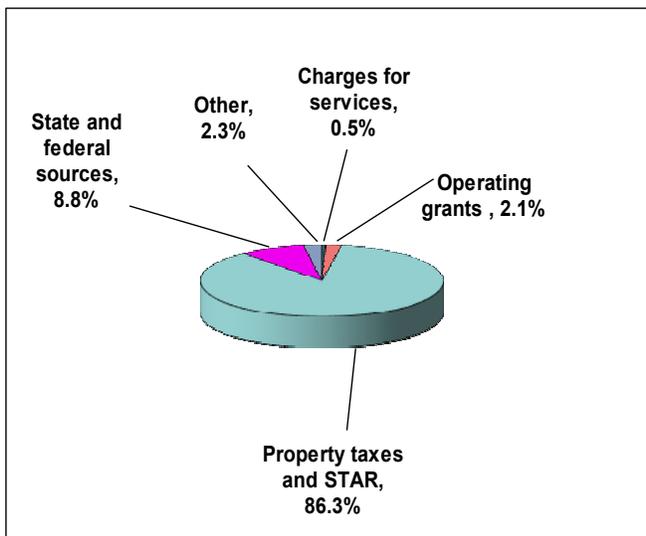
The District's revenues increased by \$1,190,920 or 0.7% for the year ended June 30, 2021. The main areas of increase were in operating grants and other revenues. The increase in other revenues was primarily due to the settlement payment from LIPA. See Note 19.C for additional information. The increases in operating grants and other revenues were offset by decreases in charges for services, and state aid.

The District's expenses increased by \$4,148,399 or 2.1% for the year ended June 30, 2021. The increase was primarily the result of the increase in the District's share of the New York State Teachers' and Employees' Retirement System's collective net pension costs and an increase in the OPEB liability.

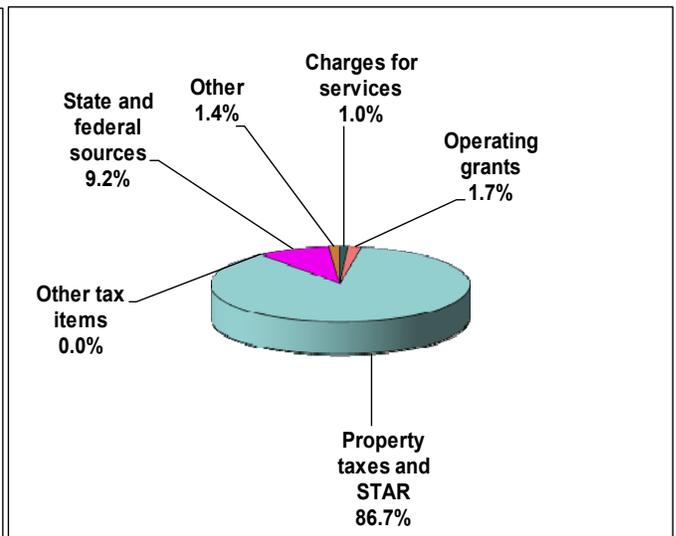
As indicated on the pie charts that follow, property taxes and STAR is the largest component of revenues recognized, representing 86.3% of the total revenues for the year ended June 30, 2021. Instruction expenses are the largest category of expenses incurred at 80.7% of the total expenses for the year ended June 30, 2021.

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

Sources of Revenues for Fiscal Year 2021



Sources of Revenues for Fiscal Year 2020



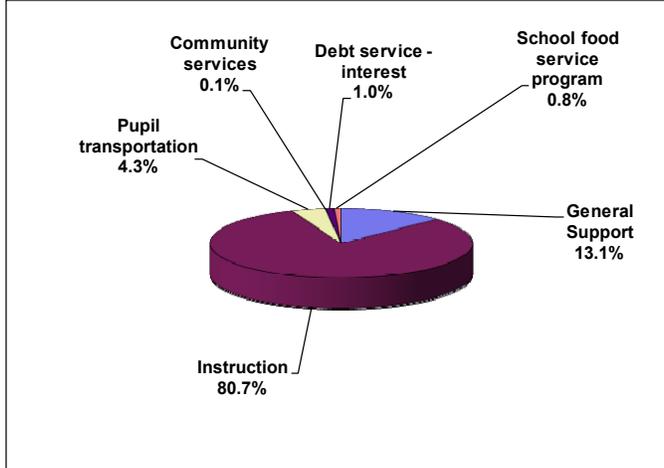
NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

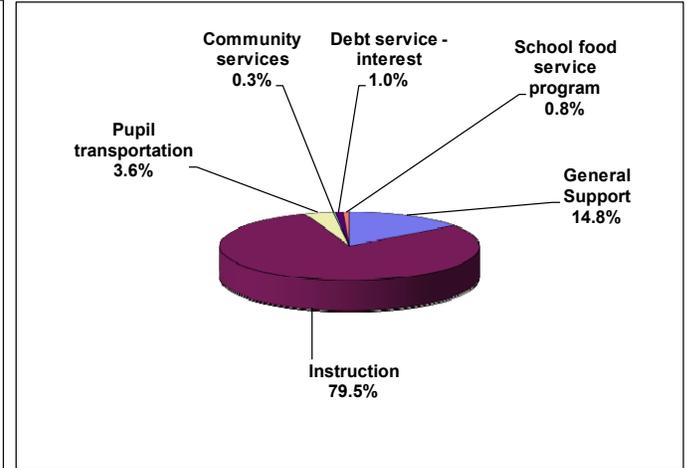
Changes in Net Position from Operating Results (continued)

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

Expenses for Fiscal Year 2021



Expenses for Fiscal Year 2020



NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$37,881,333, which is an increase of \$40,649,165 from the prior year. A summary of the change in fund balance by fund is as follows:

	<u>6/30/2021</u>	<u>6/30/2020*</u>	Increase (Decrease)
General Fund			
Nonspendable:			
Prepays	\$ 1,983,291	\$ 1,903,437	\$ 79,854
Restricted:			
Capital	5,694,661	1,692,155	4,002,506
Unemployment Insurance	832,285	831,073	1,212
Insurance	51,264	51,189	75
Employee Benefit			
Accrued Liability	2,232,882	2,978,612	(745,730)
Workers' Compensation	2,391,694	2,528,212	(136,518)
Retirement Contribution	4,908,412	3,423,818	1,484,594
Total Restricted	<u>16,111,198</u>	<u>11,505,059</u>	<u>4,606,139</u>
Assigned	3,289,793	4,893,067	(1,603,274)
Unassigned	6,987,592	5,754,880	1,232,712
	<u>28,371,874</u>	<u>24,056,443</u>	<u>4,315,431</u>
Special Revenue Fund			
Restricted:			
Scholarships	48,401	57,285	(8,884)
Extraclassroom	297,116	276,752	20,364
	<u>345,517</u>	<u>334,037</u>	<u>11,480</u>
School Food Service Fund			
Nonspendable:			
Inventory	48,078	68,272	(20,194)
Assigned	105,381	114,025	(8,644)
	<u>153,459</u>	<u>182,297</u>	<u>(28,838)</u>
Debt Service Fund			
Restricted:			
Debt service	1,034,907		1,034,907
	<u>1,034,907</u>	<u>-0-</u>	<u>1,034,907</u>
Capital Projects Fund			
Restricted:			
Capital	2,279,546	4,470,155	(2,190,609)
Unspent bond proceeds	3,255,040		3,255,040
Assigned	2,440,990		2,440,990
Unassigned (deficit)		(31,810,764)	31,810,764
	<u>7,975,576</u>	<u>(27,340,609)</u>	<u>35,316,185</u>
Total Fund Balance (Deficit)	<u>\$ 37,881,333</u>	<u>\$ (2,767,832)</u>	<u>\$ 40,649,165</u>

*Fund balance in the Special Revenue Fund for 2020 has been restated. See Note 20 for further information.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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

General Fund

The fund balance in the general fund increased by \$4,315,431. This increase was due to budgetary savings offset by planned utilization of reserves and excess fund balance. Budgetary savings were achieved because revenues were higher than anticipated, and costs were lower than anticipated. The following budgetary items accounted for these savings: (1) actual utility costs for fuel oil, natural gas and electricity were less than anticipated; (2) actual maintenance and equipment repair costs were less than budgeted; (3) actual supplies and textbook costs were less than budgeted; (4) actual contractual services for children with handicapping conditions were less than budgeted; (5) expenditures for salaries and contractual services were less than projected for pupil services; and (6) actual transportation costs were less than budgeted.

Special Revenue Fund

The fund balance in the special revenue fund increased by \$11,480, as compared to the prior year fund balance, as restated. The increase was primarily due to an increase in fund balance restricted for extraclassroom activities, offset by a decrease in fund balance restricted for scholarships.

Debt Service Fund

The fund balance in the debt service fund increased by \$1,034,907, as compared to the prior year due to premiums received on the issuance of general obligation bonds, which will be utilized to reduce debt service expense in future years.

School Food Service Fund

The school food service fund balance decreased by \$28,838, as compared to the prior year.

The general fund will continue to subsidize the school food service fund in 2021-2022 by a budgeted interfund transfer of \$200,000.

Capital Projects Fund

The capital projects fund balance increased by \$35,316,185 due to the issuance of general obligation serial bonds to fund capital projects, offset by capital project expenditures during the year.

General Fund Budgetary Highlights

2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was \$172,752,759. This amount was increased by encumbrances carried forward from the prior year in the amount of \$501,594, and various budget revisions resulting in additional increases of \$703,424 for a total final budget of \$173,957,777.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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

General Fund Budgetary Highlights (continued)

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

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

Opening, Unassigned Fund Balance	\$ 5,754,880
Revenues Over Budget	1,831,622
Expenditures and Encumbrances Under Budget	7,535,069
Increase in Nonspendable Fund Balance	(79,854)
Unused Appropriated Reserves	(5,000)
Transfer to Reserves (Restricted)	(5,637,860)
Assigned - Appropriated for 2021-22 Budget	(2,411,265)
Closing, Unassigned Fund Balance	<u>\$ 6,987,592</u>

Opening, Unassigned Fund Balance

The \$5,754,880 shown in the table is the portion of the District's June 30, 2020 fund balance that was reported as unassigned. This is 3.33% of the District's 2020-21 approved operating budget of \$172,752,759.

Revenues Over Budget

The 2020-2021 final budget for revenues, transfers and appropriated fund balance and reserves was \$173,957,777. Reflected in this budget were the following components: (1) assigned fund balance in the amount of \$4,391,473; (2) appropriated fund balance reserves in the amount of \$1,036,721; (3) encumbrances rolled forward from 2019-2020 in the amount of \$501,594 and (4) estimated revenue of \$168,027,989. Actual revenues and other sources received for the year were \$169,859,611. The excess of actual revenues and other sources over estimated or budgeted revenues amounted to \$1,831,622. This reflects the net variance amount for all revenue streams combined. Significant revenue variances existed as a result of the following: (1) miscellaneous revenues exceeded budgeted amounts by \$2,616,522 due to a payment relating to a settlement agreement with LIPA, offset by (2) state aid in the amount of \$464,615 was never received due to estimates versus actuals for expenditure driven aids and state aid cuts; (3) charges for services were less than expected by \$237,066.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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

General Fund Budgetary Highlights (continued)

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures and transfers, including prior year open encumbrances and budget revisions amounted to \$173,957,777. Actual expenditures and transfers as of June 30, 2021 were \$165,544,180, and outstanding encumbrances were 878,528. Combined, the expenditures plus encumbrances for 2020-2021 were \$166,422,708. The final budget was under-expended by \$7,535,069. Budget categories which contributed significantly to the under-expenditure are: (1) actual utility costs for fuel oil, natural gas and electricity were less than anticipated; (2) actual maintenance and equipment repair costs were less than budgeted; (3) actual supplies and textbook costs were less than budgeted; (4) actual contractual services for children with handicapping conditions were less than budgeted; (5) expenditures for salaries and contractual services were less than projected for pupil services; (6) actual transportation costs were less than budgeted; and (7) actual employee benefit costs were less than budgeted.

Expenditures and current year encumbrances under budget contribute directly to the change in the unassigned portion of the general fund - fund balance from June 30, 2020 to June 30, 2021.

Increase in Nonspendable Fund Balance

Nonspendable fund balance consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Increases to the nonspendable fund balance decreases the District's unassigned portion of the fund balance by the amount of the increase. The \$79,854 in the table on the previous page reflects the net increase to prepaids, specifically health, dental and ancillary insurances provided to employees and retirees.

Unused Appropriated Reserves

The District did not utilize the appropriated reserve for unemployment during the 2020-2021 year as originally anticipated, therefore \$5,000 was returned to the reserve.

Transfer to Reserves (Restricted)

Monies transferred from budget lines within the general fund operations into required reserves such as the workers' compensation reserve, the unemployment insurance reserve, capital reserve, employee benefit accrued liability reserve, and the retirement contribution reserve do not affect the combined nonspendable, restricted, assigned and unassigned fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned portion of the fund balance by the amount of the transfer. The \$5,637,860 in the previously presented table reflects the net interest transferred into the reserves of \$16,330, plus transfers of \$2,000,000 into the 2018 capital reserve, \$2,000,000 into the 2021 capital reserve, and \$1,621,530 into the retirement contribution reserve.

Assigned - Appropriated Fund Balance

The District has chosen to use \$2,411,265 of its available June 30, 2021 fund balance to partially fund its 2021-2022 approved operating budget. The District's long-term goal is to annually reduce the amount of the assigned fund balance. The assigned fund balance has been decreased from \$4,391,473 in 2020-2021 to \$2,411,265 in 2021-2022.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

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

General Fund Budgetary Highlights (continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the District will begin the 2021-2022 fiscal year with an unassigned fund balance of \$6,987,592. This is an increase of \$1,232,712 as compared to the prior year. This is 4.00% of the District's 2021-2022 approved operating budget of \$174,689,788. The District's unassigned fund balance was in compliance with the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, including land, construction in progress, buildings and improvements, site improvements, and furniture, equipment and vehicles. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of depreciation, at June 30, 2021 and 2010 is as follows:

Category	6/30/21	6/30/20	% Change
Land	\$ 1,336,364	\$ 1,336,364	0.0%
Construction-in-progress	337,154	34,216,362	-99.0%
Buildings and improvements	88,096,773	62,433,396	41.1%
Site improvements	10,378,526	1,558,256	566.0%
Furniture, equipment and vehicles	3,623,535	3,813,015	-5.0%
Totals	<u>\$ 103,772,352</u>	<u>\$ 103,357,393</u>	0.4%

Capital additions for the year ended June 30, 2021 were \$5,580,167. Depreciation expense for the year totaled \$5,165,208.

Debt Administration

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

At June 30, 2021, the District had total bonds payable, inclusive of unamortized premiums, of \$44,707,804 and energy performance contract debt of \$10,322,165. The increase in outstanding total bonds payable, inclusive of unamortized premiums represents the issuance of general obligation bonds with premiums, offset by scheduled principal payments and the amortization of premiums.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

A summary of the long-term liabilities at June 30, 2021 and 2020 is as follows:

Category	6/30/21	6/30/20	% Change
General obligation bonds, inclusive of unamortized premiums	\$ 44,707,804	\$ 6,485,000	589.4%
Energy performance contract debt	10,322,165	10,924,971	-5.5%
Compensated absences	5,929,147	6,387,473	-7.2%
Workers' compensation claims payable	2,940,000	2,579,836	14.0%
Total OPEB liability	319,235,637	292,131,286	9.3%
Net pension liability - proportionate share	11,492,380	12,759,810	-9.9%
Totals	<u>\$ 394,627,133</u>	<u>\$ 331,268,376</u>	19.1%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 15, 2021, for the year ending June 30, 2022, is \$174,689,788. This is an increase of \$1,937,029 or 1.12% over the previous year's adopted budget.

The District's adopted budget reflects non-property tax revenues at an increase of \$3,917,237 from the current year's estimate. The adopted budget reflects an increase in property tax revenues of 0.00%. The District's legally allowable tax levy limit was 0.98%. The assigned - appropriated fund balance applied to the June 30, 2022 budget to reduce taxes in the amount of \$2,411,265 is a decrease of \$1,908,208, as compared to the current year.

New York State enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions, which includes a 2% property tax cap for municipalities and most school districts. For fiscal years beginning in 2012, no school district is authorized to increase its property tax levy by more than 2% or the rate of inflation (whichever is less); however there are permitted exceptions and adjustments. School districts can exceed the tax levy limit only by a 60% favorable vote by District's budget voters. The 0.00% increase in the property tax levy for 2021-2022 is in compliance with Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

The Long Island Power Authority ("LIPA") and National Grid have initiated tax certiorari proceedings challenging the property tax assessment of the Northport Power Plant. The Northport Power Plant currently pays approximately \$54.2 million in taxes to the District. The District filed suit against LIPA and National Grid in May 2011 alleging a breach of contract after LIPA and National Grid filed the tax certiorari proceedings. In July and August of 2020, the Board of Education voted to approve the terms of a settlement between the School District, the Town of Huntington and LIPA, which resolves the School District's breach of contract case, and was subsequently approved by the Town of Huntington. The settlement terms include a reduction of the assessed value of the North port Power Plant over a 7-year period resulting in a gradual reduction of total taxes paid to jurisdictions thereby reducing the Northport Power Plant school taxes from \$56 million to approximately \$32 million over the 7-year period rather than an immediate reduction in taxes, together with a phased-in payment of \$14.5 million directly to the School District to mitigate the loss of tax revenue from the Northport Power Plant.

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:

Northport – East Northport Union Free School District
Robert Howard
Assistant Superintendent for Business
P.O. Box 210
Northport, New York 11768
(631) 262-6632

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

ASSETS

Cash			
Unrestricted		\$	22,769,541
Restricted			23,026,339
Receivables:			
Due from state and federal			2,132,408
Due from other governments			2,687,855
Other			22,818
Inventories			48,078
Prepaid expenditures			1,983,291
	Total Current Assets		<u>52,670,330</u>
Non-depreciable capital assets			1,673,518
Depreciable capital assets, net of depreciation			102,098,834
	Total Non-Current Assets		<u>103,772,352</u>
	Total Assets		<u>156,442,682</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions			51,442,881
Other postemployment benefits			46,353,497
	Total Deferred Outflows of Resources		<u>97,796,378</u>

LIABILITIES

Accounts payable			2,825,459
Accrued liabilities			2,326,795
Due to other governments			70,431
Accrued interest payable			930,129
Due to teachers' retirement system			7,160,058
Due to employees' retirement system			811,701
Compensated absences			643,967
Unearned revenue			425,354
Non-current liabilities:			
Due and payable within one year:			
General obligation bonds payable, inclusive of unamortized premiums			2,996,955
Energy performance contract payable			622,250
Compensated absences payable			296,457
Workers' compensation claims payable			617,400
Due and payable after one year:			
General obligation bonds payable, inclusive of unamortized premiums			41,710,849
Energy performance contract payable			9,699,915
Compensated absences payable			5,632,690
Workers' compensation claims payable			2,322,600
Total other postemployment benefit liability			319,235,637
Net pension liability - proportionate share - pensions			11,492,380
	Total Liabilities		<u>409,821,027</u>

DEFERRED INFLOWS OF RESOURCES

Pensions			19,977,368
	Total Deferred Inflows of Resources		<u>19,977,368</u>

NET POSITION

Net investment in capital assets			51,997,423
Restricted			19,771,168
Unrestricted (deficit)			<u>(247,327,926)</u>
	Total Net Position (Deficit)		<u>\$ (175,559,335)</u>

See Notes to Financial Statements.

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General support	\$ 26,547,690			\$ (26,547,690)
Instruction	163,129,673	\$ 643,385	\$ 2,437,834	(160,048,454)
Pupil transportation	8,683,554			(8,683,554)
Community service	129,418			(129,418)
Debt service - interest	1,930,314			(1,930,314)
School food service program	1,674,825	307,184	1,159,100	(208,541)
Total Functions and Programs	<u>\$ 202,095,474</u>	<u>\$ 950,569</u>	<u>\$ 3,596,934</u>	<u>(197,547,971)</u>
GENERAL REVENUES				
Real property taxes				143,409,427
School tax relief reimbursement				6,308,848
Other tax items				8,983
Use of money and property				220,690
Sale of property and compensation for loss				8,970
State sources				15,256,114
Medicaid reimbursement				116,291
Miscellaneous				3,833,560
Total General Revenues				<u>169,162,883</u>
Change in Net Position				(28,385,088)
Total Net Position (Deficit)- Beginning of year, as restated (see note 20)				<u>(147,174,247)</u>
Total Net Position (Deficit) - End of year				<u>\$ (175,559,335)</u>

See Notes to Financial Statements.

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General	Special Aid	Special Revenue	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 19,807,115	\$ 542,461		\$ 163,821		\$ 2,256,144	\$ 22,769,541
Restricted	16,111,198		\$ 345,517		\$ 1,035,038	5,534,586	23,026,339
Receivables:							
Due from state and federal	984,266	913,573		124,056		110,513	2,132,408
Due from other governments	2,687,855						2,687,855
Due from other funds	1,939,789					641,690	2,581,479
Accounts receivable	18,094			4,724			22,818
Inventories				48,078			48,078
Prepaid expenditures	1,983,291						1,983,291
Total Assets	<u>\$ 43,531,608</u>	<u>\$ 1,456,034</u>	<u>\$ 345,517</u>	<u>\$ 340,679</u>	<u>\$ 1,035,038</u>	<u>\$ 8,542,933</u>	<u>\$ 55,251,809</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 2,360,012	\$ 8,160		\$ 562		\$ 456,725	\$ 2,825,459
Accrued liabilities	2,317,286			9,509			2,326,795
Due to other funds	1,075,651	1,399,666		105,912	\$ 131	119	2,581,479
Due to other governments	64,262	6,077		92			70,431
Due to teachers' retirement system	7,160,058						7,160,058
Due to employees' retirement system	811,701						811,701
Compensated absences	643,967						643,967
Unearned revenues	312,078	42,131		71,145			425,354
Total Liabilities	<u>14,745,015</u>	<u>1,456,034</u>	<u>-0-</u>	<u>187,220</u>	<u>131</u>	<u>456,844</u>	<u>16,845,244</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	414,719					110,513	525,232
Total Deferred Inflows of Resources	<u>414,719</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>110,513</u>	<u>525,232</u>
FUND BALANCES							
Nonspendable:							
Inventory				48,078			48,078
Prepays	1,983,291						1,983,291
Restricted:							
Capital	5,694,661					2,279,546	7,974,207
Unspent bond proceeds						3,255,040	3,255,040
Unemployment Insurance	832,285						832,285
Insurance	51,264						51,264
Employee Benefit Accrued Liability	2,232,882						2,232,882
Workers' Compensation	2,391,694						2,391,694
Retirement Contribution - ERS	2,691,442						2,691,442
Retirement Contribution - TRS	2,216,970						2,216,970
Debt Service					1,034,907		1,034,907
Scholarships			48,401				48,401
Extraclassroom			297,116				297,116
Assigned:							
Assigned Appropriated	2,411,265						2,411,265
Assigned Unappropriated	878,528			105,381		2,440,990	3,424,899
Unassigned	6,987,592						6,987,592
Total Fund Balances (Deficit)	<u>28,371,874</u>	<u>-0-</u>	<u>\$ 345,517</u>	<u>153,459</u>	<u>1,034,907</u>	<u>7,975,576</u>	<u>37,881,333</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)	<u>\$ 43,531,608</u>	<u>\$ 1,456,034</u>	<u>\$ 345,517</u>	<u>\$ 340,679</u>	<u>\$ 1,035,038</u>	<u>\$ 8,542,933</u>	<u>\$ 55,251,809</u>

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
 June 30, 2020

Total Governmental Fund Balances (Deficit) \$ 37,881,333

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

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

Capital assets - non-depreciable	\$ 1,673,518	
Capital assets - depreciable	166,824,295	
Accumulated depreciation	<u>(64,725,461)</u>	103,772,352

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

Accrued interest payable	(930,129)	
General obligation bonds payable, inclusive of unamortized premiums	(44,707,804)	
Energy performance contract payable	(10,322,165)	
Workers' compensation claims payable	(2,940,000)	
Compensated absences payable	<u>(5,929,147)</u>	(64,829,245)

Revenue that was deferred on the fund statements because it does not meet the availability criteria under the modified accrual basis of accounting is not deferred in the Statement of Net Position. 525,232

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

Other postemployment benefit - deferred outflows	46,353,497	
Pensions - deferred outflows	<u>51,442,881</u>	97,796,378

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

Net pension liability-proportionate share - pensions	(11,492,380)	
Total other postemployment benefit liability	(319,235,637)	
Pensions - deferred inflows	<u>(19,977,368)</u>	<u>(350,705,385)</u>

Net Position (Deficit) of Governmental Activities \$ (175,559,335)

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General	Special Aid	Special Revenue	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	\$143,409,427						\$ 143,409,427
School tax relief reimbursement	6,209,386						6,209,386
Other tax items	8,983						8,983
Charges for services	645,434						645,434
Use of money and property	220,610		\$ 34	\$ 46			220,690
Sale of property and compensation for loss	8,970						8,970
State aid	15,474,808	\$ 715,487		19,054			16,209,349
Sales - school lunch				307,184			307,184
Miscellaneous	3,273,446	4,887	248,551	3,963			3,530,847
Federal aid - Medicaid reimbursement	116,291						116,291
Federal aid	184,656	1,532,804		1,023,606			2,741,066
Surplus food				116,440			116,440
Total Revenues	169,552,011	2,253,178	248,585	1,470,293	\$ -0-	\$ -0-	173,524,067
EXPENDITURES							
General support	19,135,548						19,135,548
Instruction	93,177,753	2,516,626					95,694,379
Pupil transportation	7,906,533	46,410					7,952,943
Community service	90,466	1,058					91,524
Employee benefits	39,201,282			279,763			39,481,045
Debt service:							
Principal	3,227,806						3,227,806
Interest	1,697,090						1,697,090
Cost of sales				1,399,404			1,399,404
Scholarships and awards			35,850				35,850
Extraclassroom activities			201,255				201,255
Capital outlay						5,184,766	5,184,766
Total Expenditures	164,436,478	2,564,094	237,105	1,679,167	-0-	5,184,766	174,101,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,115,533	(310,916)	11,480	(208,874)	-0-	(5,184,766)	(577,543)
OTHER FINANCING SOURCES AND (USES)							
Proceeds of debt						38,280,000	38,280,000
Bans redeemed from appropriation						500,000	500,000
Premium	307,600				1,034,907	1,104,201	2,446,708
Operating transfers in		310,916		180,036		616,750	1,107,702
Operating transfers (out)	(1,107,702)						(1,107,702)
Total Other Sources (Uses)	(800,102)	310,916	-0-	180,036	1,034,907	40,500,951	41,226,708
Net change in fund balance	4,315,431	-0-	11,480	(28,838)	1,034,907	35,316,185	40,649,165
Fund balance - Beginning of year, as restated (see note 20)	24,056,443	-0-	334,037	182,297	-0-	(27,340,609)	(2,767,832)
Fund balance - End of year	<u>\$ 28,371,874</u>	<u>\$ -0-</u>	<u>\$ 345,517</u>	<u>\$ 153,459</u>	<u>\$ 1,034,907</u>	<u>\$ 7,975,576</u>	<u>\$ 37,881,333</u>

See Notes to Financial Statements.

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net Changes in Fund Balances - Total Governmental Funds \$ 40,649,165

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

Long-term revenue and expense differences

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

State aid	\$ (218,694)	
Charges for services	(2,049)	
Miscellaneous	99,462	(121,281)

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

Compensated absences payable		458,326
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in net position.

Workers' compensation claims payable		(360,164)
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Pension differences

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

Teachers' Retirement System	(8,746,139)	
Employees' Retirement System	992,345	(7,753,794)

Other postemployment benefit (OPEB) differences

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

(23,747,773)

Capital related differences

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

Capital outlay	5,580,167	
Depreciation expense	(5,165,208)	414,959

Long-term debt transaction differences

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

Issuance of debt	(38,280,000)	
Repayment of bond principal	2,125,000	
Premiums received	(2,139,108)	
Amortization of bond premiums	71,304	
Repayment of energy performance contract	602,806	(37,619,998)

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

(304,528)

Change in Net Position of Governmental Activities \$ (28,385,088)

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2021

	Custodial
ADDITIONS	
Property taxes received for other governments	\$ 10,151,300
Total Additions	10,151,300
 DEDUCTIONS	
Property taxes paid to other governments	10,151,300
Total Deductions	10,151,300
Change in Net Position	-0-
Net Position - Beginning of year	-0-
Net Position - End of year	\$ -0-

Note to the Statement of Changes in Fiduciary Net Position:
A Statement of Fiduciary Net Position has not been presented as the District did not hold any assets, liabilities or net position in the fiduciary funds as of June 30, 2021.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

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

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

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

Governmental Funds:

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

C. Basis of Presentation (continued)

Fund Financial Statements (continued)

Debt Service Fund – This fund is used to account for the accumulation of resources that are restricted for the payment of principal and interest on general long-term debt obligations.

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

Fiduciary Funds – These funds are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The District's fiduciary fund statements include the custodial fund, where assets and liabilities are held by the District as a custodian.

D. Measurement Focus and Basis of Accounting

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

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

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

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Use of Estimates

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

F. Cash and Cash Equivalents/Investments

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

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

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

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

G. Real Property Taxes

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

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

H. Restricted Resources

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

I. Receivables

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Interfund Transactions

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

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

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

K. Inventories and Prepaid Items

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

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

Prepaid expenditures represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. Nonspendable fund balance for prepaids has been recognized to indicate that this does not constitute available spendable resources.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and improvements	\$ 15,000	Straight line	20-50 years
Site improvements	\$ 15,000	Straight line	20 years
Furniture, equipment and vehicles	\$ 1,000	Straight line	5-20 years

M. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported deferred outflows of resources related to pensions and the other postemployment benefits reported in the District-Wide Statement of Net Position and are detailed further in Note 12 and Note 14.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions reported in the District-Wide Statement of Net Position and are detailed further in Note 12.

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Unearned Revenues

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized. At June 30, 2021, the District recorded unearned revenues in the general fund of \$312,078 for retiree health insurance contributions and summer program fees, \$42,131 in the special aid fund for local grants where expenditures have not been incurred and \$71,145 in the school food service fund for prepaid lunch amounts.

O. Vested Employee Benefits

Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may be eligible to receive a portion of the value of unused accumulated sick leave.

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

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

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

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

P. Other Benefits

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

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Other Benefits (continued)

In addition to providing these benefits, the District provides postemployment health insurance coverage and survivor benefits for most retired employees and their survivors. Collective bargaining agreements and individual employee contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the general fund, in the year paid. Other postemployment benefits costs are measured and disclosed using the accrual basis of accounting in the District-Wide Financial Statements. See Note 14.

Q. Short-Term Debt

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. One TAN was issued and repaid during the year ended June 30, 2021.

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

R. Accrued Liabilities and Long-Term Obligations

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

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Equity Classifications

District-Wide Statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form, not available within a year, or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school food service fund of \$48,078 and prepaid expenditures in the general fund of \$1,983,291 for health insurance.

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

Capital

The 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. This reserve is accounted for in the general fund and capital projects fund.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Equity Classifications (continued)

Unspent Bond Proceeds

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

Unemployment Insurance Reserve

The unemployment insurance reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

Insurance Reserve

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

Employee Benefit Accrued Liability Reserve

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Equity Classifications (continued)

Workers' Compensation Reserve

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

Retirement Contribution Reserve

The retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Debt Service

The unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of borrowing, and borrowing premiums can be recorded as amounts restricted for debt service. This reserve is 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 donations net of awards. These restricted funds are accounted for in the special revenue fund.

Restricted for Extraclassroom

Amounts restricted for extraclassroom are used to account for monies collected for student activities, including gifts and donations, net of student activity expenditures. These restricted funds are accounted for in the special revenue fund.

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2021.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Equity Classifications (continued)

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are not restricted. Assigned fund balance includes encumbrances reported in the general fund in the amount of \$878,528 and \$2,411,265 of appropriated fund balance in the general fund applied to the June 30, 2022 budget to reduce taxes. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

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

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

Order of Use of Fund Balance

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

T. New Accounting Standards

The District has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended June 30, 2021, The District adopted the following:

GASB Statement No. 84, "*Fiduciary Activities*", establishes criteria for identifying fiduciary activities of all state and local governments. The criteria focus is generally on 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. The Statement establishes the four fiduciary funds that should be reported (as applicable): 1) pension and other employee benefit trust funds, 2) investment trust funds, 3) private purpose trust funds, and 4) custodial funds. This Statement also provides guidance for the recognition of a liability when an event has occurred that compels the government to disburse fiduciary resources.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Future Changes in Accounting Standards

The following statements have been issued by the Governmental Accounting Standards Board (GASB) and are to be implemented in future years:

Statement No. 87, *Leases*, as amended by Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”, the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, as amended by Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”, the objective of which is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for financial statements for the year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations*, as amended by Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”, the objective of which are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending June 30, 2023.

Statement No. 92, “Omnibus 2020”, as amended by Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance”, was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for reporting periods as follows: paragraphs 4,5,6,7,8,9,10,and 12 effective for financial statements for the year ending June 30, 2022.

Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for financial statements for the year ending June 30, 2023.

Statement No. 96, “*Subscription-Based Information Technology Arrangements*”, this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are for the year ending June 30, 2023.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

U. Future Changes in Accounting Standards (continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, the primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for financial statements for the year ending June 30, 2022.

The District is currently evaluating the impact, if any, of the above pronouncements.

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

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

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

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

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

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

Differences between the Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories.

Long-Term Revenue and Expense Differences

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

Pension Differences

Pension differences occur as a result of recognizing pension costs under the modified accrual basis of accounting (whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan) versus the accrual basis of accounting (whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan).

Other postemployment benefit (OPEB) Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation 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 payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

Various general and instructional expenditures funded by donations	\$ 3,424
Additional use of employee benefit accrued liability reserve approved by Board	<u>700,000</u>
Total	<u>\$ 703,424</u>

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

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

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as 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.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

4. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

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

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

5. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed \$11,574,302 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,302,470. Financial statements for BOCES are available from the BOCES administrative offices at 507 Deer Park Road, P.O. Box 8007, Huntington Station, New York 11746-9007.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

6. DUE FROM STATE AND FEDERAL AID

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

General Fund:

Excess Cost Aid	\$ 557,630
School Tax Relief Reimbursement	99,462
State Unemployment Insurance Refund	179,448
Federal Grants	147,726
	<u>\$ 984,266</u>

Special Aid Fund:

Federal Grants	\$ 500,662
State Grants	412,911
	<u>\$ 913,573</u>

School Food Service Fund:

Federal Meal Reimbursements	\$ 121,777
State Meal Reimbursements	2,279
	<u>\$ 124,056</u>

Capital Projects Fund:

EXCEL Aid	\$ 55,057
SMART Schools Bond Act	55,456
Total Capital Projects Fund	<u>\$ 110,513</u>

Total Due From State and Federal	<u><u>\$ 2,132,408</u></u>
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7. DUE FROM OTHER GOVERNMENTS

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

General Fund:

Tuition from other Districts	\$ 306,368
BOCES	2,318,288
Other	63,199
	<u>\$ 2,687,855</u>

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

8. CAPITAL ASSETS

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

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,336,364			\$ 1,336,364
Construction in progress	<u>34,216,362</u>	<u>\$ 5,184,766</u>	<u>\$ (39,063,974)</u>	<u>337,154</u>
Total nondepreciable assets	<u>35,552,726</u>	<u>5,184,766</u>	<u>(39,063,974)</u>	<u>1,673,518</u>
Capital assets that are depreciated:				
Buildings and improvements	115,282,198	29,629,337		144,911,535
Site improvements	3,941,551	9,442,300		13,383,851
Furniture, equipment and vehicles	<u>8,141,171</u>	<u>387,738</u>		<u>8,528,909</u>
Total depreciable assets	<u>127,364,920</u>	<u>39,459,375</u>	<u>-0-</u>	<u>166,824,295</u>
Less accumulated depreciation:				
Buildings and improvements	52,848,802	3,965,960		56,814,762
Site improvements	2,383,295	622,030		3,005,325
Furniture, equipment and vehicles	<u>4,328,156</u>	<u>577,218</u>		<u>4,905,374</u>
Total accumulated depreciation	<u>59,560,253</u>	<u>5,165,208</u>	<u>-0-</u>	<u>64,725,461</u>
Total capital assets being depreciated, net	<u>67,804,667</u>	<u>34,294,167</u>	<u>-0-</u>	<u>102,098,834</u>
Total capital assets, net	<u>\$ 103,357,393</u>	<u>\$ 39,478,933</u>	<u>\$ (39,063,974)</u>	<u>\$ 103,772,352</u>
Depreciation expense was charged to governmental functions as follows:				
General support				\$ 846,044
Instruction				4,201,587
Pupil transportation				101,078
Community service				3,889
School food service				<u>12,610</u>
Total governmental activities depreciation expense				<u>\$ 5,165,208</u>

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. The District did not record any capital asset impairments for the year ended June 30, 2021.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

9. INTERFUND TRANSACTIONS

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,939,789	\$ 1,075,651		\$ 1,107,702
Special Aid Fund		1,399,666	\$ 310,916	
School Food Service Fund		105,912	180,036	
Debt Service Fund		131		
Capital Projects Fund	641,690	119	616,750	
	<u>\$ 2,581,479</u>	<u>\$ 2,581,479</u>	<u>\$ 1,107,702</u>	<u>\$ 1,107,702</u>

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

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

The District typically transfers from the general fund to the special aid fund, school food service fund and the capital projects fund in accordance with the general fund budget. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the State supported section 4201 schools. The transfer to the school food service fund was to fund current year losses and to eliminate negative student account balances. The transfer to the capital projects fund was for District-wide improvements.

10. SHORT-TERM DEBT

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

	Balance July 1, 2020	Issued	Redeemed	Balance June 30, 2021
TAN matured 6/25/21 at 1.50%	\$ -0-	\$ 34,500,000	\$ 34,500,000	\$ -0-
BAN matured 11/20/20 at 2.00%	36,000,000	-0-	36,000,000	-0-
Total	<u>\$ 36,000,000</u>	<u>\$ 34,500,000</u>	<u>\$ 70,500,000</u>	<u>\$ -0-</u>

Interest paid on short-term debt for the year was \$1,102,375. The premium received for the year was \$307,600, resulting in a net interest cost of \$794,775.

The tax anticipation note was issued for interim financing of the general fund operations. The bond anticipation notes were issued to provide cash flow for the capital projects fund until permanent financing is obtained.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

10. SHORT-TERM DEBT (continued)

Interest on short-term debt for the year ended June 30, 2021 was composed of:

Interest paid	\$	1,102,375
Less: interest accrued in the prior year		(437,918)
Total interest expense on short-term debt	\$	664,457

11. LONG-TERM DEBT

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

	Beginning balance	Additions	Reductions	Ending balance	Non-current liabilities due within one year	Non-current liabilities due in more than one year
Governmental activities:						
Bonds Payable:						
General obligation bonds	\$ 6,485,000	\$ 38,280,000	\$ 2,125,000	\$ 42,640,000	\$ 2,890,000	\$ 39,750,000
Bond premium	-	2,139,108	71,304	2,067,804	106,955	1,960,849
General obligation bonds, inclusive of unamortized premiums	6,485,000	40,419,108	2,196,304	44,707,804	2,996,955	41,710,849
Other liabilities:						
Energy performance contract	10,924,971		602,806	10,322,165	622,250	9,699,915
Compensated absences	6,387,473	399,748	858,074	5,929,147	296,457	5,632,690
Workers' compensation	2,579,836	1,216,868	856,704	2,940,000	617,400	2,322,600
Total OPEB liability	292,131,286	32,750,516	5,646,165	319,235,637		319,235,637
Net pension liability - proportionate share - pensions	12,759,810	11,444,896	12,712,326	11,492,380		11,492,380
Total noncurrent liabilities	\$ 331,268,376	\$ 86,231,136	\$ 22,872,379	\$ 394,627,133	\$ 4,533,062	\$ 390,094,071

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

Existing serial bond obligations:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/21
Serial bond - refunding	February 2013	April 2022	2.00-4.00%	\$ 1,705,000
Serial bond - refunding	February 2013	August 2025	2.00-4.00%	2,655,000
Serial bond - refunding	November 2020	November 2040	2.00-5.00%	38,280,000
				\$ 42,640,000

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

11. LONG-TERM DEBT (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30, 2022	\$ 2,890,000	\$ 1,888,561	\$ 4,778,561
2023	1,900,000	1,172,106	3,072,106
2024	1,990,000	1,080,056	3,070,056
2025	2,085,000	983,581	3,068,581
2026	2,190,000	882,331	3,072,331
2027-2031	9,260,000	3,155,130	12,415,130
2032-2036	10,615,000	1,799,230	12,414,230
2037-2041	11,710,000	654,838	12,364,838
Total	<u>\$ 42,640,000</u>	<u>\$ 11,615,833</u>	<u>\$ 54,255,833</u>

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

The District entered into an agreement for an energy performance contract on October 21, 2016 for \$12,465,659. The proceeds will be used for various capital improvements and are being financed over 18 years at an interest rate of 3.20%, maturing September 2034. The assets and related obligations are accounted for in the government-wide financial statements and are included in the summary for capital assets. See Note 8.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30, 2022	\$ 622,250	\$ 325,371	\$ 947,621
2023	642,322	305,299	947,621
2024	663,040	284,581	947,621
2025	684,427	263,194	947,621
2026	706,504	241,117	947,621
2027-2031	3,889,419	848,687	4,738,106
2032-2035	3,114,203	202,472	3,316,675
Total	<u>\$ 10,322,165</u>	<u>\$ 2,470,721</u>	<u>\$ 12,792,886</u>

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

11. LONG-TERM DEBT (continued)

Interest on long-term debt for the year ended June 30, 2021 was composed of:

Interest paid	\$ 594,715
Less: interest accrued in the prior year	(187,683)
Less: amortization of bond premium	(71,304)
Plus: interest accrued in the current year	930,129
Total interest expense on long-term debt	<u>\$ 1,265,857</u>

12. PENSION PLANS

A. Pension Obligations

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

B. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

12. PENSION PLANS (continued)

B. Plan Descriptions and Benefits Provided (continued)

Employees' Retirement System (ERS) (continued)

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

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who contribute 3.0 (ERS) to 3.5 (TRS) percent of their salary for their entire length of service. In addition, employee contribution rates that joined after April 1, 2012 are required to contribute between 3% and 6% depending on their salary through active membership. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. The District's contribution rate for the ERS fiscal year ended March 31, 2021 was 21.4% of covered payroll for Tier 1, 16.1% for Tier 3 and 4, 13.4% for Tier 5 and 9.6% for Tier 6. The District's contribution rate for the TRS fiscal year ended June 30, 2021 was 9.53% of covered payroll.

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

Year	ERS	TRS
2020-2021	\$ 2,632,230	\$ 6,862,666
2019-2020	2,462,461	6,224,860
2018-2019	2,482,184	7,360,878

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

12. PENSION PLANS (continued)

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) were measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Net pension asset/(liability)	\$ (47,484)	\$ (11,444,896)
District's portion of the Plan's total net pension asset/(liability)	0.0476867%	0.414179%
Change in proportion since the prior measurement date	-0.00004988%	-0.000606%

For the year ended June 30, 2021, the District's recognized pension expense of \$1,646,618 for ERS and \$15,619,674 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 579,903	\$ 10,028,019	\$ -0-	\$ 586,529
Changes of assumptions	8,730,692	14,475,130	164,663	5,159,627
Net difference between projected and actual earnings on pension plan investments	-0-	7,474,520	13,640,070	-0-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,243,976	1,228,986	85,798	340,681
District's contributions subsequent to the measurement date	811,701	6,869,954	-0-	-0-
Total	\$ 11,366,272	\$ 40,076,609	\$ 13,890,531	\$ 6,086,837

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

12. PENSION PLANS (continued)

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

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

	ERS	TRS
Year ending June 30, 2022	\$ (364,341)	\$ 4,669,233
2023	55,146	9,210,851
2024	(508,192)	7,683,393
2025	(2,518,573)	4,708,379
2026	-0-	302,315
Thereafter	-0-	545,647

E. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return	5.9%	7.10%
Salary increase	4.4%	4.72% - 1.90%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
Cost of living adjustment	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

12. PENSION PLANS (continued)

E. Actuarial Assumptions (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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

	ERS		TRS	
	Target Allocation	Long-term Expected Rate of Return *	Target Allocation	Long-term Expected Rate of Return *
Measurement date	<u>March 31, 2021</u>		<u>June 30, 2020</u>	
Asset type				
Domestic equity	32.0%	4.05%	33.0%	7.10%
International equity	15.0%	6.30%	16.0%	7.70%
Global equity			4.0%	7.40%
Private equity	10.0%	6.75%	8.0%	10.40%
Real estate	9.0%	4.95%	11.0%	6.80%
Absolute return strategies*	3.0%	4.50%		
Real assets	3.0%	5.95%		
Fixed income	23.0%	0.00%		
Cash	1.0%	0.50%		
Credit	4.0%	3.63%		
Domestic fixed income securities			16.0%	1.80%
Global fixed income securities			2.0%	1.00%
High-yield fixed income securities			1.0%	3.90%
Privat debt			1.0%	5.20%
Real estate debt			7.0%	3.60%
Short-term			1.0%	0.70%
	100.0%		100.0%	

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

12. PENSION PLANS (continued)

E. Actuarial Assumptions (continued)

Real rates of return are net of the long-term inflation assumptions of 2.2% for 2020 (TRS) and of 2.0% for 2021 (ERS).

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

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.10% for TRS (the discount rate used by the ERS and TRS at the prior year's measurement date were 6.8% and 7.10%, respectively). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.10% for TRS) or 1-percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (13,179,595)	\$ (47,484)	\$ 12,063,397
TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share Of the net pension asset/(liability)	\$ (72,293,464)	\$ (11,444,896)	\$ 39,622,473

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

12. PENSION PLANS (continued)

H. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2020	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan Net Position	220,580,583	120,479,505
Employers' net pension liability	\$ (99,574)	\$ (2,763,271)
Ratio of plan net position to the Employers' total pension liability	99.95%	97.80%

I. PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$811,701.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$6,869,954 of employer contributions and \$290,104 of employee contributions.

13. OTHER PENSION PLANS

Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$574,724 and \$5,100,015 respectively.

Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$18,154.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

14. OTHER POSTEMPLOYMENT BENEFITS THAN PENSIONS (OPEB)

A. Plan Description

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

B. Benefits Provided

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

C. Employees Covered by Benefit Terms

The number of participants as of July 1, 2019, the effective date of the OPEB valuation, is as follows:

	<u>Participants</u>
Active employees	1,001
Inactive employees or beneficiaries currently receiving benefit payments	689
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>1,690</u>

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

D. Total OPEB Liability

The District's total OPEB liability of \$319,235,637 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019, with update procedures used to rollforward the OPEB liability to the measurement date.

E. Funding Policy

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

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

F. Actuarial Assumptions and Other Inputs

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

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	2.5%
Discount rate	2.16%
Healthcare cost trend rates	
Pre-65	6.25% for January 1, 2020, decreasing per year to an ultimate rate of 4.5% in 2026
Post-65	7.25% for January 1, 2020, decreasing per year to an ultimate rate of 4.5% in 2026

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2021 for the rate as of June 30, 2021.

Mortality rates were based on the RP 2014 projected to date of decrement using Scale MP-2014.

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

The actuarial assumptions used in the July 1, 2019 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable.

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

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

G. Changes in the Total OPEB Liability

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

Balance at June 30, 2020		\$ 292,131,286
Changes for the year:		
Service cost		10,332,090
Interest		7,191,769
Changes of assumptions or other inputs		15,226,657
Benefit payments		<u>(5,646,165)</u>
Net Changes		27,104,351
Balance at June 30, 2021		<u><u>\$ 319,235,637</u></u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	One Percent Decrease (1.16%)	Current Discount Rate (2.16%)	One Percent Increase (3.16%)
Total OPEB liability	\$ 385,611,017	\$ 319,235,637	\$ 267,944,672

I. Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	One Percent Decrease	Healthcare Cost Trend Rates	One Percent Increase
Total OPEB liability	\$ 259,329,263	\$ 319,235,637	\$ 399,679,741

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

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

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$29,393,938. At June 30, 2021, the district reported deferred outflows and inflows of resources related to OPEB as shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 34,942,385	\$ -
Differences between expected and actual experience	11,411,112	-
Total	\$ 46,353,497	\$ -

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

For the years ending June 30, 2022	\$ 11,870,079
2023	11,870,079
2024	11,870,080
2025	8,420,547
2026	2,322,712
	\$ 46,353,497

15. COMPENSATED ABSENCES

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

Estimated vacation, sick leave and compensatory absences accumulated by governmental fund type employees have been recorded in the Statement of Net Position. Payment of vacation time and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. As of June 30, 2021, the value of the accumulated vacation time and sick leave was \$6,573,114, of which \$643,967 is recorded as compensated absences in the general fund.

16. RISK MANAGEMENT

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

16. RISK MANAGEMENT (continued)

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

Claim liabilities are discounted at an estimated interest rate of 3%, and are calculated considering the effect of inflation, recent claim settlement trends including frequency and amounts of payouts, and other economic and social factors. The District has not purchased any annuity contracts with regard to its workers' compensation claims. The District has a reserve for workers' compensation in the general fund of \$2,391,694 to pay related claims. Changes in the balances of claim liabilities for workers' compensation during the past two fiscal years are as follows:

	2021	2020
Unpaid claims at beginning of year	\$ 2,579,836	\$ 2,792,681
Incurred claims and claim adjustments	1,216,868	252,754
Claim payments	(856,704)	(465,599)
Unpaid claims at year end	\$ 2,940,000	\$ 2,579,836

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

The amount of \$2,411,265 has been assigned as the amount to be appropriated to reduce taxes for the year ending June 30, 2022.

18. FUND BALANCES – RESTRICTED: APPROPRIATED RESERVES

The District has appropriated the following amounts from reserves, which are reported in the June 30, 2021 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2022:

Employee benefit accrued liability	\$ 50,000
Workers' compensation	140,000
Unemployment	5,000
Retirement contributions	141,721
	\$ 336,721

19. COMMITMENTS AND CONTINGENCIES

A. Grants

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

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

19. COMMITMENTS AND CONTINGENCIES (continued)

B. Litigation

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

C. LIPA

The Long Island Power Authority (“LIPA”) and National Grid have initiated tax certiorari proceedings challenging the property tax assessment of the Northport Power Plant. The Northport Power Plant currently pays approximately \$56.4 million in taxes to the District. The District filed suit against LIPA and National Grid in May 2011 alleging a breach of contract after LIPA and National Grid filed the tax certiorari proceedings. In July and August of 2020, the Board of Education voted to approve the terms of a settlement between the School District, the Town of Huntington and LIPA, which resolves the School District’s breach of contract case, and was subsequently approved by the Town of Huntington. The settlement terms include a reduction of the assessed value of the Northport Power Plant over a 7-year period resulting in a gradual reduction of total taxes paid to jurisdictions thereby reducing the Northport Power Plant school taxes from \$56 million to approximately \$32 million over the 7-year period rather than an immediate reduction in taxes, together with a phased-in payment of \$14.5 million directly to the School District to mitigate the loss of tax revenue from the Northport Power Plant.

D. Operating Leases

The District leases various equipment under operating leases. Total rental expenditures on such leases for the year ended June 30, 2021, were \$486,093. The minimum remaining operating lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 450,863
2023	345,519
2024	179,178
2025	<u>179,178</u>
	<u>\$ 1,154,738</u>

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

19. COMMITMENTS AND CONTINGENCIES (continued)

E. Encumbrances

At June 30, 2021, the District encumbered the following amounts:

Restricted:	
Capital Projects Fund	
Capital Projects	<u>\$ 3,779,934</u>
Assigned:	
General Fund	
General Support	484,173
Instruction	214,341
Pupil Transportation	179,510
Benefits	504
	<u>878,528</u>
Special Aid Fund	
Grant Programs	<u>70,385</u>
Capital Projects Fund	
Capital Projects	<u>40,016</u>
Total Encumbrances	<u><u>\$ 4,768,863</u></u>

20. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2021, the District implemented GASB Statement No. 84. The adoption and implementation of this Statement resulted in reporting changes in current and other assets. The District's net fund balance and net position have been restated as follows:

	Special Revenue Fund	Statement of Net Position
Fund Balance/Net Position Beginning of Year, as Reported	\$ -	\$ (147,508,284)
Assets		
Cash	<u>334,037</u>	<u>334,037</u>
Total Assets	<u><u>334,037</u></u>	<u><u>334,037</u></u>
Fund Balance/Net Position		
Restricted for Scholarships and Donations	57,285	57,285
Restricted for Extraclassroom	<u>276,752</u>	<u>276,752</u>
Total Fund Balance/Net Position	<u><u>334,037</u></u>	<u><u>334,037</u></u>
Fund Balance/Net Position Beginning of Year, as Restated	<u><u>\$ 334,037</u></u>	<u><u>\$ (147,174,247)</u></u>

NORTHPORT-EAST NORTHPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2021

21. SUBSEQUENT EVENTS

On September 14, 2021, the District issued a tax anticipation note in the amount of \$35,000,000, which is due June 24, 2022, and bears an average net interest rate of 0.1294%.

SUPPLEMENTARY INFORMATION

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget	
REVENUES					
Local Sources:					
Real property taxes	\$ 142,217,642	\$ 143,409,427	\$ 143,409,427	\$ -0-	
School tax relief reimbursement	7,500,000	6,308,215	6,209,386	(98,829)	
Other tax items	-0-	-0-	8,983	8,983	
Charges for services	882,500	882,500	645,434	(237,066)	
Use of money and property	316,500	316,500	220,610	(95,890)	
Sale of property and compensation for loss	165,000	165,000	8,970	(156,030)	
Miscellaneous	653,500	656,924	3,273,446	2,616,522	
Total Local Sources	151,735,142	151,738,566	153,776,256	2,037,690	
State aid	15,939,423	15,939,423	15,474,808	(464,615)	
Federal aid - Medicaid reimbursement	50,000	50,000	116,291	66,291	
Federal aid	-0-	-0-	184,656	184,656	
Total Revenues	167,724,565	167,727,989	169,552,011	1,824,022	
OTHER FINANCING SOURCES					
Premium on short term obligations	300,000	300,000	307,600	7,600	
Total Financing Sources	\$ 300,000	\$ 300,000	307,600	7,600	
Assigned fund balance	4,893,067	4,893,067			
Appropriated reserves	336,721	1,036,721			
Total Revenues, other financing sources and Assigned and Appropriated Fund Balance	\$ 173,254,353	\$ 173,957,777	169,859,611	\$ 1,831,622	
	Original Budget	Final Budget	Actual	Year-end Encumbrances	Variance With Final Budget and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 324,804	\$ 322,919	293,873	\$ 931	\$ 28,115
Central administration	271,184	272,124	263,810	135	8,179
Finance	1,395,258	1,463,828	1,395,099	29,690	39,039
Staff	1,432,178	1,525,941	1,252,514		273,427
Central services	15,272,919	15,831,697	14,740,005	453,417	638,275
Special items	1,227,316	1,245,619	1,190,247		55,372
Total General Support	19,923,659	20,662,128	19,135,548	484,173	1,042,407
Instruction					
Instruction, administration and improvement	7,358,563	7,278,122	7,090,192	15,814	172,116
Teaching - regular school	52,126,415	52,347,077	51,141,951	115,794	1,089,332
Programs for children with handicapping conditions	22,245,704	22,129,144	21,051,004	16,219	1,061,921
Occupational education	524,423	562,423	562,346		77
Teaching - special school	551,812	371,821	257,484		114,337
Instructional media	4,831,379	5,013,332	4,880,115	3,153	130,064
Pupil services	8,829,124	8,857,894	8,194,661	63,361	599,872
Total Instruction	96,467,420	96,559,813	93,177,753	214,341	3,167,719
Pupil Transportation	8,685,889	8,532,434	7,906,533	179,510	446,391
Community Services	476,519	436,893	90,466		346,427
Employee Benefits	40,886,513	41,379,863	39,201,282	504	2,178,077
Debt Service - Principal	2,727,806	3,227,806	3,227,806		-0-
Debt Service - Interest	2,624,797	1,697,090	1,697,090		-0-
Total Expenditures	171,792,603	172,496,027	164,436,478	878,528	7,181,021
OTHER FINANCING USES					
Transfers to other funds	1,461,750	1,461,750	1,107,702		354,048
Total Expenditures and Other Uses	\$ 173,254,353	\$ 173,957,777	165,544,180	\$ 878,528	\$ 7,535,069
Net change in fund balance			4,315,431		
Fund balance - beginning			24,056,443		
Fund balance - ending			\$ 28,371,874		

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.

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY AND RELATED RATIOS
June 30, 2021

Period	Total OPEB Liability - Beginning of the Period	Service cost	Interest on Total OPEB Liability	Differences between expected and actual experience	Changes in benefit terms	Changes of assumptions or other inputs	Benefit payments	Total OPEB Liability - End of the Period	Covered-employee payroll	Total OPEB Liability as a Percentage of Covered-employee Payroll
July 1, 2020 - June 30, 2021	\$ 292,131,286	\$ 10,332,090	\$ 7,191,769	\$ -0-	\$ -0-	\$ 15,226,657	\$ (5,646,165)	\$ 319,235,637	\$ 78,591,429	406.2%
July 1, 2019 - June 30, 2020	\$ 244,977,419	\$ 10,080,088	\$ 7,509,450	\$ 17,116,668	\$ -0-	\$ 17,921,870	\$ (5,474,209)	\$ 292,131,286	\$ 78,591,429	371.7%
July 1, 2018 - June 30, 2019	\$ 212,647,895	\$ 9,341,954	\$ 7,560,462	\$ -0-	\$ -0-	\$ 20,697,205	\$ (5,270,097)	\$ 244,977,419	\$ 78,757,744	311.1%
July 1, 2017 - June 30, 2018	\$ 201,637,938	\$ 8,897,099	\$ 7,258,966	\$ -0-	\$ -0-	\$ -0-	\$ (5,146,108)	\$ 212,647,895	\$ 76,325,674	278.6%

Notes to Schedule:

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

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

Changes of assumptions.

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

The following are the discount rates used in each period:

2021	2.16%
2020	2.40%
2019	3.10%
2018	3.60%

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT FISCAL YEARS

NYSERS	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset)	0.0523119%	0.0523119%	0.0500618%	0.0499429%	0.0488485%	0.0475294%	0.0481855%	0.0476867%
District's proportionate share of the net pension liability (asset)	\$ 2,363,901	\$ 1,767,224	\$ 8,035,059	\$ 4,692,746	\$ 1,576,557	\$ 3,367,603	\$ 12,759,810	\$ 47,484
District's covered payroll	15,245,954	15,983,442	16,053,707	16,535,569	16,865,436	17,386,492	18,118,125	18,117,233
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	15.51%	11.06%	50.05%	28.38%	9.35%	19.37%	70.43%	0.26%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	97.20%	97.95%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%
NYSTRS	2014	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability (asset)	0.453304%	0.445478%	0.422221%	0.435189%	0.422842%	0.424581%	0.414785%	0.414179%
District's proportionate share of the net pension liability (asset)	\$ (2,983,889)	\$ (49,623,455)	\$ (43,855,268)	\$ 4,661,055	\$ (3,214,018)	\$ (7,677,537)	\$ (10,776,144)	\$ 11,444,896
District's covered payroll	67,612,978	66,912,386	64,568,886	67,988,347	67,677,371	69,916,152	70,002,329	70,881,074
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	4.41%	74.16%	67.92%	6.86%	4.75%	10.98%	15.39%	16.15%
Plan fiduciary net position as a percentage of the total pension liability coming from plan	100.70%	111.48%	110.46%	99.01%	100.66%	101.53%	102.17%	97.80%

Notes to Required Supplementary Information

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

Teachers' Retirement System

The discounted rate remained at 7.10% as reflected in 2020 and 2021 above.

Employees' Retirement System

The discounted rate decreased from 6.80% to 5.90% as reflected in 2020 and 2021 above.

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
Last Ten Fiscal Years

NYSERS										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 2,364,775	\$ 2,808,664	\$ 3,315,720	\$ 3,014,318	\$ 2,606,198	\$ 2,462,134	\$ 2,480,484	\$ 2,482,184	\$ 2,462,461	\$ 2,632,230
Contributions in relation to the contractually required contribution	2,364,775	2,808,664	3,315,720	3,014,318	2,606,198	2,462,134	2,480,484	2,482,184	2,462,461	2,632,230
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered payroll	15,506,334	15,663,828	15,801,767	15,569,194	16,589,817	16,729,488	16,981,365	18,614,836	18,044,871	17,730,363
Contributions as a percentage of covered payroll	15.25%	17.93%	20.98%	19.36%	15.71%	14.72%	14.61%	13.33%	13.65%	14.85%
NYSTRS										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 7,254,049	\$ 7,861,665	\$ 10,693,152	\$ 11,409,312	\$ 8,613,769	\$ 7,856,255	\$ 6,769,019	\$ 7,360,878	\$ 6,224,860	\$ 6,862,666
Contributions in relation to the contractually required contribution	7,254,049	7,861,665	10,693,152	11,409,312	8,613,769	7,856,255	6,769,019	7,360,878	6,224,860	6,862,666
Contribution deficiency (excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered payroll	66,214,583	67,612,978	66,912,386	64,568,886	67,988,347	67,677,371	69,916,152	70,002,329	70,881,074	72,644,019
Contributions as a percentage of covered payroll	10.96%	11.63%	15.98%	17.67%	12.67%	11.61%	9.68%	10.52%	8.78%	9.45%

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 172,752,759
Add: Prior year's encumbrances		501,594
Original budget		173,254,353
Use of employee benefit accrued liability reserve		700,000
Budget revision - Donations		3,424
Final budget		\$ 173,957,777
2021-22 voter-approved expenditure budget		\$ 174,689,788
Maximum allowed (4% of 2021-22 budget)		\$ 6,987,592
Unrestricted fund balance:		
Assigned fund balance	\$ 3,289,793	
Unassigned fund balance	6,987,592	\$ 10,277,385
Less:		
Appropriated fund balance	\$ 2,411,265	
Encumbrances	878,528	3,289,793
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		\$ 6,987,592
Actual Percentage		4.00%

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2021

PROJECT TITLE	Budget June 30, 2020	Budget June 30, 2021	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<u>Projects funded by Capital Reserves</u>											
East Northport Middle School Boilers	\$ 700,452	\$ 700,452	\$ 499,630		\$ 499,630	\$ 200,822		\$ 700,452	\$ 700,452	\$ 200,822	
WJB Front Stairs	200,000	200,000	164,419		164,419	35,581		200,000	200,000	35,581	
Elementary Buildings Fire Alarm Upgrade	650,000	650,000	590,375		590,375	59,625		650,000	650,000	59,625	
NHS Paving	316,600	316,600	282,997		282,997	33,603		316,600	316,600	33,603	
ENMS Auditorium Lighting	138,400	138,400	132,078		132,078	6,322		138,400	138,400	6,322	
NAES Boiler Replacement	720,000	720,000	715,001		715,001	4,999		720,000	720,000	4,999	
NMS Lockers & Gym Ceiling	1,087,517	1,087,517	1,064,207	\$ 5,493	1,069,700	17,817		1,087,517	1,087,517	17,817	
Fifth Avenue Gas Conversior	154,033	154,033	128,843	1,631	130,474	23,559		154,033	154,033	23,559	
Ocean Ave Boiler	853,450	853,450	810,994	3,768	814,762	38,688		853,450	853,450	38,688	
William J. Brosnan Fence, Tennis Courts & Auditorium Seating	445,000	3,271	3,132		3,132	139		3,271	3,271	139	
East Northport Middle School Gymnasium Windows	275,000	8,045	771		771	7,274		8,045	8,045	7,274	
NHS Generator & Circuit Breakers	837,500	1,546,184	37,828	164,321	202,149	1,344,035		1,546,184	1,546,184	1,344,035	
DW HVAC Upgrades	450,000	450,000	150,607	215,396	366,003	83,997		450,000	450,000	83,997	
DW Fencing, gates, bollards, doors & windows	450,000	450,000	26,915		26,915	423,085		450,000	450,000	423,085	
NHS Drain, paving, auditorium floor	1,800,000	1,800,000		1,800,000	1,800,000	-0-		1,800,000	1,800,000	-0-	
<u>Projects funded by General Fund - Appropriation:</u>											
ENMS Field Irrigation	161,023	161,023	157,126		157,126	3,897		161,023	161,023	3,897	
NHS Exterior Bleachers	1,058,211	1,058,211	1,058,199		1,058,199	12		1,058,211	1,058,211	12	
NHS Press Box	48,773	48,773	48,424		48,424	349		48,773	48,773	349	
NHS Boilers	1,386,916	1,386,916	1,371,075		1,371,075	15,841		1,386,916	1,386,916	15,841	
NHS Locker Room Bathrooms and Softball Field	484,959	484,959	241,507	(4,194)	237,313	247,646		484,959	484,959	247,646	
Pulaski Rd Boilers & Gas Conversior	835,201	835,201	724,669	45,257	769,926	65,275		835,201	835,201	65,275	
Pulaski Rd Irrigation	129,591	129,591	112,800		112,800	16,791		129,591	129,591	16,791	
Elementary Buildings Fire Alarm Upgrade	182,250	182,250	182,250		182,250	-0-		182,250	182,250	-0-	
NMS Library Htg & Vent	438,100	438,100	1,227		1,227	436,873		438,100	438,100	436,873	
DAS Ceiling Replacemen	485,000	485,000	1,358		1,358	483,642		485,000	485,000	483,642	
Roof - NHS, BAS, DAS	925,000	925,000	887,552		887,552	37,448		925,000	925,000	37,448	
DW Roof Repairs	616,750	616,750			-0-	616,750		616,750	616,750	616,750	
DW Bathroom renovations		616,750			-0-	616,750		616,750	616,750	616,750	
Ocean Ave Roof	4,712,347	4,712,347	4,712,347		4,712,347	-0-		4,712,347	4,712,347	-0-	
Carried Forward	\$ 20,542,073	\$ 21,158,823	\$ 14,106,331	\$ 2,231,672	\$ 16,338,003	\$ 4,820,820	\$ -0-	\$ -0-	\$ 21,158,823	\$ 21,158,823	\$ 4,820,820

NORTHPORT - EAST NORTHPORT UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2021

Capital assets, net		\$103,772,352
Deduct:		
Short-term portion of bonds payable, inclusive of premiums	\$ (2,996,955)	
Long-term portion of bonds payable, inclusive of premiums	(41,710,849)	
Less: unspent bond proceeds	<u>3,255,040</u>	<u>(41,452,764)</u>
Short-term portion of energy performance contract	(622,250)	
Long-term portion of energy performance contract	<u>(9,699,915)</u>	<u>(10,322,165)</u>
Net Investment in capital assets		<u><u>\$ 51,997,423</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
Northport-East Northport Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Northport-East Northport Union Free School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 14, 2021