

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

# OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Oyster Bay - East Norwich Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Oyster Bay - East Norwich Central School District (the "District") as of and for the fiscal 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 and each major fund of the District as of June 30, 2021, and the respective changes in financial position for the fiscal 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 the District's proportionate share of the net pension liability, and the schedule of the District's contributions on pages 1 through 15 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other 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 25, 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*

R.S. Abrams & Co., LLP  
Islandia, NY  
October 25, 2021

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The following is a discussion and analysis of the Oyster Bay-East Norwich Central School District's (the "District") financial performance for the fiscal 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 Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021 are as follows:

- The District's expenses for the fiscal year, as reflected in the District-Wide Financial Statements, totaled \$63,820,846. Of this amount, \$1,303,034 was offset by charges for services and \$1,741,913 by operating grants and contributions. General revenues of \$58,995,344 amount to 95.09% of total revenues.
- The District implemented Governmental Accounting Standards Board Statement No. 84 (GASB Statement No. 84), *Fiduciary Activities*, in 2021. This resulted in the restatement of opening net deficit in the amount of \$888,999. See Note 18 to the financial statements for further information.
- In September 2021, the District was awarded Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act funding of \$374,021 through the Elementary and Secondary School Emergency Relief Program (ESSER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended. As of the date of financial statement issuance, the District has received \$74,804 of the awarded amount.
- New York State Law limits the amount of assigned and unassigned fund balance, excluding encumbrances and amounts designated for the subsequent year's budget, which can be retained by the general fund up to 4.00% of the ensuing year's budget. At the end of the current fiscal year, the District was within the statutory limit.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

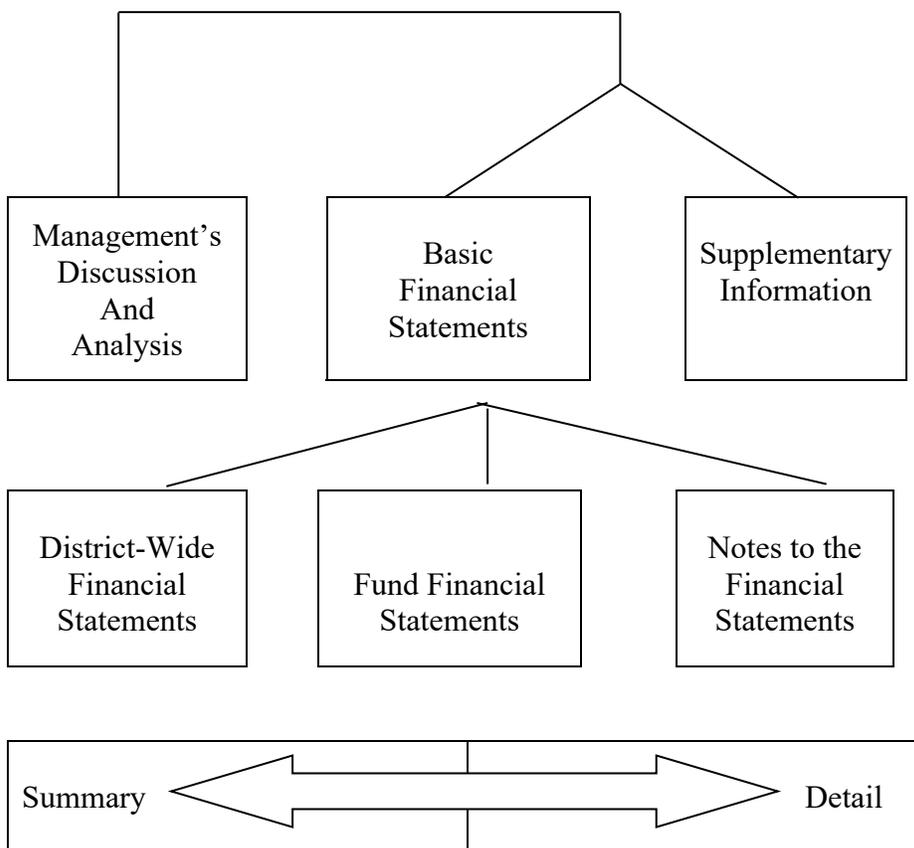
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

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

Organization of the District’s Annual Financial Report



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

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements
		Governmental
Scope	Entire entity	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

**A. District-Wide Financial Statements**

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

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

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

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

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

- Capitalize current outlays for capital assets;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment in capital assets*;
  - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation;
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.

## **B. Fund Financial Statements**

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

The District has one kind of fund:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Statements, additional schedules explains the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

Current assets and other assets, other liabilities, restricted net position, unrestricted net deficit, and total net position (deficit) for 2020 have been restated for the implementation of GASB Statement No. 84. This Statement eliminates the trust and agency fund and private purpose trust fund and now records those activities in the general fund and miscellaneous special revenue fund. See Note 18 to the financial statements for further information. In addition, deferred outflows of resources, long-term liabilities, and deferred inflows of resources have been reclassified. See Note 12 to the financial statements for further information.

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current assets	\$ 26,350,476	\$ 26,834,683	\$ (484,207)
Deferred outflows of resources	24,220,004	24,062,328	157,676
Other liabilities	5,609,194	6,982,400	(1,373,206)
Long-term liabilities	87,108,204	86,745,604	362,600
Deferred inflows of resources	20,895,083	21,100,007	(204,924)
Net Position			
Restricted	15,050,630	14,468,217	582,413
Unrestricted (Deficit)	(65,771,959)	(66,078,545)	306,586
Total Net Position (Deficit)	(16,577,988)	(17,466,987)	888,999

The District's net deficit increased by \$1,780,555 in the fiscal year ended June 30, 2021 as detailed in the table that follows:

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Condensed Statement of Net Position-Governmental Activities

	2021	As Restated 2020	Change	Total Percentage Change
Current assets and other assets	\$ 24,141,816	\$ 26,350,476	\$ (2,208,660)	-8.38%
Capital assets	44,567,971	42,655,435	1,912,536	4.48%
Net pension asset - proportionate share	-	3,808,578	(3,808,578)	-100.00%
Total Assets	68,709,787	72,814,489	(4,104,702)	-5.64%
Deferred outflows of resources	32,892,395	24,220,004	8,672,391	35.81%
Total assets and deferred outflows of resources	101,602,182	97,034,493	4,567,689	4.71%
Other liabilities	5,049,908	5,609,194	(559,286)	-9.97%
Long-term liabilities	96,094,572	87,108,204	8,986,368	10.32%
Total Liabilities	101,144,480	92,717,398	8,427,082	9.09%
Deferred inflows of resources	18,816,245	20,895,083	(2,078,838)	-9.95%
Total liabilities and deferred inflows of resources	119,960,725	113,612,481	6,348,244	5.59%
Net Position (Deficit)				
Net investment in capital assets	38,035,131	34,143,341	3,891,790	11.40%
Restricted	12,912,157	15,050,630	(2,138,473)	-14.21%
Unrestricted (deficit)	(69,305,831)	(65,771,959)	(3,533,872)	-5.37%
Total Net Position (Deficit)	\$ (18,358,543)	\$ (16,577,988)	\$ (1,780,555)	10.74%

Current assets and other assets decreased by \$2,208,660, or 8.38%, primarily as a result of decreases in cash and cash equivalents, taxes receivable, and due from other governments.

Capital assets (net of depreciation) increased by \$1,912,536, or 4.48%, due to various ongoing construction projects offset by current year depreciation.

The net pension asset – proportionate share - teachers' retirement system resulted in a net pension liability of \$4,018,746 as a result of the actuarial valuation provided by the state.

The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 13, the amortization of deferred outflows related to the total other post-employment benefits obligation, as discussed in Note 15, and the amortization of deferred charges on refunding, as discussed in Note 8.

Other liabilities decreased by \$559,286, or 9.97%, from the prior year, primarily resulting from decreases in accounts payable, compensated absences payable, and collections in advance, offset by increases in due to teachers' retirement system and due to employees' retirement system.

Long term liabilities increased by \$8,986,368, or 10.32%, from the prior year, which was due to the District's increase in the total other post-employment benefit obligation and net pension liability –

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

proportionate share – teachers' retirement system, offset by current year principal payments on debt and amortization of premiums.

The changes in deferred inflows represent amortization of pension related items, as discussed in Note 13, and the amortization of deferred inflows related to the total other post-employment benefits obligation, as discussed in Note 15.

The net investment in capital assets relates to the investment in capital assets at cost such as land and land improvements, construction in progress, buildings and building improvements, and furniture and equipment, net of accumulated depreciation and related debt. The amount increased over the prior year by \$3,891,790, or 11.40%, primarily due to current year principal payments on debt and amortization of premiums exceeding depreciation expense and a slight increase in capital assets.

The restricted net position balance in the amount of \$12,912,157 relates to the District's reserves: capital, retirement contribution, employee benefit accrued liability, unemployment insurance, and general insurance, as well as the amounts restricted for debt service and scholarships and donations. The restricted amount decreased by \$2,138,473, or 14.21%.

The unrestricted net deficit at June 30, 2021 of \$69,305,831 relates to the balance of the District's net position. The unrestricted net deficit increased by \$3,533,872, or 5.37%.

**B. Changes in Net Position**

Charges for services, operating grants and contributions, other, and instruction expenses in 2020 were increased due to the implementation of GASB Statement No. 84. The following schedule outlines these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Revenues			
Charges for services	\$ 1,075,429	\$ 988,413	\$ 87,016
Operating grants and contributions	1,079,629	1,076,929	2,700
Other	232,579	223,579	9,000
Expenses			
Instruction	46,800,631	46,715,485	85,146

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the fiscal years ended June 30, 2021 and 2020 are as follows:

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Net Position from Operating Results - Governmental Activities Only

	Fiscal Year 2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>Program Revenues</b>				
Charges for services	\$ 1,303,034	\$ 1,075,429	\$ 227,605	21.16%
Operating grants and contributions	1,741,913	1,079,629	662,284	61.34%
<b>General Revenues</b>				
Real property taxes and other tax items	54,458,186	53,593,006	865,180	1.61%
State sources	3,204,756	3,693,023	(488,267)	-13.22%
Federal sources	37,199	62,380	(25,181)	-40.37%
Use of money and property	55,708	244,924	(189,216)	-77.25%
Other	1,239,495	232,579	1,006,916	432.94%
Total Revenues	<u>\$ 62,040,291</u>	<u>\$ 59,980,970</u>	<u>\$ 2,059,321</u>	3.43%
<b>Expenses</b>				
General support	\$ 10,581,593	\$ 9,557,711	\$ 1,023,882	10.71%
Instruction	48,643,255	46,800,631	1,842,624	3.94%
Pupil transportation	3,529,262	3,125,848	403,414	12.91%
Community service	7,492	44,725	(37,233)	-83.25%
Debt service - interest	325,793	316,467	9,326	2.95%
Food service program	733,451	417,169	316,282	75.82%
Total Expenses	<u>\$ 63,820,846</u>	<u>\$ 60,262,551</u>	<u>\$ 3,558,295</u>	5.90%
Total Change in Net Position	<u>\$ (1,780,555)</u>	<u>\$ (281,581)</u>	<u>\$ (1,498,974)</u>	532.34%

The District's total fiscal year 2021 revenues totaled \$62,040,291. Real property taxes and other tax items, coupled with state sources, accounted for most of the District's revenue by contributing 87.78% and 5.17% of total revenues, respectively. The remainder came from charges for services, operating grants and contributions, use of money and property, federal sources, and other miscellaneous sources.

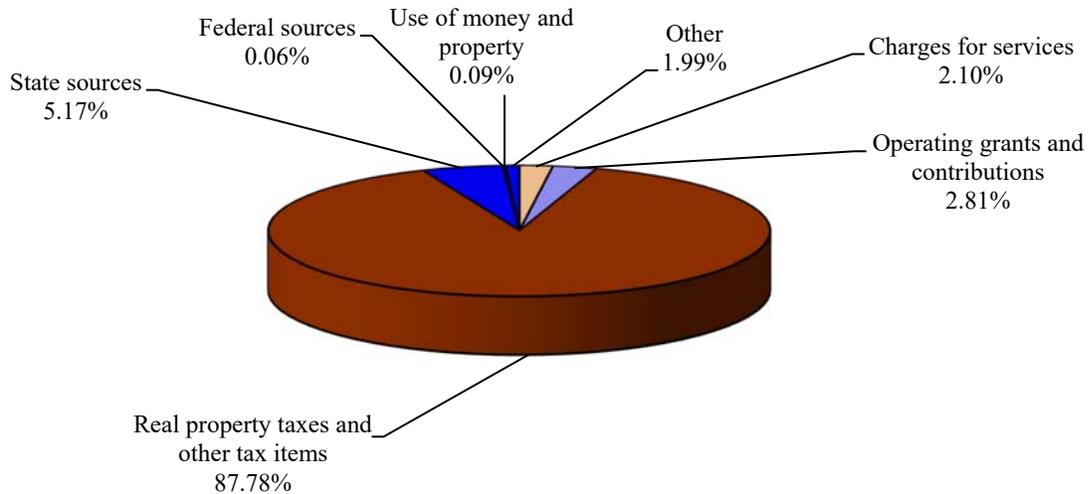
Charges for services increased by \$227,605, or 21.16%, which is primarily attributable to increases in tuition from other districts. Operating grants and contributions increased by \$662,284, or 61.34%, which is primarily attributable to increases in federal grants.

State sources decreased due to decreases in basic aid, excess cost aid, and other state aid.

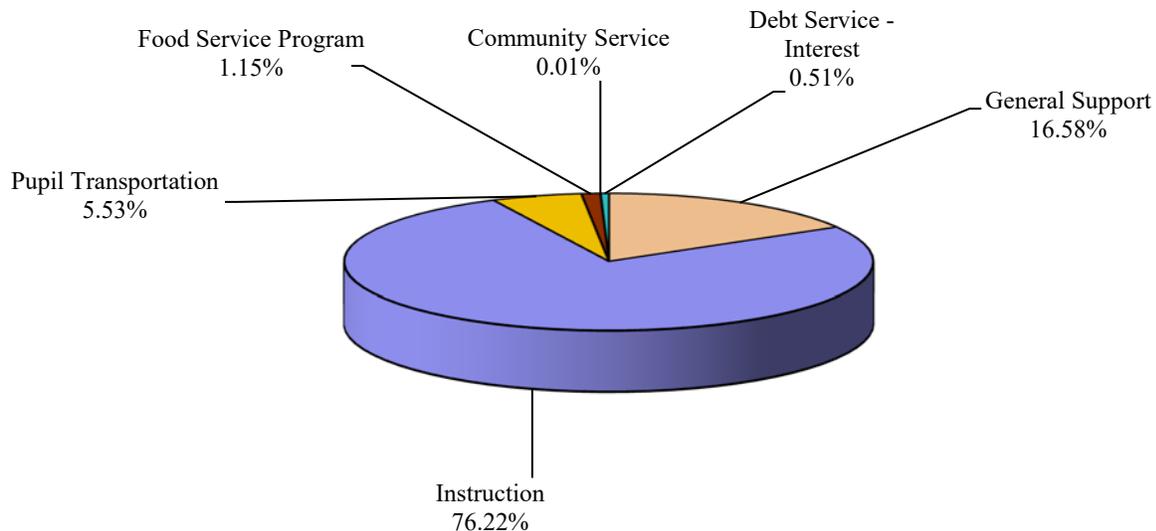
The total cost of all programs and services totaled \$63,820,846 for fiscal year 2021. These expenses are predominantly related to instruction, which account for 76.22% of total costs. The District's general support activities accounted for 16.58% of total costs.

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues for Fiscal Year 2021



Expenses for Fiscal Year 2021



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

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

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

As of June 30, 2021, the District's combined governmental funds reported a total fund balance of \$17,739,965, which is a decrease of \$2,894,092, or 14.03%, from the prior year. Fund balance for 2020 was restated to include a miscellaneous special revenue fund for extraclassroom activities and scholarships and donations due to the implementation of GASB Statement No. 84. See Note 18 to the financial statements for further information.

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A summary of the changes in fund balances for all funds is as follows:

	2021	As Restated 2020	Increase/ (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for capital	\$4,034,220	\$3,000,000	\$1,034,220	34.47%
Restricted for retirement contribution				
Employees' retirement system	2,508,079	2,500,000	8,079	0.32%
Teachers' retirement system	498,127	400,000	98,127	24.53%
Restricted for employee benefit accrued liability	2,169,371	2,195,606	(26,235)	-1.19%
Restricted for unemployment insurance	80,152	79,894	258	0.32%
Restricted for insurance	294,170	293,222	948	0.32%
Assigned-general support	74,012	158,023	(84,011)	-53.16%
Assigned-instruction	152,105	147,790	4,315	2.92%
Assigned-employee benefits	7,115	3,375	3,740	110.81%
Assigned-appropriated for subsequent year's expenditures	1,228,081	1,000,000	228,081	22.81%
Unassigned	2,456,380	3,387,974	(931,594)	-27.50%
<b>Total fund balance - General Fund</b>	<u>\$13,501,812</u>	<u>\$13,165,884</u>	<u>\$335,928</u>	2.55%
<b>School Lunch Fund</b>				
Nonspendable - inventory	\$4,699	\$6,713	(\$2,014)	-30.00%
Assigned - unappropriated	120,617	174,842	(54,225)	-31.01%
<b>Total fund balance - School Lunch Fund</b>	<u>\$125,316</u>	<u>\$181,555</u>	<u>(\$56,239)</u>	-30.98%
<b>Miscellaneous Special Revenue Fund</b>				
Restricted for scholarships and donations	\$566,105	\$582,413	(\$16,308)	-2.80%
Assigned - unappropriated fund balance	231,151	225,719	5,432	2.41%
<b>Total fund balance -     Miscellaneous Special Revenue Fund</b>	<u>\$797,256</u>	<u>\$808,132</u>	<u>(\$10,876)</u>	-1.35%
<b>Debt Service Fund</b>				
Restricted for debt service	\$446,225	\$433,221	\$13,004	3.00%
<b>Capital Projects Fund</b>				
Restricted for capital projects	\$2,315,708	\$5,566,274	(\$3,250,566)	-58.40%
Restricted for unspent bond proceeds	247,662	248,715	(\$1,053)	-0.42%
Assigned - unappropriated	305,986	230,276	75,710	32.88%
<b>Total fund balance - Capital Projects Fund</b>	<u>\$2,869,356</u>	<u>\$6,045,265</u>	<u>(\$3,175,909)</u>	-52.54%
<b>Total Fund Balance - all funds</b>	<u>\$17,739,965</u>	<u>\$20,634,057</u>	<u>(\$2,894,092)</u>	-14.03%

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The District can attribute changes to fund balances and reserves primarily due to operating results, use of restricted fund balances to support appropriations, Board approved transfers, and allocation of interest and earnings.

**A. General Fund**

The fund balance in the general fund increased by \$335,928, which is the result of revenues and other financing sources of \$58,996,392 exceeding expenditures and other financing uses of \$58,660,464.

Revenues and other financing sources increased by \$323,831, or 0.55%, compared to the prior year, due to increases in real property taxes, federal sources, and miscellaneous revenues, offset by a decrease in other tax items, charges for services, use of money and property, and state sources.

Expenditures and other financing uses increased by \$1,734,444, or 3.05%, compared to the prior year, due to increases in instruction, general support, pupil transportation, employee benefits, and debt service – interest, offset by decreases in operating transfers and community service.

**B. School Lunch Fund**

The fund balance in the school lunch fund decreased by \$56,239. This decrease is due to a current year operating deficit of \$62,184, partially offset by a transfer of \$5,945 from the general fund.

**C. Miscellaneous Special Revenue Fund**

The fund balance in the miscellaneous special revenue fund decreased by \$10,876 due to extraclassroom and scholarships and donations expenditures exceeding revenues.

**D. Debt Service Fund**

The fund balance in the debt service fund increased by \$13,004 due to interest earnings and an interfund transfer from the general fund, offset by debt service expenditures.

**E. Capital Projects Fund**

The fund balance in the capital projects fund decreased by \$3,175,909. This decrease was due to an excess of expenditures over other financing sources. The capital projects fund had capital outlays of \$3,957,865, offset by \$475,475 received in general fund budgetary appropriation transfers from the capital reserve, \$100,000 of operating budget transfers from the general fund, and \$206,481 in proceeds from installment purchase debt.

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2020-2021 Budget**

The District's general fund adopted budget for the year ended June 30, 2021 was \$60,288,101. This amount was adjusted by encumbrances carried forward from the prior year in the amount of \$309,188, a voter approved transfer from the capital reserve fund of \$475,475, and payouts for compensated absences per employment contracts of \$33,329, which resulted in a final budget of \$61,106,093. The majority of the funding was derived from property taxes and other tax items.

Chapter 97 of the Laws of 2011 established a property tax levy limit that restricted the amount of property taxes school districts can levy. Commencing with fiscal years that began in 2012, school districts are not authorized to increase its property tax levy by more than 2% or the rate of inflation, whichever is less, based on a multi-step formula. However, certain tax levy limit exclusions may apply. If a school district's proposed tax levy increase is within its limit, a simple majority of voters is needed for budget approval. If the proposed tax levy increase exceeds the tax levy limit, a supermajority of voters, 60% or more, would be required for budget passage. The District's tax levy increase of 1.83% for 2020-21 was in compliance with the statutory tax levy limit increase as required by New York State and was approved by a simple majority of the qualified voters.

**B. Change in the General Fund Unassigned Fund Balance (Budget to Actual)**

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

Opening, unassigned fund balance	\$ 3,387,974
Revenues under budget	(291,709)
Expenditures and encumbrances under budget	2,212,397
Interest allocated to the reserves	(27,367)
Funding of reserves	(1,596,834)
Assigned-appropriated for June 30, 2022 budget	(1,228,081)
Closing, unassigned fund balance	<u><u>\$ 2,456,380</u></u>

The opening unassigned fund balance of \$3,387,974 is the June 30, 2020 unassigned fund balance.

This opening unassigned fund balance exceeded 4% of the 2020-2021 budget as part of the District's plan to address the unique educational needs of students due to the COVID-19 crisis. The closing unassigned fund balance is now in compliance with the 4% limit after addressing the additional COVID-19 related expenditures in the current year.

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The revenues under budget of \$291,709 were primarily related to real property taxes, other tax items, charges for services, use of money and property, and federal sources (see Supplemental Schedule #1 for detail).

The expenditures, other financing uses, and encumbrances under budget of \$2,212,397 were primarily related to general support, instruction, pupil transportation, other financing uses, and employee benefits (see Supplemental Schedule #1 for detail).

Interest of \$27,367 was allocated to the reserves as follows: \$9,695 to the capital reserve, \$9,372 to the retirement contribution reserve, \$7,094 to the employee benefits accrued liability reserve, \$258 to the unemployment reserve and \$948 to the insurance reserve.

The funding of reserves of \$1,596,834 includes \$1,500,000 to the capital reserve and \$96,834 to the retirement contribution reserve – teachers' retirement system.

The assigned-appropriated fund balance of \$1,228,081 for the June 30, 2022 budget is the amount the District has chosen to use to fund its operating budget for 2021-2022.

The closing unassigned fund balance represents the fund balance retained by the District that is not reserved or assigned for subsequent years' taxes. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

## **6. CAPITAL ASSET AND DEBT ADMINISTRATION**

### **A. Capital Assets**

The District paid for equipment and various building additions and renovations during the fiscal year 2021. A summary of the District's capital assets net of accumulated depreciation are as follows:

#### Capital Assets (Net of Accumulated Depreciation)

Category	Fiscal Year 2021	Fiscal Year 2020	Increase (Decrease)	Percentage Change
Land	\$645,350	\$645,350	\$ -	0.00%
Land improvements	4,994,862	4,994,862	-	0.00%
Buildings and building improvements	59,950,932	58,757,681	1,193,251	2.03%
Construction in progress	5,107,393	3,477,545	1,629,848	46.87%
Furniture and equipment	5,081,367	3,987,540	1,093,827	27.43%
Subtotal	<u>75,779,904</u>	<u>71,862,978</u>	<u>3,916,926</u>	5.45%
Less: Accumulated depreciation	<u>31,211,933</u>	<u>29,207,543</u>	<u>2,004,390</u>	6.86%
Total net capital assets	<u><u>\$44,567,971</u></u>	<u><u>\$42,655,435</u></u>	<u><u>\$1,912,536</u></u>	4.48%

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

During the fiscal year, the District had capital outlays of \$3,957,865 in the capital projects fund and has \$2,869,356 in total fund balance allocated for District-wide capital projects. The majority of this funding is from bond proceeds and capital reserve transfers authorized by District residents (see Supplemental Schedule #6 for detail).

**B. Long-Term Debt Obligations**

At June 30, 2021, the District had total bonds payable of \$5,820,000. During fiscal year 2021, the District reduced existing bonds payable with principal payments of \$1,865,000. The District also had other long-term debt outstanding at June 30, 2021, of \$237,811 related to energy performance contract debt payable and \$179,347 related to installment purchase debt payable. During fiscal year 2021, the District reduced energy performance contract debt payable with principal payments of \$153,062. The District also issued installment debt of \$206,481, offset by principal payments of \$27,134.

A summary of outstanding debt at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase (Decrease)
Serial bonds payable	\$5,820,000	\$7,685,000	(\$1,865,000)
Energy performance contract debt payable	237,811	390,873	(153,062)
Installment purchase debt payable	179,347	-	179,347
Total	<u>\$6,237,158</u>	<u>\$8,075,873</u>	<u>(\$1,838,715)</u>

Refer to Note 12 disclosure for further detail on the District’s long-term debt obligations.

**7. FACTORS BEARING ON THE DISTRICT’S FUTURE**

- A. The general fund budget for the 2021-2022 school year in the amount of \$61,409,503 was approved by voters. This is an increase of \$1,121,402, or 1.86%, over the previous year’s budget. The increase was primarily due to increases in personnel costs and other instruction-related expenses.
- B. The 2021-22 budget is negatively impacted by certain trends impacting school districts. The property tax levy limit, enacted by the NYS Legislature beginning in the 2012-13 fiscal year, continues to negatively impact school districts, especially given fluctuations in state aid. Although increases in required contributions to pension plans have slowed, health insurance costs have continued to trend upwards at rates that exceed annual Consumer Price Index (“CPI”) levels.
- C. The federal government has passed several laws in the past year to address the economic and health consequences of the COVID-19 pandemic, including the CRRSA Act and the American Rescue Plan (ARP) Act. The District expects to receive non-recurring revenues to be used to fund expenditures that meet the requirements set forth by the U.S. Department of Education.

**OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**8. CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

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

Oyster Bay-East Norwich Central School District  
Dr. Francesco Ianni  
Superintendent of Schools  
Oyster Bay, New York 11771  
(516) 624-6500

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 5,818,726
Restricted	13,159,819
Receivables	
Accounts receivable	29,493
State and federal aid	1,237,701
Taxes receivable	2,072,042
Due from other governments	1,052,534
Other assets	766,802
Inventories	4,699
Non-current assets	
Capital assets	
Not being depreciated	5,752,743
Being depreciated, net of accumulated depreciation	38,815,228
<b>TOTAL ASSETS</b>	<u>68,709,787</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pensions	16,729,168
Other post-employment benefits obligation	16,058,542
Deferred charges on refunding	104,685
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>32,892,395</u>
<b>LIABILITIES</b>	
Payables	
Accounts payable	\$ 1,095,197
Accrued liabilities	373,100
Accrued interest payable	52,594
Due to other governments	724,795
Due to teachers' retirement system	2,618,122
Due to employees' retirement system	155,494
Compensated absences payable	589
Unearned credits	
Collections in advance	30,017
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premiums)	2,134,583
Energy performance contract debt payable	157,424
Installment purchase debt payable	42,355
Compensated absences payable	26,868
Due and payable after one year	
Bonds payable (inclusive of unamortized premiums)	4,333,446
Energy performance contract debt payable	80,387
Installment purchase debt payable	136,992
Compensated absences payable	209,085
Total other post-employment benefits obligation	84,942,404
Net pension liability - proportionate share - employees' retirement system	12,282
Net pension liability - proportionate share - teachers' retirement system	4,018,746
<b>TOTAL LIABILITIES</b>	<u>101,144,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pensions	5,736,383
Other post-employment benefits obligation	13,079,862
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>18,816,245</u>
<b>NET POSITION</b>	
Net investment in capital assets	<u>38,035,131</u>
Restricted	
Capital	6,349,928
Retirement contribution	
Employees' retirement system	2,508,079
Teachers' retirement system	498,127
Employee benefit accrued liability	2,169,371
Unemployment insurance	80,152
Insurance	294,170
Scholarships and donations	566,105
Debt service	446,225
	<u>12,912,157</u>
Unrestricted (deficit)	<u>(69,305,831)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (18,358,543)</u>

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

		<b>Program Revenues</b>			<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Operating Grants</b>	<b>and Contributions</b>	<b>Revenue and</b>
		<b>Services</b>			<b>Changes in</b>
					<b>Net Position</b>
<b>FUNCTIONS / PROGRAMS</b>					
General support	\$ (10,581,593)				\$ (10,581,593)
Instruction	(48,643,255)	\$ 1,302,479	\$ 1,032,783		(46,307,993)
Pupil transportation	(3,529,262)		45,653		(3,483,609)
Community service	(7,492)				(7,492)
Debt service - interest	(325,793)				(325,793)
Food service program	(733,451)	555	663,477		(69,419)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ (63,820,846)</b>	<b>\$ 1,303,034</b>	<b>\$ 1,741,913</b>		<b>\$ (60,775,899)</b>
 <b>GENERAL REVENUES</b>					
Real property taxes					52,248,947
Other tax items - including STAR reimbursement					2,209,239
Use of money & property					55,708
Sale of property and compensation for loss					116,149
Premium on obligations					130,951
Miscellaneous					992,395
State sources					3,204,756
Medicaid Reimbursement					37,199
<b>TOTAL GENERAL REVENUES</b>					<b>58,995,344</b>
 <b>CHANGE IN NET POSITION</b>					 (1,780,555)
 <b>TOTAL NET POSITION (DEFICIT)- BEGINNING OF YEAR, AS RESTATED (SEE NOTE 18)</b>					 (16,577,988)
 <b>TOTAL NET POSITION (DEFICIT) - END OF YEAR</b>					 <b>\$ (18,358,543)</b>

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents							
Unrestricted	\$ 4,004,615	\$ 117,495	\$ 86,982	\$ 74,296		\$ 1,535,338	\$ 5,818,726
Restricted	9,584,119			566,105	\$ 3,736	3,005,859	13,159,819
Receivables							
Accounts receivable	29,493						29,493
State and federal aid	171,234	824,164	242,303				1,237,701
Taxes receivable	2,072,042						2,072,042
Due from other governments	1,052,534						1,052,534
Due from other funds	1,683,226		42,228	156,855	442,489		2,324,798
Other assets	766,802						766,802
Inventories			4,699				4,699
<b>TOTAL ASSETS</b>	<b>\$ 19,364,065</b>	<b>\$ 941,659</b>	<b>\$ 376,212</b>	<b>\$ 797,256</b>	<b>\$ 446,225</b>	<b>\$ 4,541,197</b>	<b>\$ 26,466,614</b>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 585,760	\$ 36,459	\$ 220,735			\$ 252,243	\$ 1,095,197
Accrued liabilities	373,100						373,100
Due to other governments	724,651						724,795
Due to other funds		905,200	144			1,419,598	2,324,798
Due to teachers' retirement system	2,618,122						2,618,122
Due to employees' retirement system	155,494						155,494
Compensated absences	589						589
Unearned credits							
Collections in advance			30,017				30,017
<b>TOTAL LIABILITIES</b>	<b>4,457,716</b>	<b>941,659</b>	<b>250,896</b>	<b>-</b>	<b>-</b>	<b>1,671,841</b>	<b>7,322,112</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenues	1,404,537						1,404,537
	1,404,537	-	-	-	-	-	1,404,537
<b>FUND BALANCES</b>							
Nonspendable: inventory			4,699				4,699
Restricted							
Capital	4,034,220					2,315,708	6,349,928
Retirement contribution							
Employees' retirement system	2,508,079						2,508,079
Teachers' retirement system	498,127						498,127
Employee benefit accrued liability	2,169,371						2,169,371
Unemployment insurance	80,152						80,152
Insurance	294,170						294,170
Scholarships and donations				\$ 566,105			566,105
Unspent bond proceeds						247,662	247,662
Debt service					\$ 446,225		446,225
Assigned							
Appropriated fund balance	1,228,081						1,228,081
Unappropriated	233,232		120,617	231,151		305,986	890,986
Unassigned	2,456,380						2,456,380
<b>TOTAL FUND BALANCES</b>	<b>13,501,812</b>	<b>-</b>	<b>125,316</b>	<b>797,256</b>	<b>446,225</b>	<b>2,869,356</b>	<b>17,739,965</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,364,065</b>	<b>\$ 941,659</b>	<b>\$ 376,212</b>	<b>\$ 797,256</b>	<b>\$ 446,225</b>	<b>\$ 4,541,197</b>	<b>\$ 26,466,614</b>

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2021**

Total Governmental Fund Balances \$ 17,739,965

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position include those capital assets among the assets of the district as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 75,779,904	
Accumulated depreciation	<u>(31,211,933)</u>	44,567,971

Deferred charges on refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds. 104,685

Deferred inflows of resources - unavailable revenues - The Statement of Net Position recognized received under the full accrual method. Governmental funds recognize revenues under the modified accrual method. 1,404,537

Deferred inflows of resources - The Statement of Net Position recognized revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (5,736,383)	
Deferred inflows related to total OPEB liability	<u>(13,079,862)</u>	(18,816,245)

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	\$ 16,729,168	
Deferred outflows related to total OPEB liability	<u>16,058,542</u>	32,787,710

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of: (52,594)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable (inclusive of unamortized premiums)	\$ (6,468,029)	
Energy performance contract debt payable	(237,811)	
Installment purchase debt payable	(179,347)	
Compensated absences payable	(235,953)	
Total other post-employment benefits obligation	(84,942,404)	
Net pension liability - proportionate share -		
Employees' retirement system	(12,282)	
Teachers' retirement system	<u>(4,018,746)</u>	<u>(96,094,572)</u>

Total Net Position (deficit) \$ (18,358,543)

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 52,248,947						\$ 52,248,947
Other tax items - including STAR reimbursement	2,209,239						2,209,239
Charges for services	517,560			\$ 147,184			664,744
Use of money and property	42,614		\$ 13	77	\$ 13,004		55,708
Sale of property and compensation for loss	116,149						116,149
Miscellaneous	306,460			1,460			307,920
State sources	3,303,253	\$ 403,435	21,262				3,727,950
Federal sources	121,219	589,521	642,215				1,352,955
Sales - school lunch			555				555
<b>TOTAL REVENUES</b>	<b>58,865,441</b>	<b>992,956</b>	<b>664,045</b>	<b>148,721</b>	<b>13,004</b>	<b>-</b>	<b>60,684,167</b>
<b>EXPENDITURES</b>							
General support	7,201,536						7,201,536
Instruction	33,070,134	1,026,069		159,597			34,255,800
Pupil transportation	3,466,356	45,653					3,512,009
Community service	4,996						4,996
Employee benefits	11,752,264						11,752,264
Debt service - principal					2,018,062		2,018,062
Debt service - interest	176,294				310,636		486,930
Cost of sales			726,229				726,229
Capital outlay						\$ 3,957,865	3,957,865
<b>TOTAL EXPENDITURES</b>	<b>55,671,580</b>	<b>1,071,722</b>	<b>726,229</b>	<b>159,597</b>	<b>2,328,698</b>	<b>3,957,865</b>	<b>63,915,691</b>
<b>EXCESS (DEFICIENCY)</b>							
<b>OF REVENUES OVER EXPENDITURES</b>	<b>3,193,861</b>	<b>(78,766)</b>	<b>(62,184)</b>	<b>(10,876)</b>	<b>(2,315,694)</b>	<b>(3,957,865)</b>	<b>(3,231,524)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Proceeds from installment purchase debt						206,481	206,481
Premium on short term obligations	130,951						130,951
Operating transfers in		78,766	5,945		2,328,698	575,475	2,988,884
Operating transfers (out)	(2,988,884)						(2,988,884)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(2,857,933)</b>	<b>78,766</b>	<b>5,945</b>	<b>-</b>	<b>2,328,698</b>	<b>781,956</b>	<b>337,432</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>335,928</b>	<b>-</b>	<b>(56,239)</b>	<b>(10,876)</b>	<b>13,004</b>	<b>(3,175,909)</b>	<b>(2,894,092)</b>
<b>FUND BALANCES - BEGINNING OF YEAR AS RESTATED (SEE NOTE 18)</b>	<b>13,165,884</b>	<b>-</b>	<b>181,555</b>	<b>808,132</b>	<b>433,221</b>	<b>6,045,265</b>	<b>20,634,057</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 13,501,812</b>	<b>\$ -</b>	<b>\$ 125,316</b>	<b>\$ 797,256</b>	<b>\$ 446,225</b>	<b>\$ 2,869,356</b>	<b>\$ 17,739,965</b>

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances \$ (2,894,092)

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, compensated absences (vacation and sick days) are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences for the fiscal year ended June 30, 2021 changed by: (20,750)

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$	(3,063,111)	
Employees' retirement system		236,838	
Other post-employment benefits		<u>(1,177,001)</u>	(4,003,274)

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. 1,225,173

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlays		3,957,865	
Depreciation expense		<u>(2,045,329)</u>	1,912,536

Long-Term Debt Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduced long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,865,000

Repayment of energy performance contract debt payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 153,062

Repayment of installment purchase contract debt payable is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 27,134

Proceeds from installment debt is an other financing source in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. (206,481)

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest from June 30, 2020 to June 30, 2021 changed by: 19,545

The amortization of deferred charges on bond refunding increases interest expense in the Statement of Activities. (52,991)

The amortization of a bond premium decreases interest expense in the Statement of Activities. 194,583

Change in Net Position \$ (1,780,555)

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

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

Certain significant accounting principles and policies utilized by the District are described 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 (the “Board”) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

**B) Joint Venture:**

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

**C) Basis of Presentation:**

District-Wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

**D) Measurement Focus and Basis of Accounting:**

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, other post-employment benefits, and net pension liabilities, 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.

**E) Real Property Taxes:**

**Calendar**

Real property taxes are levied annually by the Board of Education no later than August 15, and become a lien on October 1st and April 1st. Taxes are collected by the Town of Oyster Bay during the periods October 1st through November 10th, and April 1st through May 10<sup>th</sup>, without penalty.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Enforcement

Uncollected real property taxes are subsequently enforced by the Nassau County (the “County”) in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

**F) Restricted Resources:**

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

**G) Interfund Transactions:**

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

**H) Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities 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 compensated absences, worker’s compensation claims, other post-employment benefits, net pension liabilities, potential contingent liabilities, and useful lives of capital assets.

**I) Cash and Cash Equivalents:**

The District’s cash and cash equivalents consist of cash on hand and demand deposits.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**J) Receivables:**

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

**K) Other Assets:**

The District carries split dollar life insurance policies for certain current and former administrators. The total cash surrender value of these policies is carried as a long-term asset and included in net position. The split dollar provisions provide for the payment of a portion of the life insurance proceeds to the District upon the demise of the insured or if the policy is cashed in prior to death.

At June 30, 2021, the total cash surrender value of the policies amounted to \$766,802, which was recorded as other assets in the general fund. The corresponding revenue to this asset is included in deferred inflows of resources in the fund financial statements and is recognized as revenue in the District-Wide Financial Statements.

**L) Inventories and Prepaid Items:**

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Non-spendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

Prepaid items 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 amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2021.

**M) 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 time received.

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), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
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	<u>Threshold</u>	<u>Method</u>	<u>Useful Life</u>
Building	\$1,000	Straight-line	50 years
Building Improvements	\$1,000	Straight-line	20-50 years
Land Improvements	\$1,000	Straight-line	50 years
Furniture and Equipment	\$1,000	Straight-line	7-15 years
Computer Equipment	\$500	Straight-line	5 years

**N) Collections in Advance:**

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance consist of amounts received in advance for meals that have not yet been purchased in the school lunch fund.

**O) Deferred Outflows and Inflows of Resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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. This amount relates to deferred charges on the refunding of bonds, pensions, and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and is detailed further in Notes 8, 13, and 15, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These amounts are related to the pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13, and 15, respectively.

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. At June 30, 2021, unavailable revenues related to nonresident tuition amounts of \$637,735 and \$766,802 of split life insurance policies. These amounts were recorded as deferred inflows of resources in the general fund.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**P) Vested Employee Benefits:**

Compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively-bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

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

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

**Q) Other Benefits:**

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of post-employment health insurance coverage is recognized on

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the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**R) 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 RAN and TAN represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of second fiscal year succeeding the year in which the note was issued.

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

**S) 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. Claims and judgments, compensated absences, net pension liabilities, and other post-employment benefits that will be paid from governmental funds are reported as a liability in the fund financial statements, only to the extent that they are due for payment in the current year. 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 in one year or due within more than one year in the Statement of Net Position.

**T) Equity Classifications:**

District-Wide Financial Statements

In the District-Wide Financial Statements there are three classes of net position:

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

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws

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or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements, there are four classifications of fund balance presented:

**Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$4,699.

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

The District has classified the following as restricted:

Capital Reserve

Capital reserve (GML§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. Expenditures 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. The reserve is accounted for in the general fund and capital projects fund.

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

Employee benefit accrued liability reserve (GML§6-p) must be used for the payment of accrued employee benefits 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

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such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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

Insurance Reserve

Insurance reserve (GML§6-n) must be used to pay liability, casualty, and other types of losses, except those 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. Additionally, 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 is funded by budgetary appropriations and 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 without judicial approval. Should the Board terminate this reserve, remaining funds in excess of incurred or accrued liabilities may be transferred to any other reserve fund authorized by the General Municipal Law §3651. The reserve is accounted for in the general fund.

Scholarships and Donations

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

Unspent Bond Proceeds

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

Debt Service

Debt service accumulates funds from unused bond proceeds and interest earnings. The accumulated funds must be used to offset the cost of the bond principal and interest payments. This reserve is accounted for in the debt service fund.

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

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

**Unassigned fund balance** –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation.

The District’s general fund unassigned fund balance was in not excess of the New York State Real Property Tax Law §1318 limit.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

**U) New accounting pronouncement:**

GASB has issued Statement No. 84, *Fiduciary Activities* (GASB Statement No. 84), effective for the fiscal year ended June 30, 2021. It provides guidance for identifying fiduciary activities, primarily based on whether the government is controlling the assets, and the beneficiaries with whom the fiduciary relationship exists, and on how different fiduciary activities should be reported. The District has adopted and implemented GASB Statement No. 84 in 2021. See Note 18 for further consideration.

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**V) Future accounting pronouncement:**

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources.

This is the statement that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact this pronouncement may have on its financial statements and will implement as applicable and when material.

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:**

Due to the differences in the measurement focus and basis of accounting used in the Fund 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. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

Long-term revenue and expense differences:

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

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of

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capital items in the Fund Financial 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 both interest and principal payments are recorded as expenditures in the Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

**A) Budgets:**

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line-item level.

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

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

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 reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash and Cash Equivalents:**

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

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, 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 with securities held by the pledging financial institution in the District’s name; or
- C) Collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

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

**B) Restricted Cash and Cash Equivalents:**

Restricted cash and cash equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2021 included \$13,159,819 within the governmental funds for capital projects, scholarships and donations, debt service, and general reserve purposes.

**C) Investments:**

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

**NOTE 5 – PARTICIPATION IN BOCES:**

During the fiscal year, the District was billed \$3,226,624 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$736,016. Financial statements for BOCES are available

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from the Nassau BOCES administrative office at Nassau BOCES, 71 Clinton Road, P.O. Box 9195, Garden City, NY 11530-9195.

**NOTE 6 – DUE FROM OTHER GOVERNMENTS:**

Due from other governments in the general fund at June 30, 2021 consisted of the following:

BOCES aid	\$	414,799
Tuition from other districts		637,735
		\$ 1,052,534

District management has deemed the amounts to be fully collectible.

**NOTE 7 – STATE AND FEDERAL AID RECEIVABLE:**

State and federal aid receivable at June 30, 2021 consisted of the following:

<b>General Fund</b>		
Excess cost aid	\$	104,949
CARES Act - ESSER		56,004
CARES Act - GEER		10,281
Total - General fund	\$	171,234
 <b>Special Aid Fund</b>		
Federal grants	\$	445,272
State grants		378,892
Total - Special aid fund	\$	824,164
 <b>School Lunch Fund</b>		
Federal aid	\$	241,590
State aid		713
Total - School lunch fund	\$	242,303
Total - All Funds	\$	1,237,701

District management has deemed the amounts to be fully collectible.

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**NOTE 8 – DEFERRED OUTFLOWS OF RESOURCES:**

The deferred charges on refunding recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2021 consisted of the following:

	<u>Initial Amount at Refunding</u>	<u>Accumulated Amortization</u>	<u>Balance at June 30, 2021</u>
2013 Bond Refunding	\$ 13,029	\$ 11,722	\$ 1,307
2015 Bond Refunding	409,205	305,827	103,378
Total deferred charges on refunding, net	<u>\$ 422,234</u>	<u>\$ 317,549</u>	<u>\$ 104,685</u>

The deferred charges on the 2013 and 2015 refundings are being amortized using the straight-line method over 10 years and eight years, respectively, which represents the time to maturity of the refunded bonds at the point of refunding. Amortization is included as a component of interest expense on the District-Wide Financial Statements.

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**NOTE 9 - CAPITAL ASSETS:**

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$645,350			\$645,350
Construction in progress	3,477,545	\$3,265,836	(\$1,635,988)	5,107,393
Total capital assets not being depreciated	<u>4,122,895</u>	<u>3,265,836</u>	<u>(1,635,988)</u>	<u>5,752,743</u>
Capital assets being depreciated:				
Building and building improvements	58,757,681	444	1,192,807	59,950,932
Furniture and equipment	3,987,540	691,585	402,242	5,081,367
Land improvements	4,994,862			4,994,862
Total capital assets being depreciated	<u>67,740,083</u>	<u>692,029</u>	<u>1,595,049</u>	<u>70,027,161</u>
Less accumulated depreciation:				
Building and building improvements	23,345,511	1,663,349		25,008,860
Furniture and equipment	2,910,975	206,684	(40,939)	3,076,720
Land improvements	2,951,057	175,296		3,126,353
Total accumulated depreciation	<u>29,207,543</u>	<u>2,045,329</u>	<u>(40,939)</u>	<u>31,211,933</u>
Total capital assets being depreciated, net	<u>38,532,540</u>	<u>(1,353,300)</u>	<u>1,635,988</u>	<u>38,815,228</u>
Capital assets, net	<u>\$42,655,435</u>	<u>\$1,912,536</u>	<u>\$ -</u>	<u>\$44,567,971</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,498,634
Instruction	539,473
Food service program	7,222
Total Expense	<u>\$ 2,045,329</u>

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**NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,683,226			\$ 2,998,884
Special aid fund		\$ 905,200	\$ 78,766	
School lunch fund	42,228		5,945	
Miscellaneous special revenue fund	156,855			
Debt service fund	442,489		2,328,698	
Capital projects fund		1,419,598	575,475	
Totals	<u>\$ 2,324,798</u>	<u>\$ 2,324,798</u>	<u>\$ 2,988,884</u>	<u>\$ 2,998,884</u>

The District typically transfers from the general fund to the special aid fund to fund the District’s share of the costs for the summer program for students with disabilities required by New York State law and to fund the State Supported Section 4201 schools. The District transferred from the general fund to the school lunch fund to cover the negative balances on students who owe money to the District for meals. The District transferred from the general fund to the debt service fund to pay for annual debt service obligations, including principal and interest on serial bonds and energy performance contract debt. The District typically transfers from the general fund to the capital projects fund to finance capital construction projects.

**NOTE 11 - SHORT-TERM DEBT:**

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

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/25/2021	2.00%	\$ -	\$ 7,100,000	\$ 7,100,000	\$ -
TAN	6/25/2021	2.00%	-	6,000,000	6,000,000	-
Total			<u>\$ -</u>	<u>\$ 13,100,000</u>	<u>\$ 13,100,000</u>	<u>\$ -</u>

Interest on short-term debt for the year amounted to \$176,294.

This debt was issued for interim financing of general fund operations.

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**NOTE 12 – LONG-TERM LIABILITIES:**

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

	Beginning Balance*	Issued	Reclassified and Redeemed	Ending Balance	Due Within One Year
Bonds payable:					
Construction serial - refunding	\$ 965,000	\$	\$ (315,000)	\$ 650,000	\$ 320,000
Construction serial - refunding	3,695,000		(1,180,000)	2,515,000	1,230,000
Construction serial	3,025,000		(370,000)	2,655,000	390,000
Premiums on obligations	842,612		(194,583)	648,029	194,583
Total bonds payable	8,527,612	-	(2,059,583)	6,468,029	2,134,583
Other liabilities:					
Energy performance contract debt payable	390,873		(153,062)	237,811	157,424
Installment purchase debt payable		206,481	(27,134)	179,347	42,355
Compensated absences payable	215,203	131,918	(111,168)	235,953	26,868
Net pension liability - proportionate share:					
Employees' retirement system	3,364,032		(3,351,750)	12,282	
Teachers' retirement system		6,448,696	(2,429,950)	4,018,746	
Total other post-employment benefits	74,610,484	12,746,537	(2,414,617)	84,942,404	
Total long-term liabilities	<u>\$ 87,108,204</u>	<u>\$ 19,533,632</u>	<u>\$ (10,547,264)</u>	<u>\$ 96,094,572</u>	<u>\$ 2,361,230</u>

\*Deferred premiums on refunding, net of accumulated amortization, have been reclassified to meet reporting requirements for bond refunding.

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

**A) Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Serial refunding bond	2013	2023	2.0 - 3.00%	\$ 650,000
Serial refunding bond	2015	2022	2.0 - 5.00%	2,515,000
Serial construction bond	2017	2027	5.00%	2,655,000
				<u>\$ 5,820,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 1,940,000	\$ 221,750	\$ 2,161,750
2023	2,025,000	145,550	2,170,550
2024	430,000	92,750	522,750
2025	450,000	71,250	521,250
2026	475,000	48,750	523,750
2027	500,000	25,000	525,000
	<u>\$ 5,820,000</u>	<u>\$ 605,050</u>	<u>\$ 6,425,050</u>

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

**B) Premiums on Bonds:**

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$648,029 at June 30, 2021. This represents premiums received on the 2017 bond issuance and 2013 and 2015 bond refundings. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. As of June 30, 2021, the premiums recorded in the District-Wide Financial Statements consisted of:

	<u>2013 Refunding</u>	<u>2015 Refunding</u>	<u>2017 Issuance</u>	<u>Total</u>
Premium on bonds	\$ 129,519	\$ 888,505	\$ 665,078	\$ 1,683,102
Accumulated amortization	<u>(116,567)</u>	<u>(664,041)</u>	<u>(254,465)</u>	<u>(1,035,073)</u>
Premium on bonds, net of accumulated amortization	<u>\$ 12,952</u>	<u>\$ 224,464</u>	<u>\$ 410,613</u>	<u>\$ 648,029</u>

**C) Energy Performance Contract Debt Payable**

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract debt	2011	2023	4.41%	<u>\$ 237,811</u>

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The following is a summary of debt services requirements for energy performance contract debt payable.

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ 157,424	\$ 5,624	\$ 163,048
2023	80,387	1,137	81,524
	<u>\$ 237,811</u>	<u>\$ 6,761</u>	<u>\$ 244,572</u>

**D) Installment Purchase Debt Payable**

The following is a summary of installment purchase debt payable:

Description	Issue Date	Final Maturity	Outstanding at June 30, 2021
Installment purchase debt payable	10/20/2020	10/20/2026	\$179,347
			<u>\$179,347</u>

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

Fiscal Year Ended June 30,	Payments Due
2022	\$42,355
2023	40,590
2024	40,590
2025	40,590
2026	15,222
	<u>\$179,347</u>

**E) Long-Term Interest**

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

Interest paid	\$ 310,636
Plus amortization of deferred charges on refunding	52,991
Less amortization of deferred premium on bond	(194,583)
Less interest accrued in the prior year	(72,139)
Plus interest accrued in the current year	52,594
Total expense	<u>\$ 149,499</u>

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**NOTE 13 – PENSION PLANS:**

**A) Provisions and Administration:**

i) Teachers' Retirement System

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

ii) Employees' Retirement System

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

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**B) Funding Policies:**

The Systems are noncontributory, except as follows:

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members’ payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS’ fiscal year ended March 31. The District’s contribution rates for ERS’ for the fiscal year ended March 31, 2021 ranged from 9.6% to 16.1% of covered payroll.

Pursuant to Article 11 of the Education Law, the New York State Teachers’ Retirement Board establishes rates annually for TRS. The District’s contribution rate for the TRS’ fiscal year ended June 30, 2021 was 9.53% of covered payroll.

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

	NYSERS	NYSTRS
2021	\$ 602,949	\$ 2,429,950
2020	\$ 598,314	\$ 2,187,076
2019	\$ 594,201	\$ 2,598,638

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Net pension liability	\$ 12,282	\$ 4,018,746
District's portion of the Plan's total net pension liability	0.0123349%	0.145434%
Change in proportion since the prior measurement date	-0.0003689%	-0.001162%

# # For the fiscal year ended June 30, 2021, the District recognized pension expense of \$366,111 for ERS and \$5,494,319 for TRS. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: #

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 150,001	\$ 3,521,226		\$ 205,953
Changes of assumptions	2,258,328	5,082,779	\$ 42,593	1,811,745
Net difference between projected and actual investment earnings on pension plan investments		2,624,594	3,528,214	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	211,979	294,817	47,171	100,707
District's contributions subsequent to the measurement date	155,494	2,429,950		
	<u>\$ 2,775,802</u>	<u>\$ 13,953,366</u>	<u>\$ 3,617,978</u>	<u>\$ 2,118,405</u>

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District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended 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
Plan Year ended:		
2021	\$	\$ 1,649,194
2022	(140,840)	3,243,933
2023	(22,142)	2,625,849
2024	(163,406)	1,621,318
2025	(671,282)	69,328
Thereafter		195,389
	\$ (997,670)	\$ 9,405,011

Actuarial Assumptions

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

The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72% - 1.90%
Cost of Living Adjustments	1.4% annually	1.3% annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, 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.

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

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

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2021</u>		<u>June 30, 2020</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.05%	33%	7.10%
International equity	15%	6.30%	16%	7.70%
Global equity			4%	7.40%
Private equity	10%	6.75%	8%	10.40%
Real estate	9%	4.95%	11%	6.80%
Opportunistic/Absolute return strategy	3%	4.50%		
Credit	4%	3.63%		
Real assets	3%	5.95%		
Fixed income	23%	0.00%		
Cash	1%	0.50%		
Domestic fixed income securities			16%	1.80%
Global bonds			2%	1.00%
High-yield bonds			1%	3.90%
Private debt			1%	5.20%
Real estate debt			7%	3.60%
Cash equivalents			1%	0.70%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.00% for ERS, and 2.20% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District’s proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% 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 (4.90% for ERS and 6.10% for TRS) or 1-percentage point higher (6.90% for ERS and 8.10% for TRS) than the current rate

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	\$ (3,409,105)	\$ (12,282)	\$ 3,120,384

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset/(liability)	\$ (25,385,036)	\$ (4,018,746)	\$ 13,912,985

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ (220,680,157)	\$ (123,242,776)
Plan fiduciary net position	220,580,583	120,479,505
Employers' net pension liability	\$ (99,574)	\$ (2,763,271)

Ratio of plan fiduciary net position to the Employers' total pension liability	99.95%	97.76%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$155,494.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, with a balance to be paid by the District, if necessary. 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 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 \$2,618,122.

**NOTE 14 – RETIREMENT PLANS – OTHER:**

**A) Tax Sheltered Annuities:**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2021, totaled \$33,330 and \$1,414,924 respectively.

**B) Deferred Compensation Plan:**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2021 totaled \$206,716.

**NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):**

**A) General Information about the OPEB Plan:**

Plan Description

The District’s OPEB Plan (the “Plan”), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by Empire BlueCross BlueShield, United Healthcare, and MEDCO. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute varying percentages of premiums for retirees (depending on the coverage at the date of retirement) and 0% to 79% of the premiums for surviving spouses and family depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

payments are accrued. For fiscal year 2021, the District contributed an estimated \$2,414,617 to the Plan, including \$2,414,617 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	281
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	178
Total	459

**B) Total OPEB Liability:**

The District’s total OPEB liability of \$84,942,404 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Discount rate	2.16%
Healthcare cost trend rates	5.30% decreasing to 4.10% over 55 years
Retirees' share of benefit-related costs	20% to 25% of health insurance premiums for retirees, 20% to 25% of premiums for family coverage, and 100% of surviving spouse coverage

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

Mortality rates were based on the PubT- 2010 headcount-weighted mortality table for teaching positions and PubG-2010 headcount-weighted mortality table for non-teaching positions, both generationally projected using the MP-2019 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

The actuarial assumptions used in the July 1, 2020 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

**C) Changes in the Total OPEB Liability:**

Balance at June 30, 2020	\$ 74,610,484
Changes for the fiscal year:	
Service cost	2,598,062
Interest	1,679,773
Changes of benefit terms	-
Changes of demographic gains or losses	(2,139,187)
Changes in assumptions or other inputs	10,607,889
Benefit payments	(2,414,617)
Net changes	10,331,920
Balance at June 30, 2021	\$ 84,942,404

Changes in assumptions or other inputs include the following:

- The discount rate was changed from 2.21% to 2.16%.
- The medical trend rate changed from 6.1% to 4.1% over 57 years for the July 1, 2018 valuation date to 5.3% to 4.1% over 55 years for the July 1, 2020 valuation date.

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:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 100,907,654	\$ 84,942,404	\$ 72,348,534

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.30%) or 1-percentage-point higher (6.30%) than the current healthcare cost trend rates:

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Healthcare Cost Trend	
1% Decrease (4.30% decreasing to 3.10%)	Rates (5.30% decreasing to 4.10%)	1% Increase (6.30% decreasing to 5.10%)
Total OPEB liability	\$ 72,533,730	\$ 84,942,404
	\$ 101,443,399	

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$3,591,618. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ (3,198,195)	\$ -
Changes of assumptions or other inputs	(9,881,667)	16,058,542
	\$ (13,079,862)	\$ 16,058,542

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

Fiscal Year ended June 30:	
2022	\$ (686,217)
2023	(686,217)
2024	1,037,556
2025	1,270,584
2026	1,273,094
Thereafter	769,880
	\$ 2,978,680

**NOTE 16 – RISK MANAGEMENT**

**A) General:**

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 reserves and commercial insurance coverage for the past three years.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**B) Public Entity Risk Pool:**

The District participates in the Nassau County Schools Cooperative Self Insured Plan for Workers' Compensation, a risk sharing pool, to insure Workers' Compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Workers' Compensation Plan's total liability for unbilled and open claims at June 30, 2021, discounted at 2.0%, was \$16,806,143. The Workers' Compensation Plan has plan assets of \$23,399,025 at June 30, 2021 to pay these liabilities. If the District leaves the plan or if the plan is terminated, the District will be liable for the District's open claims at that time.

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

**A) Encumbrances:**

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance

General fund

General support	\$ 74,012
Instruction	152,105
Employee benefits	7,115
	\$ 233,232

Restricted Fund Balance:

Capital projects fund

Capital projects	\$ 161,497
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**B) Grants:**

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

**C) Litigation:**

As of June 30, 2021, we are unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure.

**D) Operating Leases:**

The District leases copy machines under non-cancelable leases. Rental expense for the year was \$15,992. The minimum remaining lease payments for the year ended June 30, 2022 are \$9,995.

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 18 – RESTATEMENT OF FUND BALANCES AND NET POSITION**

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 assets, current liabilities, and deferred inflows of resources.

The District’s net fund balance and net position have been restated as follows:

	General Fund	Miscellaneous Special Revenue Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Reported	\$ 13,165,884	\$ -	\$ (17,466,987)
Assets			
Cash and cash equivalents			
Unrestricted	130,810	225,719	356,529
Restricted		582,413	582,413
Accounts receivable	20,952		20,952
Due from governmental funds	(1,524,968)		(1,524,968)
Other assets	80,867		80,867
Total Assets	<u>(1,292,339)</u>	<u>808,132</u>	<u>(484,207)</u>
Liabilities			
Accrued liabilities	19,751		19,751
Due to governmental funds	(1,392,957)		(1,392,957)
Total Liabilities	<u>(1,373,206)</u>	<u>-</u>	<u>(1,373,206)</u>
Deferred Inflows of Resources			
Unavailable revenues	80,867		
Total Deferred Inflows of Resources	<u>80,867</u>	<u>-</u>	<u>-</u>
Fund Balance/Net Position (Deficit)			
Restricted for scholarships and donations		582,413	582,413
Assigned unappropriated fund balance		225,719	225,719
Unrestricted (deficit)			80,867
Total Fund Balance	<u>-</u>	<u>808,132</u>	<u>888,999</u>
Net increase (decrease) in Fund Balance/Net Position	<u>-</u>	<u>808,132</u>	<u>888,999</u>
Fund Balance/Net Position (Deficit)			
Beginning of Year, as Restated	<u>\$ 13,165,884</u>	<u>\$ 808,132</u>	<u>\$ (16,577,988)</u>

**OYSTER BAY – EAST NORWICH CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 19 – SUBSEQUENT EVENTS**

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that the following subsequent event has occurred that would require disclosure in the notes to financial statements:

In September 2021, the District was awarded CRSSA funding of \$374,021 through the Elementary and Secondary School Emergency Relief Program (ESSER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended. As of the date of financial statement issuance, the District has received \$74,804 of the awarded amount.

**SUPPLEMENTARY INFORMATION**

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
Local sources				
Real property taxes	\$ 52,176,601	\$ 52,409,010	\$ 52,248,947	\$ (160,063)
Other tax items	2,520,000	2,287,591	2,209,239	(78,352)
Charges for services	856,500	856,500	517,560	(338,940)
Use of money and property	120,000	120,000	42,614	(77,386)
Sale of property and compensation for loss	40,000	40,000	116,149	76,149
Miscellaneous	162,000	162,000	306,460	144,460
State sources				
Basic formula	1,600,000	1,511,324	1,472,646	(38,678)
Excess cost aid	585,000	585,000	691,915	106,915
Lottery aid	115,000	115,000	93,958	(21,042)
BOCES aid	600,000	600,000	736,016	136,016
Tuition for students with disabilities	100,000	100,000	57,370	(42,630)
Textbook aid	170,000	170,000	114,112	(55,888)
Computer software aid	33,000	33,000	33,361	361
Library A/V loan program aid	3,000	3,000	5,378	2,378
Other state aid	45,000	45,000	98,497	53,497
Federal sources				
Medicaid reimbursement	70,000	70,000	37,199	(32,801)
CARES Act	-	88,676	84,020	(4,656)
<b>OTHER FINANCING SOURCES</b>				
Premium on short term obligations	92,000	92,000	130,951	38,951
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<u>59,288,101</u>	<u>59,288,101</u>	<u>\$ 58,996,392</u>	<u>\$ (291,709)</u>
Appropriated fund balance	1,000,000	1,000,000		
Appropriated reserves	309,188	817,992		
<b>TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE, &amp; RESERVES</b>	<u>\$ 60,597,289</u>	<u>\$ 61,106,093</u>		

**Note to Required Supplementary Information**

Budget Basis of accounting

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

OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual &amp; Encumbrances</u>
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 72,759	\$ 81,652	\$ 76,214	\$ 342	\$ 5,096
Central administration	354,176	375,069	369,329		5,740
Finance	776,894	969,978	938,387	26,400	5,191
Staff	522,215	525,766	427,384		98,382
Central services	4,841,204	5,307,948	4,945,885	47,270	314,793
Special items	457,576	457,576	444,337		13,239
Total General Support	<u>7,024,824</u>	<u>7,717,989</u>	<u>7,201,536</u>	<u>74,012</u>	<u>442,441</u>
Instructional					
Instruction, administration, and improvements	3,042,239	3,042,239	3,024,990	11,507	5,742
Teaching - regular school	17,968,083	18,088,050	17,937,766	97,414	52,870
Programs for children with disabilities	7,384,431	8,086,099	7,498,938	399	586,762
Occupational education	144,000	119,790	80,370		39,420
Teaching special schools	312,750	312,442	227,600		84,842
Instructional media	759,966	810,496	715,859	656	93,981
Pupil services	3,899,343	3,928,573	3,584,611	42,129	301,833
Total Instructional	<u>33,510,812</u>	<u>34,387,689</u>	<u>33,070,134</u>	<u>152,105</u>	<u>1,165,450</u>
Pupil transportation	<u>3,636,740</u>	<u>3,640,240</u>	<u>3,466,356</u>	-	<u>173,884</u>
Community services	<u>38,500</u>	<u>38,500</u>	<u>4,996</u>	-	<u>33,504</u>
Employee benefits	<u>13,637,215</u>	<u>12,056,207</u>	<u>11,752,264</u>	<u>7,115</u>	<u>296,828</u>
Debt service					
TAN interest	<u>135,500</u>	<u>176,295</u>	<u>176,294</u>	-	<u>1</u>
<b>TOTAL EXPENDITURES</b>	<b>57,983,591</b>	<b>58,016,920</b>	<b>55,671,580</b>	<b>233,232</b>	<b>2,112,108</b>
<b>OTHER FINANCING USES</b>					
Transfers to other funds	<u>2,613,698</u>	<u>3,089,173</u>	<u>2,988,884</u>	-	<u>100,289</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 60,597,289</b>	<b>\$ 61,106,093</b>	<b>\$ 58,660,464</b>	<b>\$ 233,232</b>	<b>\$ 2,212,397</b>
Net Change in Fund Balance			335,928		
Fund Balance - Beginning of Year			<u>13,165,884</u>		
Fund Balance - End of Year			<u>\$ 13,501,812</u>		

**Note to Required Supplementary Information**

Budget Basis of accounting

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

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
FOR THE FISCAL YEARS ENDED JUNE 30, \***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 2,598,062	\$ 2,059,618	\$ 3,388,575	\$ 3,189,686
Interest	1,679,773	2,159,550	2,511,707	2,399,663
Changes of benefit terms	-	-	(459,503)	-
Differences between expected and actual experience (demographic gains/losses)	(2,139,187)	-	(2,849,263)	(110,467)
Changes of assumptions or other inputs	10,607,889	11,763,183	(21,283,590)	-
Benefit payments	<u>(2,414,617)</u>	<u>(2,010,065)</u>	<u>(1,994,702)</u>	<u>(1,892,022)</u>
<b>Net change in total OPEB liability</b>	10,331,920	13,972,286	(20,686,776)	3,586,860
<b>Total OPEB liability - beginning</b>	<u>74,610,484</u>	<u>60,638,198</u>	<u>81,324,974</u>	<u>77,738,114</u>
<b>Total OPEB liability - ending</b>	<u>\$ 84,942,404</u>	<u>\$ 74,610,484</u>	<u>\$ 60,638,198</u>	<u>\$ 81,324,974</u>
<b>Covered-employee payroll</b>	\$ 19,089,600	\$ 19,337,680	\$ 19,337,680	\$ 28,797,253
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	444.97%	385.83%	313.58%	282.41%

## Notes to Schedule:

*Trust Assets*

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

*Changes of Assumptions*

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 3.50% as of June 30, 2019.

The discount rate was 3.00% as of June 30, 2018.

\* This schedule is intended to show information for 10 years; additional years will be displayed as they become available

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (LIABILITY) ASSET**  
**FOR THE FISCAL YEARS ENDED JUNE 30, \***

**NYSERS Pension Plan**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension (liability) asset	0.012335%	0.012704%	0.012863%	0.012289%	0.013014%	0.014146%	0.013945%	0.013945%
District's proportionate share of the net pension (liability) asset	\$ (12,282)	\$ (3,364,032)	\$ (911,362)	\$ (396,614)	\$ (1,222,866)	\$ (2,270,386)	\$ (471,101)	\$ (630,161)
District's covered payroll	\$ 4,171,402	\$ 4,056,933	\$ 4,202,031	\$ 3,632,738	\$ 3,935,457	\$ 4,319,751	\$ 4,242,803	\$ 4,156,699
District's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	0.29%	82.92%	21.69%	10.92%	31.07%	52.56%	11.10%	15.16%
Plan fiduciary net position as a percentage of the total pension (liability) asset	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%

**NYSTRS Pension Plan**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension (liability) asset	0.145434%	0.146596%	0.145392%	0.147515%	0.148010%	0.154514%	0.152135%	0.147588%
District's proportionate share of the net pension (liability) asset	\$ (4,018,746)	\$ 3,808,578	\$ 2,629,071	\$ 1,121,261	\$ (1,585,252)	\$ 16,049,047	\$ 16,946,864	\$ 971,500
District's covered payroll	\$ 25,816,536	\$ 25,476,057	\$ 24,874,454	\$ 23,925,501	\$ 23,479,077	\$ 24,030,326	\$ 23,206,423	\$ 22,615,515
District's proportionate share of the net pension (liability) asset as a percentage of its covered payroll	15.57%	14.95%	10.57%	4.69%	6.75%	66.79%	73.03%	4.30%
Plan fiduciary net position as a percentage of the total pension (liability) asset	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

**NYSERS Pension Plan**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 602,949	\$ 598,314	\$ 594,201	\$ 601,100	\$ 611,418	\$ 696,158	\$ 811,858	\$ 762,680	\$ 722,593	\$ 622,868
Contributions in relation to the contractually required contribution	602,949	598,314	594,201	601,100	611,418	696,158	811,858	762,680	722,593	622,868
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 4,279,898	\$ 3,977,230	\$ 4,246,027	\$ 3,991,300	\$ 3,935,086	\$ 4,395,761	\$ 4,334,740	\$ 4,307,660	\$ 4,227,031	\$ 4,170,074
Contributions as a percentage of covered payroll	14.09%	15.04%	13.99%	15.06%	15.54%	15.84%	18.73%	17.71%	17.09%	14.94%

**NYSTRS Pension Plan**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,429,950	\$ 2,187,076	\$ 2,598,638	\$ 2,320,907	\$ 2,739,700	\$ 3,028,514	\$ 4,068,722	\$ 3,651,809	\$ 2,559,615	\$ 2,337,006
Contributions in relation to the contractually required contribution	2,429,950	2,187,076	2,598,638	2,320,907	2,739,700	3,028,514	4,068,722	3,651,809	2,559,615	2,337,006
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 26,527,409	\$ 25,816,536	\$ 25,476,057	\$ 24,874,454	\$ 23,925,501	\$ 23,479,077	\$ 24,030,326	\$ 23,206,423	\$ 22,615,515	\$ 21,821,700
Contributions as a percentage of covered payroll	9.16%	8.47%	10.20%	9.33%	11.45%	12.90%	16.93%	15.74%	11.32%	10.71%

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$ 60,288,101
Add: Prior year's encumbrances		<u>309,188</u>
Original Budget		<u>60,597,289</u>
Appropriated Reserves:		
Capital reserve	\$ 475,475	
Employee benefits accrued liability reserve	<u>33,329</u>	
Total Budget Revisions:		<u>508,804</u>
Final Budget		<u><u>\$ 61,106,093</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2021-2022 voter approved expenditure budget		<u>\$ 61,409,503</u>
Maximum allowed (4% of the 2021-22 budget)		<u>\$ 2,456,380</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,461,313	
Unassigned fund balance	<u>2,456,380</u>	
Total unrestricted fund balance		3,917,693
Less:		
Appropriated fund balance	\$ 1,228,081	
Encumbrances included in assigned fund balance	<u>233,232</u>	
Total adjustments		<u>1,461,313</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,456,380</u></u>
Actual percentage		4.00%

OYSTER BAY-EAST NORWICH CENTRAL SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing					Fund Balance June 30, 2021
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Capital Reserve	Budgetary Transfers	Total	
<i>Capital Projects 2013-14</i>												
JV Gas Conversion (#0003-018)	\$ 76,224	\$ 76,224	\$ 69,466	\$	\$ 69,466	\$ 6,758	\$	\$	\$ 76,224	\$	\$ 76,224	\$ 6,758
OBHS West Side Boiler	150,000	150,000	48,035		150,000	101,965			150,000		150,000	101,965
Other closed projects	1,563,776	1,563,776	1,534,642		1,534,642	29,134			1,493,777	70,000	1,563,777	29,135
<i>Capital Projects 2014-15</i>												
JV Ceiling/Masonry (#0003-019)	250,000	235,026	235,026		235,026	-			235,026		235,026	-
<i>Capital Projects 2015-16</i>												
Technology (non-aidable)	1,650,000	1,569,762	1,482,761	14,334	1,497,095	72,667			1,569,762		1,569,762	72,667
OBHS Science Labs (#0001-034)	100,000	144,580	64,342	80,238	144,580	-			144,580		144,580	-
Admin Toilet Renv (non-aidable)	40,000	33,000	33,000		33,000	-			33,000		33,000	-
TR AIS Renv	120,000	8,338	6,374		6,374	1,964			8,338		8,338	1,964
<i>Capital Projects 2016-17</i>												
District-wide Equipment (non-aidable)	43,885	43,885	43,885		43,885	-			43,885		43,885	-
District-wide LED Lighting (non-aidable)	354,000	354,000	354,000		354,000	-			354,000		354,000	-
TR Toilet & Playground Renv (#0005-017)	330,000	330,915	330,915		330,915	-			330,915		330,915	-
JV Gym Ceiling Renv (#0003-022)	350,000	349,085	349,085		349,085	-			349,085		349,085	-
OBHS 4th Floor Abatement (non-aidable)	80,000	80,000	80,000		80,000	-			80,000		80,000	-
OBHS Masonry Restoration (non-aidable)	100,000	100,000	100,000		100,000	-				100,000	100,000	-
<i>Capital Projects 2017-18</i>												
District-wide Cafeteria Sound Panels (non-aidable)	110,000	80,149	63,676		63,676	16,473			80,149		80,149	16,473
District-wide CO Detectors (#7999-003)	96,000	96,000	39,808		39,808	56,192			96,000		96,000	56,192
JV Maintenance Garage (#3021-002)	98,000	98,000	15,830		15,830	82,170			98,000		98,000	82,170
JV Play Area Renv (non-aidable)	48,000	22,100	22,100		22,100	-			22,100		22,100	-
JV Science/Special Ed Renv (non-aidable)	70,000	143,300	136,799		136,799	6,501			143,300		143,300	6,501
TR Parking Lot, Toilet Renv (#0005-018)	427,000	379,600	25,972		25,972	353,628			379,600		379,600	353,628
OBHS Gas Upgrade, Parking Lot (#0001-034)	575,000	597,900	565,089	48,047	613,136	(15,236)			597,900		597,900	(15,236)
OBHS Masonry Restoration (non-aidable)	145,000	151,951	151,949		151,949	2				151,951	151,951	2
<i>Capital Projects 2018-19</i>												
JV Playground Fiber Renv (non-aidable)	160,000	30,000	6,361		6,361	23,639			30,000		30,000	23,639
JV Field House (non-aidable)	430,000	530,000	516,153		516,153	13,847			530,000		530,000	13,847
TR Asphalt Renv (non-aidable)	35,000	35,000	28,945		28,945	6,055			35,000		35,000	6,055
TR Multi-toilet Renv (#0005-018)	425,000	455,000	432,659	444	433,103	21,897			455,000		455,000	21,897
OBHS Locker Room Renv (#0001-042)	85,000	85,000	57,479		57,479	27,521			85,000		85,000	27,521
OBHS Auditorium A/C (#0001-038)	900,000	900,000	821,202		821,202	78,798			750,000	150,000	900,000	78,798
OBHS Masonry Restoration (non-aidable)	55,000	55,000	2,659		2,659	52,341				55,000	55,000	52,341
<i>Capital Projects 2019-20</i>												
District-wide Air Conditioning (non-aidable)	225,000	140,000	69,068	10,879	79,947	60,053			140,000		140,000	60,053
JV Casework, Music Suite Renv (#0003-023)	260,000	430,000	3,358	423,650	427,008	2,992			430,000		430,000	2,992
JV Turf Field (#0003-023)	2,510,000	2,355,000	118,046	2,225,375	2,343,421	11,579			2,355,000		2,355,000	11,579
TR Playground Renv (non-aidable)	102,000	102,000	69,930		69,930	32,070			102,000		102,000	32,070
OBHS West Side Boiler Add'l App	275,000	275,000	205,584		205,584	69,416			275,000		275,000	69,416
OBHS Cafeteria Upgrades (non-aidable)	110,000	180,000	13,504		179,621	379			180,000		180,000	379
Tech: 1:1 Device Phase #2 (non-aidable)	261,000	261,000	260,508		260,508	492			261,000		261,000	492
Tech: Phones, Boards, Cabling (non-aidable)	425,000	425,000	182,673	239,296	421,969	3,031			425,000		425,000	3,031
OBHS Masonry Restoration (non-aidable)	70,000	70,000	-		-	70,000				70,000	70,000	70,000
<i>Capital Projects 2020-21</i>												
JV Playground Fibar Renv Add'l (non-aidable)	225,000	225,000		13,714	13,714	211,286			225,000		225,000	211,286
OBHS Gym Air Conditioning (0001-045)	440,000	440,000			-	440,000			440,000		440,000	440,000
Tech: 1:1 Device Phase #3 (non-aidable)	265,000	265,000		104,112	104,112	160,888			265,000		265,000	160,888
<i>Capital Projects 2020-21 From Appropriations</i>												
TR Hot Water	20,000	20,000		19,625	19,625	375				20,000	20,000	375
JV Fence	21,000	21,000			-	21,000				21,000	21,000	21,000
JV Casework	59,000	59,000		4,665	4,665	54,335				59,000	59,000	54,335
<i>Capital Projects 2020-21 From Capital Reserves</i>												
Tech: 1:1	225,475	225,475		116,483	116,483	108,992			225,475		225,475	108,992
TR Casework	200,000	200,000		4,688	4,688	195,312			200,000		200,000	195,312
HS Plaster Repair	50,000	50,000		3,150	3,150	46,850			50,000		50,000	46,850
<i>Smart Schools Bond Act</i>												
	213,666	213,666	213,666		213,666	-		213,666			213,666	-
<i>OBHS Music Wing Reconstruction</i>												
OBHS Security Vestibule (#0001-039)	280,148	317,548	283,821		283,821	33,727		200,000	280,148		480,148	196,327
Music Wing Reconstruction (#0001-040)	7,125,111	6,870,927	6,738,811	1,053	6,739,864	131,063	4,491,791		2,495,735		6,987,526	247,662
JV Security Vestibule (#0003-021)	197,766	226,566	223,913		223,913	2,653			223,913		223,913	-
TR Security Vestibule (#0005-016)	173,766	204,166	213,730		213,730	(9,564)			213,730		213,730	-
Administration Security Vestibule (non-aidable)	15,000	15,000	22,064		22,064	(7,064)			22,064		22,064	-
OBHS Auditorium A/C (#0001-038)	25,000	55,000	89,409		89,409	(34,409)	25,000		64,409		89,409	-
Installment Debt Purchase	206,481	206,481		206,481	206,481	-		206,481			206,481	-
<b>TOTAL</b>	<b>\$ 22,847,298</b>	<b>\$ 22,550,420</b>	<b>#####</b>	<b>\$ 3,957,865</b>	<b>\$20,008,648</b>	<b>\$ 2,541,772</b>	<b>\$ 4,723,272</b>	<b>\$ 413,666</b>	<b>\$17,044,115</b>	<b>\$ 696,951</b>	<b>\$ 22,878,004</b>	<b>\$ 2,869,356</b>

**OYSTER BAY - EAST NORWICH CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2021**

<b>Capital assets, net</b>		\$ 44,567,971
<b>Add:</b>		
Unspent bond proceeds		247,662
Deferred charges on refunding		104,685
<b>Deduct:</b>		
Short-term portion of bonds payable (inclusive of unamortized premiums)	\$ 2,134,583	
Long-term portion of bonds payable (inclusive of unamortized premiums)	4,333,446	6,468,029
Short-term portion of energy performance contract debt payable	\$ 157,424	
Long-term portion of energy performance contract debt payable	80,387	237,811
Short-term portion of installment purchase debt payable	\$ 42,355	
Long-term portion of installment purchase debt payable	136,992	179,347
<b>Net investment in capital assets</b>		<b>\$ 38,035,131</b>



**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  
Oyster Bay - East Norwich Central 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 and each major fund of the Oyster Bay - East Norwich Central School District (the "District"), as of and for the fiscal 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 25, 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 25, 2021