

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Port Jefferson Union Free School District

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

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability, schedule of District's proportionate share of the net pension liability, and the schedule of District's contributions on pages 3 through 15 and 52 through 56, 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 1, 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 1, 2021

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Port Jefferson Union Free School District's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the year ended June 30, 2021 in comparison with the year ended June 30, 2020, with emphasis on the current year. This should be read in conjunction with the financial statements and notes to financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2021 are as follows:

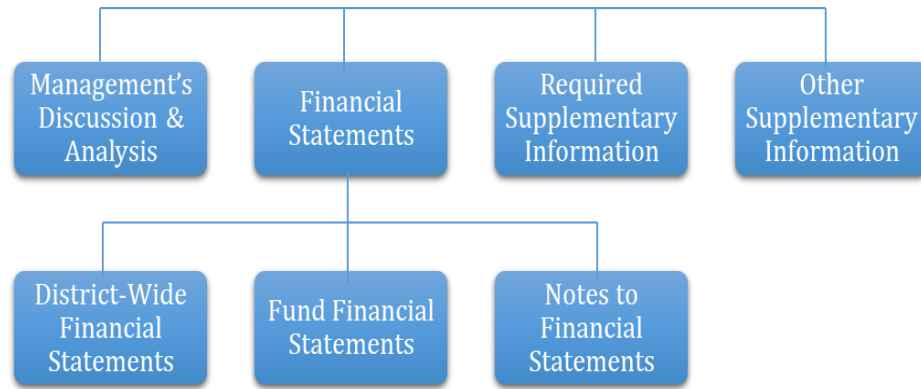
- The District's total net position, as reflected in the district-wide financial statements, decreased by \$5,595,669. This was due to an excess of expenses over revenues using the accrual basis of accounting.
- The District's total net position at June 30, 2020 was restated and increased by \$95,796, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$50,814,125. Of this amount, \$1,719,210 was offset by program charges for services, operating grants and contributions and capital grants. General revenues of \$43,499,246 amount to 96.2% of total revenues and were not sufficient to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$19,826,223 at June 30, 2021. This balance represents a \$1,292,329 decrease (6.12%) from the prior year due to an excess of expenditures and other financing uses over revenues using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
  - Restricted fund balances decreased by \$1,016,294 mainly due to the decrease in the capital reserve of \$1,401,204. The District transferred \$3,000,000 of the reserve to the capital projects fund to fund voter approved capital projects and allocated \$1,595,000 to the reserve in accordance with Board of Education approval.
  - Assigned fund balance decreased \$264,173, as the District had fewer purchase orders outstanding at June 30, 2021.
  - Unassigned fund balance decreased by \$11,862 to \$1,756,496.
- The proposed budget for the 2021-2022 school year in the amount of \$45,009,729 was approved by the voters on May 18, 2021. The budget presented to the taxpayers showed a \$269,874 spending increase over the prior year budget. In addition to the proposed budget, the voters again approved proposition #2 to transfer funds from the capital reserve to pay for capital projects. For 2021-22 and 2020-21, the voters approved funding of \$1,000,000 and \$3,000,000, respectively.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program in the amount of \$43,498.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**A. District-Wide Financial Statements**

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

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

The Statement of Net Position:

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

The Statement of Activities:

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

**B. Fund Financial Statements**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Governmental Funds

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

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

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

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

Fiduciary funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

**A. Net Position**

Certain balances at June 30, 2020 were adjusted as a result of the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities in the Governmental Funds that had previously been recorded in the Fiduciary Funds. Consequently, the District now includes the agency fund activities in the general fund, and the extraclassroom activities and scholarships funds as separate governmental funds. The changes resulted in an increase in total net position (deficit). The following is a summary of these changes:

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	\$ 29,443,208	\$ 29,339,600	\$ 103,608
Current and Other Liabilities	4,472,839	4,465,027	7,812
Restricted Net Position	21,541,419	21,531,609	9,810
Unrestricted Net Position (Deficit)	(97,668,241)	(97,754,227)	85,986
Total Net Position (Deficit)	(62,097,181)	(62,192,977)	95,796

The District's total net position decreased by \$5,595,669 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>Assets</b>				
Current and Other Assets	\$ 28,957,941	\$ 29,443,208	\$ (485,267)	(1.65)%
Capital Assets, Net	19,259,093	17,072,190	2,186,903	12.81 %
Net Pension Asset - Proportionate Share - TRS		2,582,304	(2,582,304)	(100.00)%
Total Assets	48,217,034	49,097,702	(880,668)	(1.79)%
<b>Deferred Outflows of Resources</b>	43,938,475	42,398,549	1,539,926	3.63 %
<b>Liabilities</b>				
Current and Other Liabilities	4,160,762	4,472,839	(312,077)	(6.98)%
Long-Term Liabilities	6,878,579	7,307,501	(428,922)	(5.87)%
Net Pension Liabilities - Proportionate Share - ERS & TRS	2,667,748	2,712,633	(44,885)	(1.65)%
Total OPEB Liability	121,894,301	120,885,075	1,009,226	0.83 %
Total Liabilities	135,601,390	135,378,048	223,342	0.16 %
<b>Deferred Inflows of Resources</b>	24,246,969	18,215,384	6,031,585	33.11 %
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	16,696,786	14,029,641	2,667,145	19.01 %
Restricted	21,355,466	21,541,419	(185,953)	(0.86)%
Unrestricted (Deficit)	(105,745,102)	(97,668,241)	(8,076,861)	(8.27)%
Total Net Position (Deficit)	\$ (67,692,850)	\$ (62,097,181)	\$ (5,595,669)	(9.01)%

Current and other assets decreased, primarily due to a decrease in cash, which was a result of a decrease in accounts payable.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 11 "Capital Assets" provides additional information.



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Net pension asset – proportionate share was eliminated in the current year as the New York State Teachers' Retirement System experienced a loss, resulting in a net pension liability – proportionate share. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years. Also included are deferred charges, net from a prior year advanced refunding.

The decrease in current and other liabilities is mainly the result of the decrease in accounts payable, offset by an increase in the amount due to the teachers' retirement system.

The decrease in long-term liabilities is primarily due to principal payments on outstanding bonds.

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date of the respective year. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation for the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years and revenues that have been deferred to a future period.

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

The restricted amount relates to the District's reserves, as well as amounts restricted for scholarships. This number decreased from the prior year as a result of a voter approved proposition to use funds from the capital reserve, net of Board approved additions to the restricted amounts and interest earned, offset by scholarships awarded.

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

**B. Changes in Net Position**

The June 30, 2020 revenues and expenses were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, as follows:

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 1,016,037	\$ 906,666	\$ 109,371
Operating Grants & Contributions	627,343	620,743	6,600
Instruction Expenses	41,867,192	41,753,495	113,697

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2021 and 2020 is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 764,769	\$ 1,016,037	\$ (251,268)	(24.73)%
Operating Grants & Contributions	647,209	627,343	19,866	3.17 %
Capital Grants	307,232		307,232	N/A
General Revenues				
Property Taxes and STAR	37,356,512	36,899,011	457,501	1.24 %
State Sources	3,851,992	3,790,600	61,392	1.62 %
Other	2,290,742	2,500,770	(210,028)	(8.40)%
Total Revenues	<u>45,218,456</u>	<u>44,833,761</u>	<u>384,695</u>	0.86 %
<b>Expenses</b>				
General Support	8,246,243	8,390,850	(144,607)	(1.72)%
Instruction	40,102,041	41,867,192	(1,765,151)	(4.22)%
Pupil Transportation	2,140,508	1,914,858	225,650	11.78 %
Debt Service - Interest	67,463	85,498	(18,035)	(21.09)%
Food Service Program	257,870	283,750	(25,880)	(9.12)%
Total Expenses	<u>50,814,125</u>	<u>52,542,148</u>	<u>(1,728,023)</u>	(3.29)%
Decrease in Net Position	<u>\$ (5,595,669)</u>	<u>\$ (7,708,387)</u>	<u>\$ 2,112,718</u>	27.41 %

The District's net position decreased \$5,595,669 and \$7,708,387 for the years ended June 30, 2021 and June 30, 2020, respectively.

The District's revenues increased by \$384,695 or 0.86%. Increases in capital grants and property taxes and STAR revenue were offset by decreases in charges for services and other revenue.

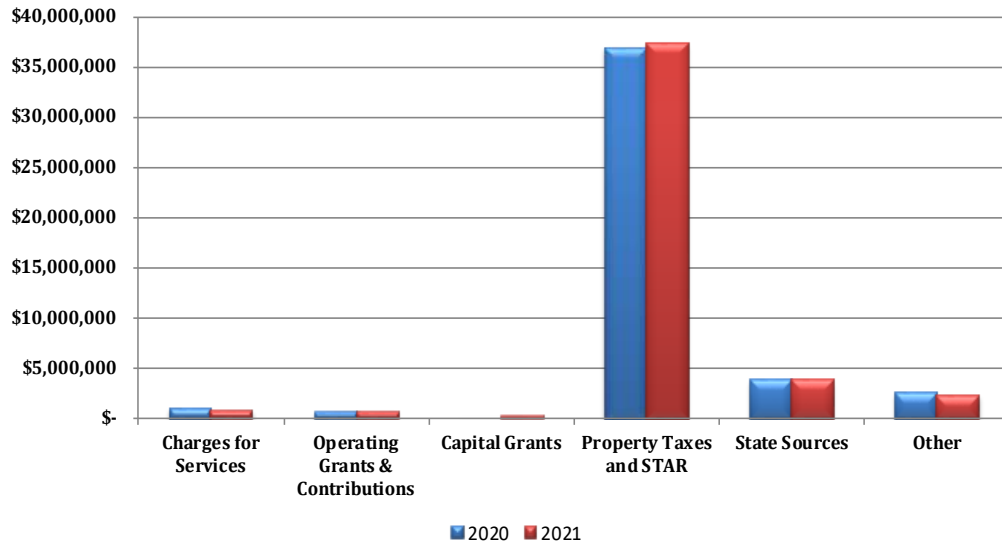
The District's expenses for the year decreased by \$1,728,023 as total employee benefits decreased by \$2,544,010. Other postemployment benefits decreased \$1,733,506 and pension expense for the employees' retirement systems decreased \$710,739, while the pension expense for the teachers' retirement system increased by \$421,844. Based on salary expense, 86.3% of the reduced employee benefits have been allocated to instruction, which accounts for the reduction in instruction.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 82.6% and 82.3% of the total for the years ended June 30, 2021 and 2020, respectively).

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

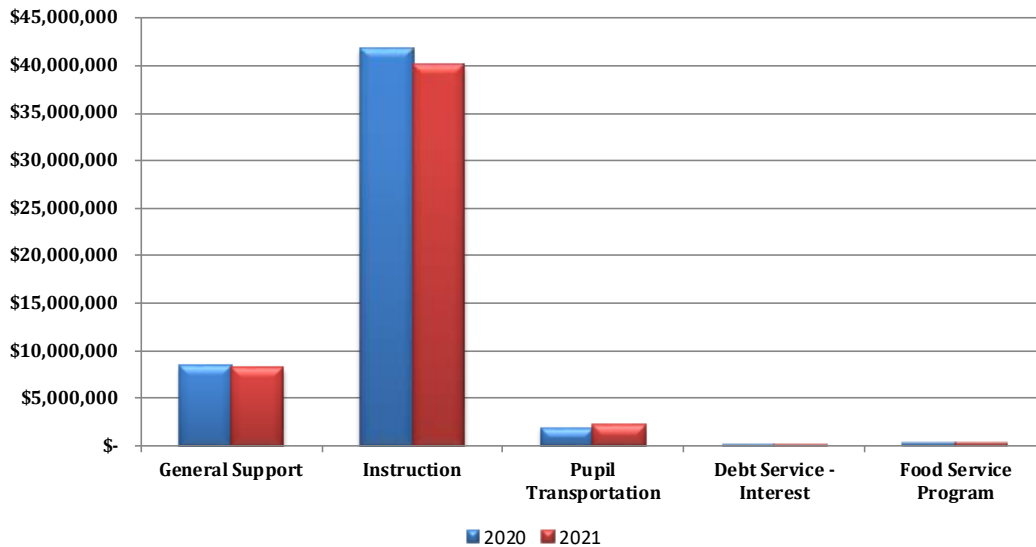
Instruction expenses is the largest category of expenses incurred (i.e., 79.0% and 79.7% of the total for the years ended June 30, 2021 and 2020, respectively).

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



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
<b>2020</b>	2.3%	1.4%	0.0%	82.3%	8.5%	5.5%
<b>2021</b>	1.7%	1.4%	0.7%	82.6%	8.5%	5.1%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
<b>2020</b>	16.0%	79.7%	3.6%	0.2%	0.5%
<b>2021</b>	16.2%	79.0%	4.2%	0.1%	0.5%

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$24,339,208, which is a decrease of \$120,700 from the prior year. This decrease is due to an excess of expenditures over revenues using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities and scholarships funds, as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Restricted:				
Workers' compensation	\$ 3,673,799	\$ 3,671,450	\$ 2,349	0.06 %
Unemployment insurance	2,356,220	2,356,220	-	0.00 %
Retirement contribution				
Teachers' retirement system	920,561	620,000	300,561	48.48 %
Employees' retirement system	3,763,375	3,763,375	-	0.00 %
Employee benefit accrued liability	3,984,944	3,902,944	82,000	2.10 %
Capital	2,597,349	3,998,553	(1,401,204)	(35.04)%
Assigned:				
Unappropriated fund balance	773,479	1,037,652	(264,173)	(25.46)%
Unassigned: Fund balance	1,756,496	1,768,358	(11,862)	(0.67)%
	<u>19,826,223</u>	<u>21,118,552</u>	<u>(1,292,329)</u>	<u>(6.12)%</u>
<b>School Food Service Fund</b>				
Nonspendable: Inventory	538		538	N/A
Assigned: Unappropriated fund balance	30,602	26,493	4,109	15.51 %
	<u>31,140</u>	<u>26,493</u>	<u>4,647</u>	<u>17.54 %</u>
<b>Capital Projects Fund</b>				
Restricted:				
Capital	4,047,708	3,219,067	828,641	25.74 %
Assigned: Unappropriated fund balance	342,338	-	342,338	N/A
	<u>4,390,046</u>	<u>3,219,067</u>	<u>1,170,979</u>	<u>36.38 %</u>
<b>Extraclassroom Activities Fund</b>				
Assigned: Unappropriated fund balance	80,289	85,986	(5,697)	(6.63)%
<b>Scholarships Fund</b>				
Restricted: Scholarships	11,510	9,810	1,700	17.33 %
Total Fund Balance	<u>\$ 24,339,208</u>	<u>\$ 24,459,908</u>	<u>\$ (120,700)</u>	<u>(0.49)%</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**A. General Fund**

The general fund operated at a \$1,292,329 deficit during the year, as compared to a surplus of \$3,797 in the prior year.

Actual operating revenues increased by \$333,735 while other financing sources decreased by \$406,502. Operating expenditures increased by \$1,206,882 and other financing uses increased by \$16,477.

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

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Workers' compensation	\$ 3,671,450	\$ (560,000)	\$ 2,349	\$ 560,000	\$ 3,673,799	\$
Unemployment insurance	2,356,220				2,356,220	
Retirement contribution						
TRS	620,000		561	300,000	920,561	
ERS	3,763,375	(175,000)		175,000	3,763,375	175,000
EBALR	3,902,944	(100,000)		182,000	3,984,944	100,000
Capital	3,998,553	(3,000,000)	3,796	1,595,000	2,597,349	
	<u>\$ 18,312,542</u>	<u>\$ (3,835,000)</u>	<u>\$ 6,706</u>	<u>\$ 2,812,000</u>	<u>\$ 17,296,248</u>	<u>\$ 275,000</u>

Additional detail regarding the capital reserve can be found in Note 17 "Restricted for Capital Reserve".

**B. School Food Service Fund**

The net change in the school food service fund – fund balance is an increase of \$4,647, which was the operating surplus for the year. The surplus included a general fund subsidy of \$30,000. In the prior year, the food service program had an operating deficit of \$30,231, which included a subsidy from the general fund of \$4,514.

**C. Capital Projects Fund**

The net change in the capital projects fund – fund balance is an increase of \$1,170,979. Interfund transfer revenue from the general fund of \$3,986,000 and state aid revenue of \$307,232 was offset by current period construction costs of \$3,122,253.

**D. Extraclassroom Activities Fund**

The net change in the extraclassroom activities fund – fund balance is a decrease of \$5,697. Revenues from fundraising and other events totaling \$46,345 were offset by student activity expenditures of \$52,042.

**E. Scholarships Fund**

The net change in the scholarships fund – fund balance is an increase of \$1,700. Contribution revenue of \$13,200 was offset by scholarships and awards of \$11,500.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2020-2021 Budget**

The District's general fund adopted budget for the year ended June 30, 2021 was \$47,739,855, which included a voter approved transfer of \$3,000,000 to the capital projects fund. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,037,652, and budget revisions of \$783,800 for a total final budget of \$49,561,307.

The final budget was funded through a combination of estimated revenues. The majority of this funding source was \$37,356,454 in estimated property taxes and STAR. In additions, the District utilized \$4,172,800 of reserves and surplus to fund the final budget.

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

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

Opening Unassigned Fund Balance	\$ 1,768,358
Unassigned Fund Balance Used to Fund the Original Budget and Budget Revisions	(337,800)
Revenues Under Budget	(116,046)
Expenditures and Encumbrances Under Budget	3,260,690
Transfers to Reserves, Including Interest Allocated	<u>(2,818,706)</u>
Closing Unassigned Fund Balance	<u>\$ 1,756,496</u>

**Opening, Unassigned Fund Balance**

The \$1,768,358 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

**Unassigned Fund Balanced Used**

The District appropriated \$114,000 of unassigned fund balance to fund the adopted budget and \$223,800 to fund two board approved budget revisions.

**Revenues Under Budget**

The 2020-2021 budget for revenues was \$44,350,855. Actual revenues recognized for the year were \$44,234,809. The excess of estimated or budgeted revenue over actual revenue was \$116,046, which reduces the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Expenditures and Encumbrances Under Budget

The 2020-2021 budget for expenditures, including prior year encumbrances, was \$48,777,507. The budget was revised for budget revisions totaling \$783,800, for a final budget of \$49,561,307. Actual expenditures as of June 30, 2021 were \$45,527,138 and outstanding encumbrances were \$773,479. The final budget variance was \$3,260,690, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Transfers to Reserves

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

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2021 was \$1,756,496. This amount equals 3.90% of the 2021-2022 voter approved budget.

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

**A. Capital Assets**

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$3,380,139 exceeding depreciation expense of \$1,193,236 for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Land	\$ 171,241	\$ 171,241	\$ -
Construction work in progress	13,177,199	10,054,947	3,122,252
Buildings and improvements	5,220,149	6,248,055	(1,027,906)
Outdoor improvements	11,295	31,230	(19,935)
Furniture and equipment	559,747	505,909	53,838
Licensed vehicles	119,462	60,808	58,654
	<u>\$ 19,259,093</u>	<u>\$ 17,072,190</u>	<u>\$ 2,186,903</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**B. Debt Administration**

At June 30, 2021, the District had total outstanding debt of \$2,562,307. The bonds were issued for school building improvements and the energy performance contract was entered into to perform district-wide energy efficient capital projects. The decrease in outstanding debt represents principal payments made during the year. A summary of the outstanding debt at June 30, 2021 and 2020 is as follows:

Issue Date	Interest Rate	2021	2020	Increase (Decrease)
<b>Bonds Payable</b>				
2016	2% - 5%	\$ 670,000	\$ 1,210,000	\$ (540,000)
<b>Energy Performance Contract Payable</b>				
12/15/2016	2.599%	\$ 1,892,307	\$ 1,832,549	\$ 59,758

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2. The District's outstanding serial bonds at June 30, 2021 is less than 0.5% of the District's debt limit.

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation liabilities, net pension liabilities – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2021 and 2020 is as follows:

	2021	2020	Increase/ (Decrease)
Compensated absences payable	\$ 3,985,349	\$ 3,903,936	\$ 81,413
Workers' compensation liabilities	318,059	329,968	(11,909)
Net pension liabilities - proportionate share	2,667,748	2,712,633	(44,885)
Total OPEB liability	121,894,301	120,885,075	1,009,226
	<u>\$ 128,865,457</u>	<u>\$ 127,831,612</u>	<u>\$ 1,033,845</u>

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

**A. Subsequent Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is \$45,009,729, which is an increase of \$269,874 or 0.60% over the prior year's budget. Additionally, the voters approved a separate proposition in 2022 to transfer \$1,000,000 from the capital reserve to the capital projects fund. The amount approved in 2021 was \$3,000,000. Taking the voter approved propositions into account, the District's total spending plan went from \$47,739,855 in 2021 to \$46,009,729 in 2022, a decrease of \$1,730,126.

The District budgeted revenues other than property taxes and STAR at a \$269,874 increase over the prior year's estimate. A property tax increase of \$529,608 (1.42%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**B. Future Budgets**

The property tax cap, uncertainty in state aid and federal funding, as well as the continuing effect of the COVID-19 pandemic, will impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2021-2022 property tax increase of 1.42% was \$217,501 less than the tax levy limit and did not require an override vote.

**8. CONTACTING THE DISTRICT**

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

Mr. Sean Leister  
Deputy Superintendent  
Port Jefferson Union Free School District  
550 Scraggy Hill Road  
Port Jefferson, NY 11777

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2021

**ASSETS**

Cash	
Unrestricted	\$ 5,522,367
Restricted	21,355,466
Receivables	
Accounts receivable	52,671
Due from state and federal	938,878
Due from other governments	626,884
Prepays	461,137
Inventory	538
Capital assets:	
Not being depreciated	13,348,440
Being depreciated, net of accumulated depreciation	<u>5,910,653</u>
Total Assets	<u>48,217,034</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred charges from advance refunding, net	6,741
Pensions	11,414,147
Other postemployment benefits obligation	<u>32,517,587</u>
Total Deferred Outflows of Resources	<u>43,938,475</u>

**LIABILITIES**

Payables	
Accounts payable	1,007,958
Accrued liabilities	700,244
Accrued interest on bonds payable	3,166
Due to other governments	342,418
Due to teachers' retirement system	1,733,181
Due to employees' retirement system	144,215
Compensated absences payable	204,177
Other liabilities	9,545
Unearned credits	
Collections in advance	15,858
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	349,672
Energy performance contract payable	165,615
Compensated absences payable	100,000
Due and payable after one year	
Bonds payable, net	333,192
Energy performance contract payable	1,726,692
Compensated absences payable	3,885,349
Workers' compensation liabilities	318,059
Net pension liability - proportionate share - employees' retirement system	9,329
Net pension liability - proportionate share - teachers' retirement system	2,658,419
Total other postemployment benefits liability	<u>121,894,301</u>
Total Liabilities	<u>135,601,390</u>

**DEFERRED INFLOWS OF RESOURCES**

Pensions	4,352,748
Other postemployment benefits obligation	<u>19,894,221</u>
Total Deferred Inflows of Resources	<u>24,246,969</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>16,696,786</u>
Restricted	
Workers' compensation	3,673,799
Unemployment insurance	2,356,220
Retirement contribution	
Teachers' retirement system	920,561
Employees' retirement system	3,763,375
Employee benefit accrued liability	3,984,944
Capital	6,645,057
Scholarships	<u>11,510</u>
	<u>21,355,466</u>
Unrestricted (deficit)	<u>(105,745,102)</u>
Total Net Position (Deficit)	<u>\$ (67,692,850)</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**

**Statement of Activities**

For the Year Ended June 30, 2021

	Expenses	Charges for Services	Program Revenues Operating Grants & Contributions	Capital Grants	Net (Expense) Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 8,246,243	\$	\$	\$	\$ (8,246,243)
Instruction	40,102,041	689,589	486,365	307,232	(38,618,855)
Pupil transportation	2,140,508				(2,140,508)
Debt service - interest	67,463				(67,463)
Food service program	257,870	75,180	160,844		(21,846)
Total Functions and Programs	\$ 50,814,125	\$ 764,769	\$ 647,209	\$ 307,232	(49,094,915)
<b>GENERAL REVENUES</b>					
Real property taxes					36,449,238
Other tax items					2,483,425
Use of money and property					519,016
Forfeitures					127
Miscellaneous					195,448
State sources					3,851,992
Total General Revenues					43,499,246
Change in Net Position					(5,595,669)
Total Net Position (Deficit) - Beginning of Year, as Restated					(62,097,181)
Total Net Position (Deficit) - End of Year					\$ (67,692,850)

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 4,640,775	\$ 133,188	\$ 40,618	\$ 627,497	\$ 80,289	\$	\$ 5,522,367
Restricted	17,296,248			4,047,708		11,510	21,355,466
Receivables							
Accounts receivable	52,671						52,671
Due from other funds	788,758		32,032	10,584			831,374
Due from state and federal	258,091	302,703	70,852	307,232			938,878
Due from other governments	626,884						626,884
Inventory			538				538
Total Assets	<u>\$ 23,663,427</u>	<u>\$ 435,891</u>	<u>\$ 144,040</u>	<u>\$ 4,993,021</u>	<u>\$ 80,289</u>	<u>\$ 11,510</u>	<u>\$ 29,328,178</u>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 359,177	\$ 14,965	\$ 30,841	\$ 602,975	\$	\$	\$ 1,007,958
Accrued liabilities	700,244						700,244
Due to other funds	344,313	420,926	66,135				831,374
Due to other governments	342,352		66				342,418
Due to teachers' retirement system	1,733,181						1,733,181
Due to employees' retirement system	144,215						144,215
Compensated absences payable	204,177						204,177
Other liabilities	9,545						9,545
Unearned credits							
Collections in advance			15,858				15,858
Total Liabilities	<u>3,837,204</u>	<u>435,891</u>	<u>112,900</u>	<u>602,975</u>	<u>-</u>	<u>-</u>	<u>4,988,970</u>
<b>FUND BALANCES</b>							
Nonspendable: Inventory			538				538
Restricted:							
Workers' compensation	3,673,799						3,673,799
Unemployment insurance	2,356,220						2,356,220
Retirement contribution							
Teachers' retirement system	920,561						920,561
Employees' retirement system	3,763,375						3,763,375
Employee benefit accrued liability	3,984,944						3,984,944
Capital	2,597,349			4,047,708			6,645,057
Scholarships						11,510	11,510
Assigned:							
Unappropriated fund balance	773,479		30,602	342,338	80,289		1,226,708
Unassigned: Fund balance	<u>1,756,496</u>						<u>1,756,496</u>
Total Fund Balances	<u>19,826,223</u>	<u>-</u>	<u>31,140</u>	<u>4,390,046</u>	<u>80,289</u>	<u>11,510</u>	<u>24,339,208</u>
Total Liabilities and Fund Balances	<u>\$ 23,663,427</u>	<u>\$ 435,891</u>	<u>\$ 144,040</u>	<u>\$ 4,993,021</u>	<u>\$ 80,289</u>	<u>\$ 11,510</u>	<u>\$ 29,328,178</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2021

Total Governmental Fund Balances \$ 24,339,208

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

Expenditures that are recorded in the governmental fund that effect future periods are recorded as prepaid expenditures in the Statement of Net Position. 461,137

The costs 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 includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 48,705,395	
Less: Accumulated depreciation	<u>(29,446,302)</u>	
		19,259,093

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

Deferred outflows of resources	11,414,147	
Net pension liability - teachers' retirement system	(2,658,419)	
Net pension liability - employees' retirement system	(9,329)	
Deferred inflows of resources	<u>(4,352,748)</u>	
		4,393,651

Total other postemployment benefits obligation and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	32,517,587	
Total other postemployment benefits obligation	(121,894,301)	
Deferred inflows of resources	<u>(19,894,221)</u>	
		(109,270,935)

Deferred charges on advance 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.

Deferred charges on advance refunding	142,254	
Less: accumulated amortization	<u>(135,513)</u>	
		6,741

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 consist of:

Accrued interest on bonds payable	(3,166)	
Bonds payable, net	(682,864)	
Energy performance contract payable	(1,892,307)	
Compensated absences payable	(3,985,349)	
Workers' compensation liabilities	<u>(318,059)</u>	
		<u>(6,881,745)</u>

Total Net Position (Deficit) \$ (67,692,850)

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 36,449,238	\$	\$	\$	\$	\$	\$ 36,449,238
Other tax items	2,483,425						2,483,425
Charges for services	643,244						643,244
Use of money and property	519,016						519,016
Forfeitures	127						127
Miscellaneous	195,448		1,690		46,345	13,200	256,683
State sources	3,900,813	97,481	2,644	307,232			4,308,170
Federal sources	43,498	332,186	158,200				533,884
Sales			73,490				73,490
<b>Total Revenues</b>	<b>44,234,809</b>	<b>429,667</b>	<b>236,024</b>	<b>307,232</b>	<b>46,345</b>	<b>13,200</b>	<b>45,267,277</b>
<b>EXPENDITURES</b>							
General support	5,921,204						5,921,204
Instruction	22,577,076	435,120			52,042	11,500	23,075,738
Pupil transportation	2,021,489	18,917					2,040,406
Employee benefits	10,402,799						10,402,799
Debt service							
Principal	540,000						540,000
Interest	24,200						24,200
Food service program			261,377				261,377
Capital outlay				3,122,253			3,122,253
<b>Total Expenditures</b>	<b>41,486,768</b>	<b>454,037</b>	<b>261,377</b>	<b>3,122,253</b>	<b>52,042</b>	<b>11,500</b>	<b>45,387,977</b>
Excess (Deficiency) of Revenues Over Expenditures	2,748,041	(24,370)	(25,353)	(2,815,021)	(5,697)	1,700	(120,700)
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Operating transfers in		24,370	30,000	3,986,000			4,040,370
Operating transfers (out)	(4,040,370)						(4,040,370)
<b>Total Other Financing Sources and (Uses)</b>	<b>(4,040,370)</b>	<b>24,370</b>	<b>30,000</b>	<b>3,986,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(1,292,329)</b>	<b>-</b>	<b>4,647</b>	<b>1,170,979</b>	<b>(5,697)</b>	<b>1,700</b>	<b>(120,700)</b>
<b>Fund Balances - Beginning of Year, as Restated</b>	<b>21,118,552</b>		<b>26,493</b>	<b>3,219,067</b>	<b>85,986</b>	<b>9,810</b>	<b>24,459,908</b>
<b>End of Year</b>	<b>\$ 19,826,223</b>	<b>\$ -</b>	<b>\$ 31,140</b>	<b>\$ 4,390,046</b>	<b>\$ 80,289</b>	<b>\$ 11,510</b>	<b>\$ 24,339,208</b>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Year Ended June 30, 2021

Net Change in Fund Balances \$ (120,700)

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

Long-Term Revenue and Expense Differences

Certain revenues are recognized in the governmental funds when they provide current financial resources. However, these revenues were recognized in the Statement of Activities in prior years when they were earned. \$ (48,821)

Expenditures for insurance are recorded in the governmental fund when paid; however, the expense is recorded in the Statement of Activities in the period that it relates to. Prepaid insurance decreased from June 30, 2020 to June 30, 2021. (1,004)

Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.  
Increase in compensated absences payable (81,413)

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.  
Decrease in workers' compensation claims liability 11,909  
(119,329)

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 expenses in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation in the period.  
Capital outlays and other additions 3,380,139  
Depreciation expense (1,193,236)  
2,186,903

Long-Term Debt Transactions Differences

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities. 8,655

Repayment of long-term debt 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.  
Repayment of bond principal in the amount of \$540,000, net of an increase in the energy performance contract payable of \$59,758 resulting from an updated amortization schedule. 480,242

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2020 to June 30, 2021. 836  
489,733

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.  
Teachers' retirement system (1,978,123)  
Employees' retirement system 222,624  
Other postemployment benefits (6,276,777)  
(8,032,276)

Change in Net Deficit of Governmental Activities \$ (5,595,669)

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2021

	Custodial
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	\$ -

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**  
For the Year Ended June 30, 2021

	Custodial
<b>ADDITIONS</b>	
Real property taxes collected for the Library	\$ 3,286,854
<b>DEDUCTIONS</b>	
Payments of real property taxes to the Library	3,286,854
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

**B. Joint Venture**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**C. Basis of Presentation**

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

**Extraclassroom Activities Fund** - is used to account for the funds operated by and for the students of the District.

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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**E. Real Property Taxes**

Calendar

Real property taxes are levied annually by the Board no later than November 1<sup>st</sup> and become a lien on December 1<sup>st</sup>. Taxes are collected by the Town of Brookhaven and remitted to the District from December to June.

Enforcement

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

**F. Payments in Lieu of Taxes (PILOT)**

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

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues.

**G. Restricted Resources**

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

**H. Interfund Transactions**

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

In the district-wide statements, eliminations have been made for all interfund receivables and payables between the funds.

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

**I. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, pension costs, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of capital assets.

**J. Cash and Cash Equivalents**

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

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

**K. Receivables**

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

**L. Inventories and Prepaid Items**

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

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 assets on the Statement of Net Position using the consumption method.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

**M. Capital Assets**

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 15,000	30 years
Furniture and equipment	2,000	5-20 years
Land improvements	15,000	30 years
Vehicles	2,000	8 years

**N. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year’s refunding of bonds that is being amortized as a component of interest expense on a weighted average basis through June 30, 2023. The second item is related to pensions and consists of the District’s proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District’s contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

**O. Collections in Advance**

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources. Collections in advance consists of amounts received in advance for meals that have not yet been purchased in the school food service fund.

**P. Employee Benefits – Compensated Absences**

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

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

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

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

**Q. Other Benefits**

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

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

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

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

**R. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

**S. Equity Classifications**

District-Wide Statements

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

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

Fund Statements

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

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

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

*Workers' Compensation Reserve*

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

*Unemployment Insurance Reserve*

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

*Retirement Contribution Reserve*

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board also adopted a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

*Employee Benefit Accrued Liability Reserve*

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

*Capital Reserve*

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

*Restricted for Scholarships*

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

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Fund Balance Classification

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

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

**2. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This statement provides guidance for identifying fiduciary activities, primarily based on whether the assets associated with the activities are controlled by the government and the government does not have administrative involvement with the assets. As a result, agency and private purpose trust activities previously reported within the fiduciary funds are now reported within the governmental funds.

**3. FUTURE ACCOUNTING STANDARDS**

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

<b>Effective for the Year Ending</b>	<b>Statement</b>
June 30, 2022	GASB No. 87 - <i>Leases</i>

GASB Statement No. 87 will change the reporting of leases in the district-wide financial statements. A lessee will be required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of financial resources.

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

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

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

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

COVID-19 loan funded by the workers' compensation reserve.	\$ 560,000
Additional appropriations funded by unassigned fund balance:	
Legal fees	100,000
Special education settlement	<u>123,800</u>
	<u>\$ 783,800</u>

Budgets are adopted annually on a basis consistent with GAAP.

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

**B. Encumbrances**

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

**6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies,

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

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

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by an irrevocable letter of credit and securities pledged on the District's behalf at year end.

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

**7. PARTICIPATION IN BOCES**

During the year ended June 30, 2021, the District was billed \$1,901,890 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$328,500. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

**8. DUE FROM STATE AND FEDERAL**

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

General Fund	
New York State - general aid	\$ 75,466
BOCES aid	147,825
Federal - CARES Act - ESSER & GEER	34,800
	258,091
Special Aid Fund	
Federal and state grants	302,703
School Food Service Fund	
Federal & state food service program reimbursements	70,852
Capital Projects Fund	
New York State - Smart Schools Bond Act	307,232
	\$ 938,878

**9. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2021 in the amount of \$626,884 consists of \$551,381 due from other school districts for tuition and health services and \$75,503 due from the Suffolk County IDA.

District management expects these amounts to be fully collectible.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
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**10. INTERFUND TRANSACTIONS**

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 788,758	\$ 344,313	\$	\$ 4,040,370
Special Aid Fund		420,926	24,370	
School Food Service Fund	32,032	66,135	30,000	
Capital Projects Fund	10,584		3,986,000	
	<u>\$ 831,374</u>	<u>\$ 831,374</u>	<u>\$ 4,040,370</u>	<u>\$ 4,040,370</u>

The District typically transfers from the general fund to the school food service fund, special aid fund and the capital projects fund in accordance with the general fund budget and voter approvals. Included in the \$3,986,000 transfer to the capital project fund was \$3,000,000 from the capital reserve, which was approved by the voters in a separate proposition.

**11. CAPITAL ASSETS**

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 171,241	\$	\$	\$ 171,241
Construction work in progress	10,054,947	3,122,252		13,177,199
Total capital assets not being depreciated	<u>10,226,188</u>	<u>3,122,252</u>	<u>-</u>	<u>13,348,440</u>
Capital assets being depreciated				
Buildings and improvements	32,196,603			32,196,603
Outdoor improvements	1,301,629			1,301,629
Furniture and equipment	1,455,357	172,651	(64,398)	1,563,610
Licensed vehicles	237,877	85,236	(28,000)	295,113
Total capital assets being depreciated	<u>35,191,466</u>	<u>257,887</u>	<u>(92,398)</u>	<u>35,356,955</u>
Less accumulated depreciation for:				
Buildings and improvements	25,948,548	1,027,906		26,976,454
Outdoor improvements	1,270,399	19,935		1,290,334
Furniture and equipment	949,448	118,813	(64,398)	1,003,863
Licensed vehicles	177,069	26,582	(28,000)	175,651
Total accumulated depreciation	<u>28,345,464</u>	<u>1,193,236</u>	<u>(92,398)</u>	<u>29,446,302</u>
Total capital assets, being depreciated, net	<u>6,846,002</u>	<u>(935,349)</u>	<u>-</u>	<u>5,910,653</u>
Capital assets, net	<u>\$ 17,072,190</u>	<u>\$ 2,186,903</u>	<u>\$ -</u>	<u>\$ 19,259,093</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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Depreciation expense was charged to governmental functions as follows:

General support	\$ 28,762
Instruction	1,160,231
Food service program	<u>4,243</u>
Total depreciation expense	<u>\$ 1,193,236</u>

**12. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 1,210,000	\$	\$ (540,000)	\$ 670,000	\$ 340,000
Add: Premium on refunding	31,048		(18,184)	12,864	9,672
	<u>1,241,048</u>	-	<u>(558,184)</u>	<u>682,864</u>	<u>349,672</u>
Energy performance contract	1,832,549	59,758		1,892,307	165,615
Other long-term liabilities:					
Compensated absences	3,903,936	81,413		3,985,349	100,000
Workers' compensation	<u>329,968</u>	<u>259,240</u>	<u>(271,149)</u>	<u>318,059</u>	
	<u>\$ 7,307,501</u>	<u>\$ 400,411</u>	<u>\$ (829,333)</u>	<u>\$ 6,878,579</u>	<u>\$ 615,287</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Advance refunding	2016	6/1/2023	2% - 5%	<u>\$ 670,000</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 340,000	\$ 13,400	\$ 353,400
2023	330,000	6,600	336,600
Total	<u>\$ 670,000</u>	<u>\$ 20,000</u>	<u>\$ 690,000</u>

**C. Energy Performance Contract**

The energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2021
Energy performance contract	12/15/2016	12/15/2031	2.599%	<u>\$ 1,892,307</u>

The following is a summary of energy performance contract payable requirements:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 165,615	\$ 48,112	\$ 213,727
2023	169,947	43,780	213,727
2024	174,393	39,334	213,727
2025	178,955	34,772	213,727
2026	183,636	30,091	213,727
2027-2031	992,798	75,835	1,068,633
2032	<u>26,963</u>	<u>350</u>	<u>27,313</u>
Total	<u>\$ 1,892,307</u>	<u>\$ 272,274</u>	<u>\$ 2,164,581</u>

**D. Advance Refunding**

In the district-wide statements, the District is amortizing deferred charges on the advance refunding and a refunding bond premium as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense (Decrease)
2022	\$ 5,069	\$ (9,672)	\$ (4,603)
2023	1,672	(3,192)	(1,520)
Total	<u>\$ 6,741</u>	<u>\$ (12,864)</u>	<u>\$ (6,123)</u>



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**E. Interest Expense**

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

Interest paid	\$	24,200
Less interest accrued in the prior year		(4,002)
Plus interest accrued in the current year		3,166
EPC adjustment for new amortization schedule		52,754
Less amortization of deferred amounts from bond refunding		(8,655)
 Total interest expense on long-term debt	 \$	 67,463

**13. PENSION PLANS – NEW YORK STATE**

**A. General Information**

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

**B. Provisions and Administration**

Teachers’ Retirement System

The TRS is administered by the New York State Teachers’ Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law of the State of New York (NYSRSSL). The system is governed by a 10 member board of trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the 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 TRS may be found by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the TRS website at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers’ Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees’ Retirement System

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 14.5% of covered payroll for the ERS' fiscal year ended March 31, 2021.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021 was \$1,617,031 for TRS at the contribution rate of 9.53% and \$465,810 for ERS at an average contribution rate of 14.0%.

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

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (2,658,419)	\$ (9,329)
District's portion of the Plan's total net pension asset/(liability)	0.096206%	0.0093692%
Change in proportion since the prior measurement date	(0.003190)	(0.0008747)

For the year ended June 30, 2021, the District recognized pension expense of \$3,595,985 for TRS and \$244,661 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
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	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 2,329,307	\$ 113,936	\$ 136,239	\$
Changes of assumptions	3,362,282	1,715,355	1,198,478	32,352
Net difference between projected and actual earnings on pension plan investments	1,736,181			2,679,920
Changes in proportion and differences between the District's contributions and proportionate share of contributions	250,320	145,520	204,289	101,470
District contributions subsequent to the measurement date	<u>1,617,031</u>	<u>144,215</u>		
Total	<u>\$ 9,295,121</u>	<u>\$ 2,119,026</u>	<u>\$ 1,539,006</u>	<u>\$ 2,813,742</u>

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

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2022	\$ 1,052,418	\$ (136,491)
2023	2,107,345	(47,497)
2024	1,714,612	(135,058)
2025	1,068,811	(519,885)
2026	46,775	
Thereafter	<u>149,123</u>	
	<u>\$ 6,139,084</u>	<u>\$ (838,931)</u>

**Actuarial Assumptions**

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

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**NOTES TO FINANCIAL STATEMENTS**  
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	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Inflation	2.20%	2.70%
Salary increases	1.90-4.72%	4.40%
Investment rate of return (net of investment expense, including inflation)	7.10%	5.90%
Cost of living adjustments	1.30%	1.40%

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

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

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

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

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

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**NOTES TO FINANCIAL STATEMENTS**  
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	TRS		ERS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Measurement date		June 30, 2020		March 31, 2021
Asset type				
Domestic equity	33.0%	7.10%	32.0%	4.05%
International equity	16.0%	7.70%	15.0%	6.30%
Global equity	4.0%	7.40%		
Real estate	11.0%	6.80%	9.0%	4.95%
Private equities	8.0%	10.40%	10.0%	6.75%
Alternatives investments			10.0%	3.63-5.95%
Domestic fixed income securities	16.0%	1.80%		
Global fixed income securities	2.0%	1.00%		
High-yield fixed income securities	1.0%	3.90%		
Bonds and mortgages			23.0%	0.00%
Private debt	1.0%	5.20%		
Real estate debt	7.0%	3.60%		
Cash and equivalents	1.0%	0.70%		
Cash			1.0%	0.50%
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.2% for TRS and 2.0% for ERS.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10% for TRS and 5.90% for ERS (the discount rate used by the ERS at the prior year's measurement date of March 31, 2020, was 6.80%). The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 7.10% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.10% for TRS and 4.90% for ERS) or 1 percentage point higher (8.10% for TRS and 6.90% for ERS) than the current rate:

TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
District's proportionate share of the net pension asset/(liability)	\$ (16,792,318)	\$ (2,658,419)	\$ 9,203,504
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	\$ (2,589,449)	\$ (9,329)	\$ 2,370,145

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:

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2020	March 31, 2021
Employers' total pension liability	\$ (123,242,776)	\$ (220,680,157)
Plan fiduciary net position	120,479,505	220,580,583
Employers' net pension liability	\$ (2,763,271)	\$ (99,574)
Ratio of plan fiduciary net position to the employers' net pension liability	97.76%	99.95%

Payables to the Pension Plan

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 employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2021 amounted to \$1,617,031 of employer contributions and \$116,150 of employee contributions.

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For ERS, employer contributions are paid annually based on the system’s fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$144,215 of employer contributions. Employee contributions are remitted monthly.

**14. PENSION PLANS - OTHER**

**A. Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$233,673 and \$1,140,260, respectively.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$190,716, which includes Roth contributions of \$3,036.

**15. POSTEMPLOYMENT HEALTHCARE BENEFITS**

**A. General Information about the OPEB Plan**

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

*Benefits Provided* – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms* – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	227
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>240</u>
	<u><u>467</u></u>

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**NOTES TO FINANCIAL STATEMENTS**  
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**B. Total OPEB Liability**

The District's total OPEB liability of \$121,894,301 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%	
Salary increases	various	varies by pension retirement system membership
Discount rate	2.16%	
Healthcare cost trend rates	5.40%	for 2021, decreasing to an ultimate rate of 4.04% by 2075
Retirees' share of benefit-related costs	16-18%	of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyers General Obligation 20 Year Municipal Bond Index.

Mortality rates were based on the Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2020.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2020	<u>\$120,885,075</u>
Changes for the year	
Service cost	5,438,309
Interest	2,757,842
Changes of benefit terms	(1,539,839)
Differences between expected and actual experience	(10,059,949)
Changes in assumptions or other inputs	7,498,072
Benefit payments	<u>(3,085,209)</u>
	<u>1,009,226</u>
Balance at June 30, 2021	<u><u>\$121,894,301</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.



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**NOTES TO FINANCIAL STATEMENTS**  
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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:

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	<u>\$ (146,253,400)</u>	<u>\$(121,894,301)</u>	<u>\$(102,775,114)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.40% decreasing to 3.04%	Healthcare Cost Cost Trend Rates 5.40% decreasing to 4.04%	1% Increase 6.40% decreasing to 5.04%
Total OPEB liability	<u>\$(99,207,703)</u>	<u>\$ (121,894,301)</u>	<u>\$ 152,230,756</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$9,345,030. At June 30, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 3,065,351	\$ 17,803,005
Changes of assumptions or other inputs	29,452,236	2,091,216
Total	<u>\$ 32,517,587</u>	<u>\$ 19,894,221</u>

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**NOTES TO FINANCIAL STATEMENTS**  
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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2022	\$ 2,688,718
2023	2,688,718
2024	2,688,718
2025	2,902,703
2026	1,654,509
	\$ 12,623,366

**16. RISK MANAGEMENT**

**A. General Information**

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

**B. Risk Retention**

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

	2020	2021
Unpaid claims at beginning of year	\$ 431,991	\$ 329,968
Incurred claims and claim adjustment expenses	405,981	259,240
Claim payments	(508,004)	(271,149)
Unpaid claims at year end	\$ 329,968	\$ 318,059

At June 30, 2021, the District had \$3,673,799 of funds in the workers' compensation reserve.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**C. Public Entity Risk Pool**

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

**17. RESTRICTED FOR CAPITAL RESERVE**

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

Date Created	<u>May 2017</u>	<u>May 2021</u>	
Number of Years to Fund	7	7	
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	
Maximum Annual Funding	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	
			<u>Total</u>
<b>General Fund</b>			
Funding Provided Since Inception	\$ 9,550,000	\$ 1,045,000	\$ 10,595,000
Interest Earnings Since Inception	114,349		114,349
Use of Reserve Since Inception	<u>(8,112,000)</u>	<u>                    </u>	<u>(8,112,000)</u>
Total General Fund	<u>1,552,349</u>	<u>1,045,000</u>	<u>2,597,349</u>
<b>Capital Projects Fund</b>			
Funding Provided Since Inception	8,112,000		8,112,000
Use of Reserve Since Inception	<u>(4,064,292)</u>	<u>                    </u>	<u>(4,064,292)</u>
Total Capital Projects Fund	<u>4,047,708</u>	<u>-</u>	<u>4,047,708</u>
Balance as of June 30, 2021	<u>\$ 5,600,057</u>	<u>\$ 1,045,000</u>	<u>\$ 6,645,057</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**18. RESTATEMENT OF FUND BALANCE AND NET POSITION**

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, which resulted in an increase of \$95,796 in fund balance of the governmental funds, as well as the Statement of Net Position. The District's fund balance and net position (deficit) have been restated as follows:

	General Fund	Extraclassroom Activities Fund	Scholarships Fund	Statement of Net Position
<i>Fund Balance/Net Position (Deficit)</i>				
Beginning of Year, as Reported	\$ 21,118,552	\$	\$	\$(62,192,977)
<i>Assets</i>				
Cash	17,296	85,986	9,810	113,092
Due from fiduciary fund	(9,484)			(9,484)
Total	7,812	85,986	9,810	103,608
<i>Liabilities</i>				
Other liabilities	7,812			7,812
<i>Fund Balance/Net Position</i>				
Restricted			9,810	9,810
Assigned, unappropriated		85,986		
Unrestricted				85,986
Total	-	85,986	9,810	95,796
<i>Fund Balance/Net Position (Deficit)</i>				
Beginning of Year, as Restated	\$ 21,118,552	\$ 85,986	\$ 9,810	\$(62,097,181)

**19. TAX ABATEMENTS**

The Town of Brookhaven Industrial Development Agency, enters into various property tax abatement programs for the purpose of economic development. The District received payment in lieu of taxes (PILOT) payments totaling \$1,572,650. The amount of the District's property tax reduction was not available.

**20. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Assigned: Unappropriated Fund Balance:

General Fund	
General support	\$ 698,830
Instruction	74,649
	773,479
Special Aid Fund	
Supplies - Title I grants to local educational agencies	4,000
School food service fund	
Cafeteria equipment	3,860
Capital Projects Fund	
Capital projects	3,290,705
	\$ 4,072,044

**B. Grants**

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

**C. Litigation**

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

**D. Operating Leases**

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was \$39,416. The minimum remaining operating lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 39,416
2023	29,562
	\$ 68,978

**21. SUBSEQUENT EVENTS**

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

**SUPPLEMENTARY INFORMATION**

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 36,177,744	\$ 36,449,180	\$ 36,449,238	\$ 58
Other tax items	2,734,899	2,463,463	2,483,425	19,962
Charges for services	720,000	720,000	643,244	(76,756)
Use of money and property	710,000	710,000	519,016	(190,984)
Forfeitures			127	127
Miscellaneous	145,000	145,000	195,448	50,448
Total Local Sources	40,487,643	40,487,643	40,290,498	(197,145)
State Sources	3,819,934	3,819,934	3,900,813	80,879
Federal Sources	43,278	43,278	43,498	220
Total Revenues	44,350,855	44,350,855	44,234,809	\$ (116,046)
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	114,000	337,800		
Prior Year's Encumbrances	1,037,652	1,037,652		
Appropriated Reserves	3,275,000	3,835,000		
Total Revenues and Appropriated Fund Balance	\$ 48,777,507	\$ 49,561,307		

**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.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 44,530	\$ 44,530	\$ 31,173	\$	\$ 13,357
Central administration	335,349	335,349	321,622	64	13,663
Finance	810,972	837,422	783,029	11,434	42,959
Staff	313,791	413,791	234,500	80,338	98,953
Central services	3,945,514	4,834,207	4,075,334	604,239	154,634
Special items	489,257	499,707	475,546	2,755	21,406
Total General Support	<u>5,939,413</u>	<u>6,965,006</u>	<u>5,921,204</u>	<u>698,830</u>	<u>344,972</u>
Instruction					
Administration & improvement	2,024,132	2,079,632	1,970,388	1,564	107,680
Teaching - regular school	11,434,641	11,682,178	11,593,375	17,808	70,995
Programs for students with disabilities	5,296,174	5,823,074	5,398,581	364	424,129
Occupational education	171,100	182,100	182,100		-
Teaching - special schools			-		-
Instructional media	1,237,265	1,283,262	1,220,268	22,377	40,617
Pupil services	2,342,482	2,471,841	2,212,364	32,536	226,941
Total Instruction	<u>22,505,794</u>	<u>23,522,087</u>	<u>22,577,076</u>	<u>74,649</u>	<u>870,362</u>
Pupil Transportation	<u>2,474,720</u>	<u>2,490,846</u>	<u>2,021,489</u>		<u>469,357</u>
Employee Benefits	<u>13,137,380</u>	<u>11,906,367</u>	<u>10,402,799</u>		<u>1,503,568</u>
Debt Service					
Principal	540,000	540,000	540,000		-
Interest	159,200	86,001	24,200		61,801
Total Debt Service	<u>699,200</u>	<u>626,001</u>	<u>564,200</u>	<u>-</u>	<u>61,801</u>
Total Expenditures	44,756,507	45,510,307	41,486,768	773,479	3,250,060
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	<u>4,021,000</u>	<u>4,051,000</u>	<u>4,040,370</u>		<u>10,630</u>
Total Expenditures and Other Uses	<u>\$ 48,777,507</u>	<u>\$ 49,561,307</u>	<u>45,527,138</u>	<u>\$ 773,479</u>	<u>\$ 3,260,690</u>
Net Change in Fund Balances			(1,292,329)		
Fund Balance - Beginning of Year			<u>21,118,552</u>		
Fund Balance - End of Year			<u>\$ 19,826,223</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.



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

***Teachers' Retirement System***

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset (liability)	0.096206%	0.099396%	0.096772%	0.097936%	0.096741%	0.098867%	0.096654%	0.094922%
District's proportionate share of the net pension asset (liability)	\$ (2,658,419)	\$ 2,582,304	\$ 1,749,884	\$ 744,407	\$ (1,036,138)	\$ 10,269,101	\$ 10,766,658	\$ 624,830
District's covered payroll	\$ 16,967,796	\$ 16,590,734	\$ 15,762,990	\$ 15,519,556	\$ 15,372,816	\$ 15,696,052	\$ 15,055,528	\$ 14,882,547
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(15.67)%	15.56 %	11.10 %	4.80 %	(6.74)%	65.42 %	71.51 %	4.20 %
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	7.10%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

***Employees' Retirement System***

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension(liability)	0.0093692%	0.0102439%	0.0102462%	0.0112775%	0.0105772%	0.0106930%	0.0109275%	0.0109275%
District's proportionate share of the net pension (liability)	\$ (9,329)	\$ (2,712,633)	\$ (725,973)	\$ (363,974)	\$ (993,860)	\$ (1,716,255)	\$ (369,157)	\$ (493,797)
District's covered payroll	\$ 3,326,603	\$ 3,196,548	\$ 3,320,770	\$ 3,235,997	\$ 3,237,518	\$ 2,874,263	\$ 3,311,043	\$ 3,243,925
District's proportionate share of the net pension (liability) as a percentage of its covered payroll	(0.28)%	(84.86)%	(21.86)%	(11.25)%	(30.70)%	(59.71)%	(11.15)%	15.22 %
Plan fiduciary net position as a percentage of the total pension (liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%	7.50%

*An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available. The amounts presented for each fiscal year were determined as of the measurement dates of the plan.*

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
 Last Ten Fiscal Years

*Teachers' Retirement System*

	<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	\$ 1,617,031	\$ 1,446,761	\$ 1,761,936	\$ 1,544,773	\$ 1,818,892	\$ 1,979,471	\$ 2,607,335	\$ 2,313,223	\$ 1,659,326	\$ 1,614,280
Contributions in relation to the contractually required contribution	<u>1,617,031</u>	<u>1,446,761</u>	<u>1,761,936</u>	<u>1,544,773</u>	<u>1,818,892</u>	<u>1,979,471</u>	<u>2,607,335</u>	<u>2,313,223</u>	<u>1,659,326</u>	<u>1,614,280</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	16,500,316	16,329,131	16,590,734	15,762,990	15,519,556	15,372,816	15,696,052	15,055,528	14,882,547	15,458,092
Contributions as a percentage of covered payroll	10%	9%	11%	10%	12%	13%	17%	15%	11%	10%

*Employees' Retirement System*

	<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	\$ 465,810	\$ 480,359	\$ 447,787	\$ 470,687	\$ 445,275	\$ 474,183	\$ 535,302	\$ 545,222	\$ 598,836	\$ 451,428
Contributions in relation to the contractually required contribution	<u>465,810</u>	<u>480,359</u>	<u>447,787</u>	<u>470,687</u>	<u>445,275</u>	<u>474,183</u>	<u>535,302</u>	<u>545,222</u>	<u>598,836</u>	<u>451,428</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	3,397,901	3,329,865	3,321,919	3,215,584	3,186,677	3,203,475	3,282,751	3,211,679	3,173,931	3,227,021
Contributions as a percentage of covered payroll	14%	14%	13%	15%	14%	15%	16%	17%	19%	14%

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
Last Four Fiscal Years

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 5,438,309	\$ 4,141,835	\$ 2,481,813	\$ 2,573,451
Interest	2,757,842	3,820,656	3,390,774	3,101,407
Changes in benefit terms	(1,539,839)	-	-	-
Differences between expected and actual experience	(10,059,949)	(14,109,224)	4,904,561	-
Changes of assumptions or other inputs	7,498,072	23,792,633	11,747,339	(4,396,416)
Benefit payments	<u>(3,085,209)</u>	<u>(2,914,049)</u>	<u>(2,984,363)</u>	<u>(2,593,658)</u>
Net change in total OPEB liability	1,009,226	14,731,851	19,540,124	(1,315,216)
Total OPEB liability, beginning	<u>120,885,075</u>	<u>106,153,224</u>	<u>86,613,100</u>	<u>87,928,316</u>
Total OPEB liability, ending	<u>\$ 121,894,301</u>	<u>\$ 120,885,075</u>	<u>\$ 106,153,224</u>	<u>\$ 86,613,100</u>
Covered employee payroll	\$ 18,368,959	\$ 18,730,411	\$ 17,601,933	\$ 18,077,259
Total OPEB liability as a percentage of covered employee payroll	663.59%	645.39%	603.08%	479.13%
Discount rate	2.16%	2.21%	3.51%	3.87%
Healthcare trend rates	5.4% decreasing to an ultimate rate of 4.04% by 2075	5.3% decreasing to an ultimate rate of 3.84% by 2075	5.5% decreasing to an ultimate rate of 3.84% by 2075	5.5% decreasing to an ultimate rate of 3.84% by 2078

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

**Note to Required Supplementary Information**

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

Health Care Cost Trends

Medical	Actual premium increases from 2018 to 2021, followed by 5.40% decreasing to an ultimate rate of 4.04% by 2075
Part B Reimbursement	2.70% in 2020 decreasing to an ultimate rate of 4.04% by 2075
Dental and Vision	4.00% in 2020 decreasing by 0.25% annually

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 47,739,855
Additions:		
Prior year's encumbrances		1,037,652
Original Budget		48,777,507
Budget revisions		783,800
Final Budget		\$ 49,561,307

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget		\$ 45,009,729
Maximum allowed (4% of 2021-2022 budget)		\$ 1,800,389
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 773,479	
Unassigned fund balance	1,756,496	
		\$ 2,529,975
Less:		
Encumbrances	773,479	
Total adjustments		773,479
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		\$ 1,756,496
Actual Percentage		3.90%

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources -**  
**Capital Projects Fund**  
For the Year Ended June 30, 2021

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund	
	June 30, 2020	June 30, 2021	Prior Years	Current Year	Total		State Aid	General Fund Appropriation	Capital Reserve	Total	Balance June 30, 2021
HS Electrical Upgrade	\$ 675,000	\$ 675,000	\$ 675,051		\$ 675,051	\$ (51)	\$	\$ 675,000	\$ 675,000	\$ (51)	
HS Roof replacement	778,789	778,789	778,789	(32,012)	746,777	32,012		778,789	778,789	32,012	
MS Office/ADA/Security	884,876	884,876	884,876	(97,796)	787,080	97,796		884,876	884,876	97,796	
HS Roof Replacement - Phase II	1,056,000	1,056,000	945,446	32,012	977,458	78,542		1,056,000	1,056,000	78,542	
ES Security Vestibules	327,124	513,124	388,490	(4,422)	384,068	129,056	186,000	327,124	513,124	129,056	
ES Roof Replacement - Phase III	1,108,211	1,108,211	24,128	660,601	684,729	423,482		1,108,211	1,108,211	423,482	
HS Roof Replacement - Phase III	2,169,000	2,169,000	83,153	1,572,554	1,655,707	513,293		2,169,000	2,169,000	513,293	
MS Heat/Ret Wall		1,800,000		648,084	648,084	1,151,916		800,000	1,000,000	1,151,916	
ES Roof Replacement - Phase III		2,000,000		36,000	36,000	1,964,000		2,000,000	2,000,000	1,964,000	
Smart Schools Bond Act		307,232		307,232	307,232	-	307,232		307,232	-	
	<u>\$ 6,999,000</u>	<u>\$ 11,292,232</u>	<u>\$ 3,779,933</u>	<u>\$ 3,122,253</u>	<u>\$ 6,902,186</u>	<u>\$ 4,390,046</u>	<u>\$ 307,232</u>	<u>\$ 986,000</u>	<u>\$ 9,999,000</u>	<u>\$ 11,292,232</u>	<u>\$ 4,390,046</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2021

Capital assets, net	<u>\$ 19,259,093</u>
Deduct:	
Short-term portion of bonds payable	340,000
Long-term portion of bonds payable	330,000
Short-term portion of energy performance contract payable	165,615
Long-term portion of energy performance contract payable	<u>1,726,692</u>
	<u>2,562,307</u>
Net investment in capital assets	<u>\$ 16,696,786</u>



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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  
Port Jefferson Union Free School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Port Jefferson Union Free School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 1, 2021