

LONGWOOD CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2022

LONGWOOD CENTRAL SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Longwood Central School District
Middle Island, New York

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

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

Qualified Opinion

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

Unmodified Opinions

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

Basis for Qualified Opinion and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required

to be independent of the Longwood Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

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

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

Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 56 through 60, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information on pages 61 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022 on our consideration of the Longwood Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Longwood Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Longwood Central School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 13, 2022

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, increased by \$9,407,035. This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$270,772,020. Of this amount, \$22,792,244 was offset by program charges for services, operating grants and contributions, and capital grants. General revenues of \$257,386,811 amount to 91.9% of total revenues, and were adequate to cover the balance of program expenses.
- The District's general fund - fund balance, as reflected in the fund financial statements was \$74,429,765 at June 30, 2022. This balance represents a \$14,954,532 increase (25.14%) over the prior year due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances increased by \$12,433,028 due to funding of reserves and interest allocated to the reserves, offset by the use of reserves.
 - Assigned fund balance increased \$2,201,504, due to the District increasing the fund balance appropriated to fund the 2023 budget and an increase in encumbrances.
 - Unassigned fund balance increased by \$320,000 to \$10,840,000.
- The District's 2022 property tax levy of \$154,136,252, including STAR was a 2.95% increase over the 2021 tax levy, which was equal to the District's property tax cap.
- The District was awarded funding in the amount of \$8,938,651 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and \$21,578,436 in grant funds through the American Rescue Plan (ARP) Act. As of June 30, 2022, the District has expended \$6,288,304 of these funds.
- On December 14, 2021, the District issued bond anticipation notes in the amount of \$9,950,393. The proceeds, along with \$239,607 of general fund appropriations, were used to redeem \$10,190,000 of bond anticipation notes that matured on December 15, 2021.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

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.

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

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

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

The District maintains seven individual governmental funds: general fund, special aid fund, school food service fund, debt 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 and PILOT 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 separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by \$9,407,035 between fiscal year 2022 and 2021. The increase is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. The June 30, 2021 net investment in capital assets and unrestricted (deficit) were decreased \$1,024,337, resulting from a reclassification of premium on obligations and retainage payable. This reclassification had no effect on total net position. A summary of the District's Statements of Net Position follows:

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2022	2021	Increase (Decrease)	Percentage Change
Asset				
Current and Other Assets	\$ 112,676,638	\$ 94,593,737	\$ 18,082,901	19.12 %
Capital Assets, Net	209,539,406	210,869,384	(1,329,978)	(0.63)%
Net Pension Assets - Proportionate Share	108,823,512	-	108,823,512	N/A
Total Assets	431,039,556	305,463,121	125,576,435	41.11 %
Deferred Outflows of Resources	178,843,360	205,414,743	(26,571,383)	(12.94)%
Liabilities				
Current and Other Liabilities	35,639,595	34,355,637	1,283,958	3.74 %
Long-Term Liabilities	66,118,294	70,496,600	(4,378,306)	(6.21)%
Net Pension Liabilities - Proportionate Share	-	16,231,845	(16,231,845)	(100.00)%
Total OPEB Liability	497,925,968	597,645,723	(99,719,755)	(16.69)%
Total Liabilities	599,683,857	718,729,805	(119,045,948)	(16.56)%
Deferred Inflows of Resources	273,201,295	64,557,330	208,643,965	323.19 %
Net Position (Deficit)				
Net investment in capital assets	156,440,126	154,157,090	2,283,036	1.48 %
Restricted	60,752,077	48,878,277	11,873,800	24.29 %
Unrestricted (Deficit)	(480,194,439)	(475,444,638)	(4,749,801)	(1.00)%
Total Net Position (Deficit)	\$ (263,002,236)	\$ (272,409,271)	\$ 9,407,035	3.45 %

The increase in current and other assets is primarily related to increases in cash and amounts due from state and federal, offset by a decrease in accounts receivable.

The decrease in capital assets, net is due to depreciation expense in excess of capital outlays and other additions. The accompanying Notes to Financial Statements, Note 9 "Capital Assets" provides additional information.

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

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

The increase in current and other liabilities is mostly due to increases in amounts due to the teachers' retirement system and collections in advance, offset by decreases in amounts due to other governments and compensated absences payable.

The decrease in long-term liabilities is the result of payments of current maturities on bonds during the 2021-2022 year, offset by an increase in compensated absences payable.

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

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

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

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

The restricted amount relates to the District's reserves, which increased over the prior year mainly due to the transfer into reserves, offset by the uses of reserves.

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

B. Changes in Net Position

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

	2022	2021	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 1,713,100	\$ 1,075,189	\$ 637,911	59.33 %
Operating Grants and Contributions	20,662,184	11,494,873	9,167,311	79.75 %
Capital Grants	416,960	192,697	224,263	116.38 %
General Revenues				
Property Taxes and STAR	154,136,398	149,714,923	4,421,475	2.95 %
State Sources	95,867,629	89,062,158	6,805,471	7.64 %
Other	7,382,784	6,899,345	483,439	7.01 %
Total Revenues	<u>280,179,055</u>	<u>258,439,185</u>	<u>21,739,870</u>	8.41 %

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2022	2021	Increase (Decrease)	Percentage Change
Expenses				
General Support	\$ 25,811,040	\$ 31,109,533	\$ (5,298,493)	(17.03)%
Instruction	221,655,973	251,643,247	(29,987,274)	(11.92)%
Pupil Transportation	17,320,431	15,621,233	1,699,198	10.88 %
Community Services	318,549	431,355	(112,806)	(26.15)%
Debt Service - Interest	1,341,369	1,578,590	(237,221)	(15.03)%
Food Service Program	4,324,658	3,356,040	968,618	28.86 %
Total Expenses	<u>270,772,020</u>	<u>303,739,998</u>	<u>(32,967,978)</u>	(10.85)%
Change in Net Position	<u>\$ 9,407,035</u>	<u>\$ (45,300,813)</u>	<u>\$ 54,707,848</u>	(120.77)%

The District's net position increased by \$9,407,035 and decreased by \$45,300,813 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

- Operating grants and contributions increased as the District was awarded funding under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act.
- The increase in state sources is chiefly due to the District recognizing more in general and excess cost aids, offset by decreases in lottery aid and BOCES aid.
- Real property taxes and STAR were increased to fund anticipated increases in appropriations in the voter-approved 2021-2022 budget.

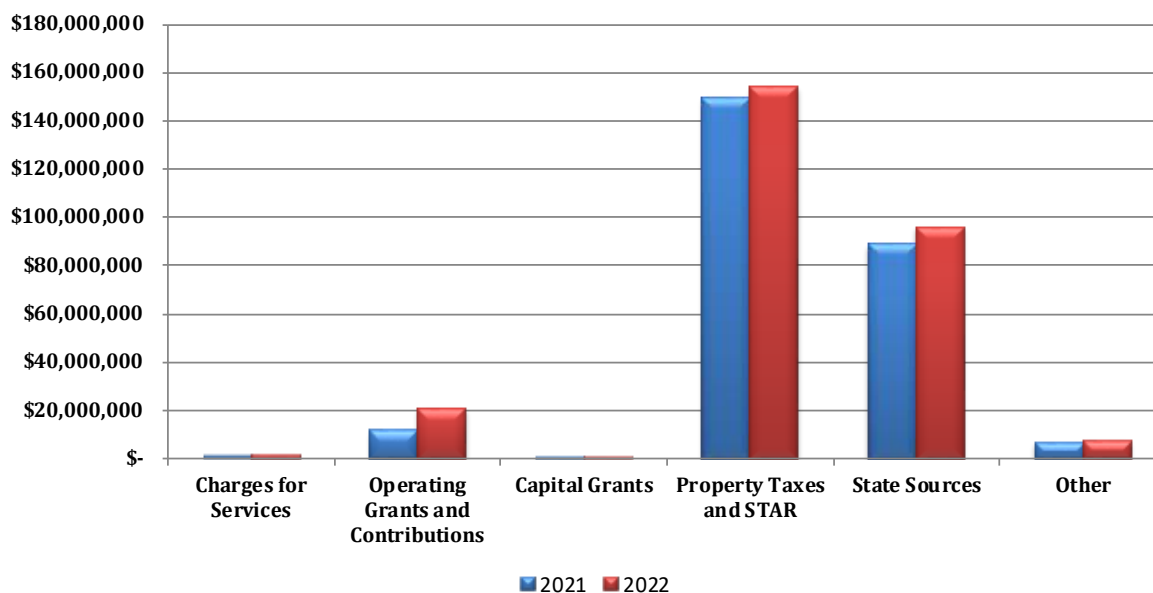
The District's expenses decreased when compared to the prior year, primarily due to the following major changes:

- General support and instruction decreased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and OPEB costs.
- Pupil transportation increased due to a rise in contract bus expenses.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 55.0% and 57.9% of the total for the years 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 81.9% and 83.0% of the total for the years 2022 and 2021, respectively).

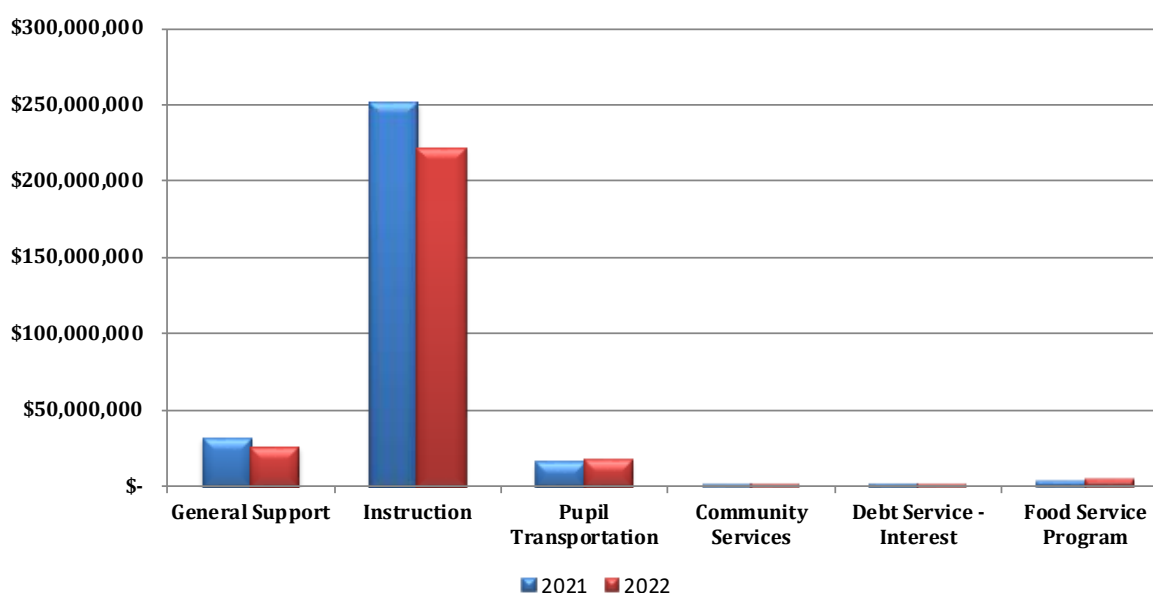
LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants and Contributions	Capital Grants	Property Taxes and STAR	State Sources	Other
2021	0.4%	4.4%	0.1%	57.9%	34.5%	2.7%
2022	0.6%	7.4%	0.1%	55.0%	34.2%	2.7%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2021	10.2%	83.0%	5.1%	0.1%	0.5%	1.1%
2022	9.5%	81.9%	6.4%	0.1%	0.5%	1.6%

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$77,070,384, which is an increase of \$16,370,716 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2022	2021	Increase (Decrease)	Percentage Change
General Fund				
Restricted				
Workers' compensation	\$ 5,918,330	\$ 4,521,134	\$ 1,397,196	30.90 %
Unemployment insurance	1,162,152	161,777	1,000,375	618.37 %
Retirement contribution				
Teachers' retirement system	5,885,693	3,876,703	2,008,990	51.82 %
Employees' retirement system	17,172,421	15,536,392	1,636,029	10.53 %
Liability	229,888	229,356	532	0.23 %
Employee benefit accrued liability	11,707,021	10,333,059	1,373,962	13.30 %
Capital	12,876,387	7,860,443	5,015,944	63.81 %
Assigned:				
Appropriated fund balance	6,000,000	5,400,000	600,000	11.11 %
Unappropriated fund balance	2,637,873	1,036,369	1,601,504	154.53 %
Unassigned: Fund balance	10,840,000	10,520,000	320,000	3.04 %
	<u>74,429,765</u>	<u>59,475,233</u>	<u>14,954,532</u>	25.14 %
School Food Service Fund				
Nonspendable: Inventory	172,886	113,866	59,020	51.83 %
Assigned: Unappropriated fund balance	4,205,933	1,889,365	2,316,568	122.61 %
	<u>4,378,819</u>	<u>2,003,231</u>	<u>2,375,588</u>	118.59 %
Debt Service Fund				
Restricted: Debt service	<u>1,039,327</u>	<u>1,106,007</u>	<u>(66,680)</u>	(6.03)%
Capital Projects Fund				
Restricted				
Capital	5,242,579	5,245,116	(2,537)	(0.05)%
Unspent bond proceeds	-	33,278	(33,278)	(100.00)%
Unassigned: Fund balance (deficit)	(8,286,096)	(7,374,313)	(911,783)	(12.36)%
	<u>(3,043,517)</u>	<u>(2,095,919)</u>	<u>(947,598)</u>	(45.21)%
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>256,697</u>	<u>202,826</u>	<u>53,871</u>	26.56 %
Scholarships Fund				
Restricted: Scholarships	<u>9,293</u>	<u>8,290</u>	<u>1,003</u>	12.10 %
Total Fund Balance	<u>\$ 77,070,384</u>	<u>\$ 60,699,668</u>	<u>\$ 16,370,716</u>	26.97 %

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A. General Fund

The general fund - fund balance is an increase of \$14,954,532, compared to a net increase of \$6,599,475 in 2021. This resulted from revenues and other financing sources in excess of expenditures and other financing uses.

The District's revenues and other financing sources increased by \$9,924,802 or 3.99%, as compared to the prior year. The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year:

- State sources increased mainly due to the District recognizing more in general aid and excess cost aids, offset by decreases in lottery aid and BOCES aid.
- Property taxes and STAR increased due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget.
- Federal sources decreased as the District recognized less funding for COVID-19 relief under the Coronavirus Aid, Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) Program in the current year.

Expenditures and other financing uses increased by \$1,569,745 or 0.65%, as compared to the prior year. The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

- Instruction increased due to routine salary and step increases, coupled with additional staffing due to COVID-19 protocols.
- General support increased primarily as a result of increases in central services due to purchases of computer equipment, increased expenditures for BOCES services, and increased costs for natural gas and gasoline.
- Pupil transportation increased in association with the schools operating at full capacity for the entire school year, as opposed to the hybrid model during the prior year.
- Other financing uses decreased as, in the prior year, the District transferred \$3,950,000 to the capital projects fund to fund district-wide improvements, whereas, in the current year, the District transferred \$450,000 to fund current capital projects using general fund appropriations.
- Debt service decreased due to lower bond principal payments required, as the District continued to pay down its outstanding debt.

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Balance @ June 30, 2021	Use of Reserve	Interest	Funding	Balance @ June 30, 2022
Workers' compensation	\$ 4,521,134	\$ (200,000)	\$ 10,484	\$ 1,586,712	\$ 5,918,330
Unemployment insurance	161,777		375	1,000,000	1,162,152
Retirement contribution					
TRS	3,876,703		8,990	2,000,000	5,885,693
ERS	15,536,392	(400,000)	36,029	2,000,000	17,172,421
Liability	229,356		532		229,888
EBALR	10,333,059	(650,000)	23,962	2,000,000	11,707,021
2017 Capital Reserve	7,860,443		15,944	5,000,000	12,876,387
	<u>\$ 42,518,864</u>	<u>\$ (1,250,000)</u>	<u>\$ 96,316</u>	<u>\$ 13,586,712</u>	<u>\$ 54,951,892</u>

Additional detail regarding capital reserves can be found in Note 21 "Restricted for Capital Reserve."

B. School Food Service Fund

The school food service fund - fund balance net increase can be attributed to greater state and federal reimbursements, based on an Executive Order, granting school districts waivers, which authorized the distribution of free meals to all students of the District. In addition, the District received \$284,132 in federal funds under the Child Nutrition Emergency Operational Costs Reimbursement Program.

The District participated in the National School Lunch Program and met certain eligibility requirements to receive \$176,249 of supply chain assistance funds during the fiscal year ended June 30, 2022. A significant portion of these funds, \$103,528, will be utilized in the 2022-2023 school year for allowable costs under this program.

C. Debt Service Fund

The debt service fund – fund balance net decrease represents a transfer to the general fund, offset by the premium on obligation received from the issuance of BANs and interest earnings.

D. Capital Projects Fund

The capital projects fund-fund balance net decrease is predominantly the result of costs incurred on the voter-approved district-wide capital bond project, which is being funded with short-term BANs. The deficit will be eliminated once permanent financing is obtained through the issuance of bonds.

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Balance @ June 30, 2021	Use of Reserve	Funding	Balance @ June 30, 2022
2010 Capital Reserve	\$ 1,945,116	\$ 255,220	\$	\$ 2,200,336
2017 Capital Reserve	3,300,000	(257,757)		3,042,243
	<u>\$ 5,245,116</u>	<u>\$ (2,537)</u>	<u>\$ -</u>	<u>\$ 5,242,579</u>

E. Extraclassroom Activities Fund

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

F. Scholarships Fund

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's general fund adopted budget for the year ended June 30, 2022 was \$263,000,000. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,036,369, for a total final budget of \$264,036,369.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$154,136,252 in estimated property taxes and STAR and estimated state sources of \$96,500,020.

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

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

Opening, Unassigned Fund Balance	\$ 10,520,000
Revenues Over Budget	2,224,482
Expenditures and Encumbrances Under Budget	17,778,546
Allocation to Reserves	(13,683,028)
Appropriated to Fund the June 30, 2023 Budget	<u>(6,000,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 10,840,000</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Opening, Unassigned Fund Balance

The \$10,520,000 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

Revenues Over Budget

The 2021-2022 final budget for revenues and other financing sources was \$256,350,000. Actual revenues and other financing sources recognized for the year were \$258,574,482. The excess of actual revenues and other financing sources over estimated or budgeted revenues and other financing sources was \$2,224,482, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and other financing uses was \$260,036,369. Actual expenditures and other financing uses as of June 30, 2022 were \$243,619,950 and outstanding encumbrances were \$2,637,873. Combined, the expenditures plus encumbrances for 2021-2022 were \$246,257,823. The final budget variance was \$17,778,546, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation 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 reserves.

Appropriated Fund Balance

The District has chosen to use \$6,000,000 of the available June 30, 2022 unassigned fund balance to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2022 was \$10,840,000. This amount equals 4.00% of the 2022-2023 budget.

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

A. Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, as indicated in the table below. The net decrease in capital assets is due to depreciation expense of \$6,821,743 in excess of capital outlay and other additions of \$5,491,765 recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Land	\$ 2,012,335	\$ 2,012,335	\$ -
Construction in progress	9,505,457	42,525,905	(33,020,448)
Buildings & improvements	189,380,600	160,650,288	28,730,312
Furniture & equipment	7,996,923	4,993,913	3,003,010
Land improvements	644,091	686,943	(42,852)
Capital assets, net	<u>\$ 209,539,406</u>	<u>\$ 210,869,384</u>	<u>\$ (1,329,978)</u>

The District is continuing to make significant capital expenditures resulting from a voter approved \$39,140,000 bond authorization for capital improvements to District facilities. As of June 30, 2022, the District has expended approximately 94.4% of this authorization and the construction is ongoing.

B. Debt Administration

Bond Anticipation Notes Payable

At June 30, 2022, the District had \$9,950,393 in outstanding bond anticipation notes payable. These notes carry interest at 1.50% and are payable on December 14, 2022. These notes are part of the November 2, 2017 bond authorization in the amount of \$31,190,000 for the construction of additions and improvements to various District buildings and sites. The District has issued \$21,000,000 in serial bonds and \$10,190,000 in bond anticipation notes related to this authorization. During the year ended June 30, 2022, the District utilized \$239,607 of general fund appropriations towards the outstanding BANs.

Bonds Payable

At June 30, 2022, the District had total debt of \$42,320,000. The decreases in outstanding debt represent principal payments made throughout the year. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

	Issue Date	Interest Rate	2022	2021	Increase (Decrease)
Bonds Payable					
	12/18/2014	2.15-3.125%	\$ 11,755,000	\$ 12,560,000	\$ (805,000)
	6/15/2016	2.00-2.125%	12,930,000	14,420,000	(1,490,000)
	8/30/2018	3.00-5.00%	15,715,000	16,830,000	(1,115,000)
	11/26/2019	5.00%	1,920,000	2,815,000	(895,000)
			<u>\$ 42,320,000</u>	<u>\$ 46,625,000</u>	<u>\$ (4,305,000)</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's latest underlying, long-term credit rating from Standard & Poor's is AA+. The District's outstanding debt at June 30, 2022 is approximately 7.73% 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, the amount due to the employees' retirement system is based on agreements with the State, while the net pension liabilities – proportionate share and total other postemployment benefits liability, are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences payable	\$ 22,711,343	\$ 22,515,245	\$ 196,098
Net pension liabilities - proportionate share	-	16,231,845	(16,231,845)
Total OPEB liability	497,925,968	597,645,723	(99,719,755)
	<u>\$ 520,637,311</u>	<u>\$ 636,392,813</u>	<u>\$(115,755,502)</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 17, 2022, for the year ending June 30, 2023, is \$271,000,000. This is an increase of \$8,000,000 or 3.04% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$6,480,919 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of \$6,000,000, is an increase of \$600,000 over the prior year. Additionally, the District has elected to appropriate \$1,250,000 of reserves towards the next year's budget, which is the same as the previous year. A property tax increase of \$919,081 (0.60%), levy to levy, was needed to meet the increase in appropriations.

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2022-2023 is 0.60%. The District's 2022-2023 property tax levy increase of 0.60% was equal to the tax cap and did not require an override vote.

LONGWOOD CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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:

Ms. Janet Bryan
Assistant Superintendent for District Operations
Longwood Central School District
35 Yaphank-Middle Island Road
Middle Island, New York 11953

LONGWOOD CENTRAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

ASSETS

Cash	
Unrestricted	\$ 39,617,222
Restricted	61,243,091
Receivables	
Accounts receivable	10,212
Due from state and federal	10,865,340
Due from other governments	767,887
Inventory	172,886
Capital assets:	
Not being depreciated	11,517,792
Being depreciated, net of accumulated depreciation	198,021,614
Net pension assets - proportionate share	<u>108,823,512</u>
Total Assets	<u>431,039,556</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions	70,285,630
Other postemployment benefits	<u>108,557,730</u>
	<u>178,843,360</u>

LIABILITIES

Payables	
Accounts payable	2,217,690
Accrued liabilities	6,401,816
Retainage payable	308,531
Due to other governments	696,351
Due to teachers' retirement system	11,243,176
Due to employees' retirement system	955,743
Compensated absences payable	853,311
Other liabilities	178,211
Notes payable - bond anticipation	9,950,393
Unearned credits - collections in advance	2,834,373
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	4,671,392
Compensated absences payable	922,381
Due and payable after one year	
Bonds payable, net	38,735,559
Compensated absences payable	21,788,962
Total other postemployment benefits liability	<u>497,925,968</u>
Total Liabilities	<u>599,683,857</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	133,962,637
Other postemployment benefits	<u>139,238,658</u>
Total Deferred Inflows of Resources	<u>273,201,295</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>156,440,126</u>
Restricted:	
Workers' compensation	5,918,330
Unemployment insurance	1,162,152
Retirement contribution	
Teachers' retirement system	5,885,693
Employees' retirement system	17,172,421
Liability	229,888
Employee benefit accrued liability	11,707,021
Capital	18,118,966
Debt	548,313
Scholarships	9,293
	<u>60,752,077</u>
Unrestricted (deficit)	<u>(480,194,439)</u>
Total Net Position (Deficit)	<u>\$ (263,002,236)</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

			Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 25,811,040	\$	\$	\$	\$ (25,811,040)
Instruction	221,655,973	1,424,785	14,193,858	416,960	(205,620,370)
Pupil transportation	17,320,431				(17,320,431)
Community services	318,549				(318,549)
Debt service - interest	1,341,369				(1,341,369)
Food service program	4,324,658	288,315	6,468,326		2,431,983
Total Functions and Programs	<u>\$ 270,772,020</u>	<u>\$ 1,713,100</u>	<u>\$ 20,662,184</u>	<u>\$ 416,960</u>	<u>(247,979,776)</u>
GENERAL REVENUES					
Real property taxes					137,497,666
Other tax items					19,353,985
Use of money and property					252,535
Sale of property and compensation for loss					18,072
Miscellaneous					3,817,048
State sources					95,867,629
Medicaid reimbursement					<u>579,876</u>
Total General Revenues					<u>257,386,811</u>
Change in Net Position					9,407,035
Total Net Position (Deficit) - Beginning of Year					<u>(272,409,271)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (263,002,236)</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	\$ 30,745,619	\$ 2,788,593	\$ 3,331,941	\$	\$ 2,494,372	\$ 256,697	\$	\$ 39,617,222
Restricted	54,955,128			1,036,091	5,242,579		9,293	61,243,091
Receivables								
Accounts receivable	10,212							10,212
Due from other funds	3,780,775			3,236	28,677			3,812,688
Due from state and federal	5,390,792	3,985,288	1,072,300		416,960			10,865,340
Due from other governments	767,887							767,887
Inventory			172,886					172,886
Total Assets	<u>\$ 95,650,413</u>	<u>\$ 6,773,881</u>	<u>\$ 4,577,127</u>	<u>\$ 1,039,327</u>	<u>\$ 8,182,588</u>	<u>\$ 256,697</u>	<u>\$ 9,293</u>	<u>\$ 116,489,326</u>
LIABILITIES								
Payables								
Accounts payable	\$ 1,086,739	\$ 262,588	\$ 12,847	\$	\$ 855,516	\$	\$	\$ 2,217,690
Accrued liabilities	6,142,376	61,559	56,111					6,260,046
Due to other funds	28,677	3,780,775			3,236			3,812,688
Due to other governments	695,914		437					696,351
Due to teachers' retirement system	11,243,176							11,243,176
Due to employees' retirement system	955,743							955,743
Compensated absences payable	853,311							853,311
Other liabilities	178,211							178,211
Notes payable								
Bond anticipation					9,950,393			9,950,393
Unearned credits								
Collections in advance	36,501	2,668,959	128,913					2,834,373
Total Liabilities	<u>21,220,648</u>	<u>6,773,881</u>	<u>198,308</u>	<u>-</u>	<u>10,809,145</u>	<u>-</u>	<u>-</u>	<u>39,001,982</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue					416,960			416,960
FUND BALANCES (DEFICIT)								
Nonspendable: Inventory			172,886					172,886
Restricted:								
Workers' compensation	5,918,330							5,918,330
Unemployment insurance	1,162,152							1,162,152
Retirement contribution								
Teachers' retirement system	5,885,693							5,885,693
Employees' retirement system	17,172,421							17,172,421
Liability	229,888							229,888
Employee benefit accrued liability	11,707,021							11,707,021
Capital	12,876,387				5,242,579			18,118,966
Debt				1,039,327				1,039,327
Scholarships							9,293	9,293
Assigned:								
Appropriated fund balance	6,000,000							6,000,000
Unappropriated fund balance	2,637,873		4,205,933			256,697		7,100,503
Unassigned: Fund balance (deficit)	10,840,000				(8,286,096)			2,553,904
Total Fund Balances (Deficit)	<u>74,429,765</u>	<u>-</u>	<u>4,378,819</u>	<u>1,039,327</u>	<u>(3,043,517)</u>	<u>256,697</u>	<u>9,293</u>	<u>77,070,384</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)	<u>\$ 95,650,413</u>	<u>\$ 6,773,881</u>	<u>\$ 4,577,127</u>	<u>\$ 1,039,327</u>	<u>\$ 8,182,588</u>	<u>\$ 256,697</u>	<u>\$ 9,293</u>	<u>\$ 116,489,326</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total Governmental Fund Balances (Deficit)	\$ 77,070,384
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Original cost of capital assets	\$ 331,696,459	
Less: Accumulated depreciation	<u>(122,157,053)</u>	
		209,539,406

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

Net pension asset - teachers' retirement system	103,474,165	
Net pension asset - employees' retirement system	5,349,347	
Deferred outflows of resources	70,285,630	
Deferred inflows of resources	<u>(133,962,637)</u>	
		45,146,505

Total other postemployment benefits liability, as well as 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	108,557,730	
Total other postemployment benefits liability	(497,925,968)	
Deferred inflows of resources	<u>(139,238,658)</u>	
		(528,606,896)

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

416,960

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

Accrued interest on bonds payable	(141,770)	
Retainage payable	(308,531)	
Bonds payable	(43,406,951)	
Compensated absences payable	<u>(22,711,343)</u>	
		<u>(66,568,595)</u>

Total Net Position (Deficit)	<u>\$ (263,002,236)</u>
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LONGWOOD CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES								
Real property taxes	\$ 137,497,666	\$	\$	\$	\$	\$	\$	\$ 137,497,666
Other tax items	19,353,985							19,353,985
Charges for services	965,419							965,419
Use of money and property	236,828		697	15,010			3	252,538
Sale of property and compensation for loss	18,072							18,072
Miscellaneous	3,698,738		55,039	118,310		457,863	1,500	4,331,450
Interfund revenue	79,433							79,433
State sources	95,867,629	3,704,946	110,809					99,683,384
Medicaid reimbursement	579,876							579,876
Federal sources	2,229	10,486,683	6,357,517					16,846,429
Sales			233,276					233,276
Total Revenues	258,299,875	14,191,629	6,757,338	133,320	-	457,863	1,503	279,841,528
EXPENDITURES								
General support	22,518,159	75,000						22,593,159
Instruction	139,005,727	12,839,689				403,992	500	152,249,908
Pupil transportation	16,467,031	612,237						17,079,268
Employee benefits	58,522,654	1,239,703						59,762,357
Debt service								
Principal	4,305,000							4,305,000
Interest	1,536,772							1,536,772
Food service program			4,381,750					4,381,750
Capital outlay					1,562,598			1,562,598
Total Expenditures	242,355,343	14,766,629	4,381,750	-	1,562,598	403,992	500	263,470,812
Excess (Deficiency) of Revenues Over Expenditures	15,944,532	(575,000)	2,375,588	133,320	(1,562,598)	53,871	1,003	16,370,716
OTHER FINANCING SOURCES AND (USES)								
Operating transfers - BANs redeemed	(239,607)				239,607			-
Operating transfers in	274,607	575,000			450,000			1,299,607
Operating transfers (out)	(1,025,000)			(200,000)	(74,607)			(1,299,607)
Total Other Sources and (Uses)	(990,000)	575,000	-	(200,000)	615,000	-	-	-
Net Change in Fund Balances	14,954,532	-	2,375,588	(66,680)	(947,598)	53,871	1,003	16,370,716
Fund Balances (Deficit) - Beginning of Year	59,475,233	-	2,003,231	1,106,007	(2,095,919)	202,826	8,290	60,699,668
End of Year	\$ 74,429,765	\$ -	\$ 4,378,819	\$ 1,039,327	\$ (3,043,517)	\$ 256,697	\$ 9,293	\$ 77,070,384

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

Net Change in Fund Balances	\$ 16,370,716
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).	\$ 416,960
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in retainage payable	85,268
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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	(196,098)	
		306,130

Capital Related Differences

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

Capital outlays and other additions	5,491,765	
Depreciation expense	(6,821,743)	
		(1,329,978)

Long-Term Debt Transactions Differences

Amortization of deferred premiums on bonds decreases interest expense in the Statement of Activities.	269,404
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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	4,305,000
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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 increased from June 30, 2021 to June 30, 2022.

	(74,001)	4,500,403
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Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	16,406,198	
Employees' retirement system	2,507,822	
Other postemployment benefits	(29,354,256)	
		(10,440,236)

Change in Net Position of Governmental Activities	\$ 9,407,035
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LONGWOOD CENTRAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2022

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	\$ -
LIABILITIES	
Due to governmental funds	<u>-</u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

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

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 7,885,362
PILOT collected for the Library	<u>123,660</u>
Total Additions	8,009,022
DEDUCTIONS	
Disbursements of real property taxes and PILOT to the Library	<u>8,009,022</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

The District is a component 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 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.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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 and PILOT collected on behalf of and disbursed to the Longwood Public Library.

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 liability, 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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, compensated absences, pension costs, and other postemployment benefits, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

E. Real Property Taxes and Other Tax Items

Calendar

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

The District also levies the real property taxes for the Longwood Public Library (Library), which are collected by the town and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in monthly installments. These pass through amounts are not included in the District's real property tax revenues, however they are recorded in the custodial fund.

Enforcement

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

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

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 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.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported 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 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, 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. Inventory

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purchases of inventorable 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 an available spendable resource.

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:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 15,000	50 years
Furniture and equipment	1,000	5-20 years
Land improvements	15,000	20 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 two items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in the collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total other postemployment benefits liability not included in OPEB expense.

O. Short-Term Debt

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

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

P. Collections in Advance

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

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

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

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

R. 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 Section 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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

S. Long-Term Debt

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

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

T. 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 assets or liabilities not included in the 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.

U. 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.

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.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Liability Reserve

Liability Reserve (Education Law §1709(8) (c)) is used to pay for liability claims incurred. A separate fund for liability claims is required, and this reserve may not exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is 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 capital projects fund.

Restricted for Debt

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

Restricted for Scholarships

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

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

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from the 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.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

2. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending
June 30, 2023

Statement
GASB No. 96 - *Subscription Based*
Information Technology Agreements

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

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

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

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

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

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

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

C. Capital Projects Fund

The capital projects fund has an unassigned fund balance deficit of \$8,286,096. This will be funded when the District obtains permanent financing for its current construction projects.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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 issuance or fully collateralized by securities and letters of credit 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.

6. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$16,792,077 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,036,260. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

7. DUE FROM STATE AND FEDERAL

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

General Fund

New York State - general aid	\$ 87,591
New York State - excess cost aid	2,978,757
BOCES aid	2,036,260
Federal - CARES Act: GEER	15,973
Federal - CARES Act: ESSER	92,191
Federal - Medicaid	180,020
	<u>5,390,792</u>

Special Aid Fund

Federal and state grants	3,985,288
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School Food Service Fund

Federal and state food service program reimbursements	1,072,300
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Capital Projects Fund

New York State - Smart Schools Bond Act	<u>416,960</u>
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\$ 10,865,340

District management expects these amounts to be fully collectible.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

8. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Other districts - non-resident tuition	\$ 71,786
Other districts - homeless	<u>696,101</u>
	<u>\$ 767,887</u>

District management expects these amounts to be fully collectible.

9. CAPITAL ASSETS

A. Changes

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,012,335	\$	\$	\$ 2,012,335
Construction in progress	<u>42,525,905</u>		<u>(33,020,448)</u>	<u>9,505,457</u>
Total capital assets not being depreciated	<u>44,538,240</u>	<u>-</u>	<u>(33,020,448)</u>	<u>11,517,792</u>
Capital assets being depreciated:				
Buildings & improvements	268,850,708	33,920,998		302,771,706
Furniture & equipment	16,435,433	4,577,122	(4,865,124)	16,147,431
Land improvements	<u>1,245,437</u>	<u>14,093</u>		<u>1,259,530</u>
Total capital assets being depreciated	<u>286,531,578</u>	<u>38,512,213</u>	<u>(4,865,124)</u>	<u>320,178,667</u>
Less accumulated depreciation for:				
Buildings & improvements	108,200,420	5,190,686		113,391,106
Furniture & equipment	11,441,520	1,574,112	(4,865,124)	8,150,508
Land improvements	<u>558,494</u>	<u>56,945</u>		<u>615,439</u>
Total accumulated depreciation	<u>120,200,434</u>	<u>6,821,743</u>	<u>(4,865,124)</u>	<u>122,157,053</u>
Total capital assets, being depreciated, net	<u>166,331,144</u>	<u>31,690,470</u>	<u>-</u>	<u>198,021,614</u>
Capital assets, net	<u>\$ 210,869,384</u>	<u>\$ 31,690,470</u>	<u>\$ (33,020,448)</u>	<u>\$ 209,539,406</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to governmental functions as follows:

General support	\$ 218,691
Instruction	6,510,947
Pupil transportation	32,508
Food service program	59,597
	<hr/>
Total depreciation expense	<u><u>\$ 6,821,743</u></u>

B. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2022, the District has not recorded any such impairment losses.

10. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 3,780,775	\$ 28,677	\$ 274,607	\$ 1,025,000
Special Aid Fund		3,780,775	575,000	
Debt Service Fund	3,236			200,000
Capital Projects Fund	28,677	3,236	450,000	74,607
	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Funds	<u><u>\$ 3,812,688</u></u>	<u><u>\$ 3,812,688</u></u>	<u><u>\$ 1,299,607</u></u>	<u><u>\$ 1,299,607</u></u>

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools, and the capital projects fund in accordance with the general fund budget. The transfer from the debt service fund to the general fund of \$200,000 was to provide funding for the current year's debt service payments. The transfer from the capital projects fund in the amount of \$74,607 represents the return of debt proceeds to the general fund and was used towards debt service payments.

11. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2021	Issued	Redeemed	Balance June 30, 2022
TAN	6/24/2022	1.50%	\$ -	\$ 40,000,000	\$ (40,000,000)	\$ -
BAN	7/7/2021	1.75%	10,190,000		(10,190,000)	-
BAN	12/14/2022	1.50%	-	9,950,393		9,950,393
			<hr/>	<hr/>	<hr/>	<hr/>
			<u><u>\$ 10,190,000</u></u>	<u><u>\$ 49,950,393</u></u>	<u><u>\$ (50,190,000)</u></u>	<u><u>\$ 9,950,393</u></u>

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town. The BAN was issued to provide cash for the District's capital projects.

The District received premiums of \$396,040 for the TAN, which offset the interest on the TAN. The effective average interest rate on the TAN was 0.15%. The District received premiums of \$118,310 for the BANs, which were included in miscellaneous revenue in the debt service fund. The effective average interest rate on the BANs was 0.31%.

Interest paid	\$ 51,059
Plus interest accrued in the current year	<u>82,091</u>
Total interest expense on short-term debt	<u><u>\$ 133,150</u></u>

12. COLLECTIONS IN ADVANCE

Collections in advance at June 30, 2022 consisted of:

General Fund	
Miscellaneous fees for 2022-2023 services	<u>\$ 36,501</u>
Special Aid Fund	
American Recovery Plan Act	1,785,969
Coronavirus Response and Relief Supplemental Appropriations Act	<u>882,990</u>
	<u>2,668,959</u>
School Food Service Fund	
Supply chain assistance	103,528
Student account balances	<u>25,385</u>
	<u>128,913</u>
	<u><u>\$ 2,834,373</u></u>

13. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 46,625,000	\$	\$ (4,305,000)	\$ 42,320,000	\$ 4,450,000
Premium on obligations	1,188,776		(177,406)	1,011,370	164,950
Premium on refunding	167,579		(91,998)	75,581	56,442
	<u>47,981,355</u>	-	<u>(4,574,404)</u>	<u>43,406,951</u>	<u>4,671,392</u>
<u>Other long-term liabilities:</u>					
Compensated absences	<u>22,515,245</u>	<u>196,098</u>		<u>22,711,343</u>	<u>922,381</u>
	<u><u>\$ 70,496,600</u></u>	<u><u>\$ 196,098</u></u>	<u><u>\$ (4,574,404)</u></u>	<u><u>\$ 66,118,294</u></u>	<u><u>\$ 5,593,773</u></u>

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Serial bonds				
- Library	12/18/2014	6/15/2034	2.15-3.125%	\$ 11,755,000
- Energy Bond	6/15/2016	6/15/2030	2.00-2.125%	12,930,000
- Capital improvement	8/30/2018	6/21/2033	3.00-5.00%	15,715,000
- Refunding	11/26/2019	6/1/2024	5.00%	<u>1,920,000</u>
				<u>\$ 42,320,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 4,450,000	\$ 1,336,294	\$ 5,786,294
2024	4,560,000	1,179,994	5,739,994
2025	3,685,000	1,019,419	4,704,419
2026	3,800,000	904,119	4,704,119
2027	3,920,000	784,594	4,704,594
2028 - 2032	17,935,000	2,093,631	20,028,631
2033 - 2034	<u>3,970,000</u>	<u>157,706</u>	<u>4,127,706</u>
Total	<u>\$ 42,320,000</u>	<u>\$ 7,475,757</u>	<u>\$ 49,795,757</u>

C. Premiums on Obligations

The District issued serial bonds on August 30, 2018 and received premiums on obligations of \$1,791,068. This premium is being amortized as a component of interest expense on the weighted average basis over the life of these serial bonds in the district-wide statements as follows:

Year Ending June 30,	Amortization of Premium
2023	\$ 164,950
2024	152,113
2025	138,894
2026	125,048
2027	110,521
2028 - 2032	310,522
2033	<u>9,322</u>
Total	<u>\$ 1,011,370</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Refunding of Bonds

The District refunded serial bonds on December 17, 2019, and received a premium of \$452,024. This premium is being amortized as a component of interest expense on the weighted average basis as follows:

Year Ending June 30,	Amortization of Premium
2023	\$ 56,442
2024	19,139
Total	<u>\$ 75,581</u>

E. Interest Expense

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

Interest paid	\$ 1,485,713
Less interest accrued in the prior year	(67,769)
Plus interest accrued in the current year	59,679
Less amortization of premium on obligations	(177,406)
Less amortization of refunding premium	<u>(91,998)</u>
Total interest expense on long-term debt	<u>\$ 1,208,219</u>

14. LONGWOOD PUBLIC LIBRARY BOND OBLIGATION

On October 9, 2012, the voters of the District authorized the Board of Education to finance the expansion and renovation of the Longwood Public Library (the Library) in the amount of \$17,896,347. On December 18, 2014, the District issued serial bonds in the amount of \$17,595,000 in connection with this authorization. Although the bond issue is an obligation of the District, the Library Board has committed to raise funds through its budget and tax levy sufficient to transfer to the District for the ensuing debt service payments. The District received \$1,162,244 from the Library during the year ended June 30, 2022, which is included in miscellaneous revenue.

15. PENSION PLANS – NEW YORK STATE

A. General Information

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, 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 on the NYS Comptroller's website at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October, and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15.45% of covered payroll for the ERS' fiscal year ended March 31, 2022.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022, was \$10,304,871 for the TRS at the contribution rate of 9.80% and \$3,333,455 for the ERS at an average contribution rate of 13.93%.

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension asset	\$ 103,474,165	\$ 5,349,347
District's portion of the Plan's total net pension asset	0.597114%	0.0654388%
Change in proportion since the prior measurement date	0.012029	0.0007940

For the year ended June 30, 2022, the District recognized pension expense of \$6,096,011 for TRS and \$853,975 for ERS. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 14,262,816	\$ 405,114	\$ 537,593	\$ 525,455
Changes of assumptions	34,034,816	8,927,460	6,027,065	150,641
Net difference between projected and actual earnings on pension plan investments			108,296,419	17,516,870
Changes in proportion and differences between the District's contributions and proportionate share of contributions	186,543	1,208,267	739,095	169,499
District contributions subsequent to the measurement date	10,304,871	955,743		
Total	<u>\$ 58,789,046</u>	<u>\$ 11,496,584</u>	<u>\$ 115,600,172</u>	<u>\$ 18,362,465</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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending June 30,	TRS	ERS
2023	\$ (13,521,135)	\$ (974,590)
2024	(15,769,654)	(1,667,530)
2025	(19,832,574)	(4,364,872)
2026	(26,186,386)	(814,632)
2027	4,801,495	-
Thereafter	3,392,257	-
	<u>\$ (67,115,997)</u>	<u>\$ (7,821,624)</u>

Actuarial Assumptions

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

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

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

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

Discount Rate

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

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
District's proportionate share of the net pension asset (liability)	<u>\$ 10,858,105</u>	<u>\$ 103,474,165</u>	<u>\$ 181,311,242</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (13,769,161)</u>	<u>\$ 5,349,347</u>	<u>\$ 21,341,056</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For the TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2022 amounted to \$10,304,871 of employer contributions and \$938,305 of employee contributions.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

For the ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$955,743 of employer contributions. Employee contributions are remitted monthly.

16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by employees for the year ended June 30, 2022, totaled \$5,060,000. Employer contributions for the year ended June 30, 2022, totaled \$76,344.

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, 2022 totaled \$1,069,706.

17. 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	940
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,155</u>
	<u><u>2,095</u></u>

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Total OPEB Liability

The District's total OPEB liability of \$497,925,968 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021. Update procedures were used to roll forward the total OPEB liability to the measurement 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	3.54%
Healthcare cost trend rates	5.75% for 2022, decreasing to an ultimate rate of 4.04% by 2075
Retirees' share of benefit-related costs	40-60% of projected health insurance premiums for retirees

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS Group) projected fully generationally using MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 597,645,723</u>
Changes for the year	
Service cost	26,169,229
Interest on total OPEB liability	13,350,894
Changes of benefit terms	-
Differences between expected and actual experience	(19,925,496)
Changes in assumptions or other inputs	(107,816,926)
Benefit payments	<u>(11,497,456)</u>
	<u>(99,719,755)</u>
Balance at June 30, 2022	<u>\$ 497,925,968</u>

The following assumptions have been updated since the last valuation:

- Discount rate changed from 2.16% in 2021 to 3.54% in 2022, which caused a decrease in the liability.

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

- Aging subsidy has been added to the post-65 periods as a reflection of healthcare costs that vary by age (higher cost as the participant gets older). This change caused an increase in the liability.
- Mortality improvement scale has been updated from MP-2019 to MP-2021, which caused a decrease in the liability.
- Healthcare trend rates have been updated as follows, which caused a decrease in the liability:
 - Medical and prescription drug trend rates have been updated from 2019 Getzen to 2021 Getzen model, with an initial rate that is based on the actual NYSHIP premium increases from 2021 to 2022.
 - Medicare Part B trend rates have been updated to an initial rate of 14.54% in 2021, followed by projected Part B premium increase shown in the 2021 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.04% by 2075.
- Salary scale, termination, and retirement rates have been updated based on NYS ERS assumptions first adopted on April 1, 2020. The net impact of this change is an increase in the liability.

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

OPEB	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability	<u>\$ (592,840,924)</u>	<u>\$ (497,925,968)</u>	<u>\$ (422,929,560)</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 (4.75% to 3.04%) or 1 percentage point higher (6.75% to 5.04%) than the current healthcare cost trend rate:

OPEB	1% Decrease 4.75% decreasing to 3.04%	Healthcare Cost Trend Rates 5.75% decreasing to 4.04%	1% Increase 6.75% decreasing to 5.04%
Total OPEB liability	<u>\$ (410,122,995)</u>	<u>\$ (497,925,968)</u>	<u>\$ (613,762,626)</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$40,851,712. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Deferred</u>	
	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 39,024,723
Changes of assumptions or other inputs	<u>108,557,730</u>	<u>100,213,935</u>
Total	<u>\$ 108,557,730</u>	<u>\$ 139,238,658</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,331,589
2024	1,331,589
2025	1,331,589
2026	3,202,784
2027	(19,629,559)
Thereafter	<u>(18,248,920)</u>
	<u>\$ (30,680,928)</u>

18. 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 commercial insurance coverage for the past three years.

B. 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.

The District participates in the New York State Public Schools Statewide Workers' Compensation Trust Plan (the Workers' Compensation Plan), a risk sharing pool, to insure workers' compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Workers' Compensation Plan's total

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

liability for unbilled and opened claims at June 30, 2022, discounted at 2.0% was \$3,897,618. If the District leaves the plan or if the plan is terminated, the District will be liable for the District's open claims at that time. At June 30, 2022, the District's open claims, discounted at 2.0% were \$23,026,039. At June 30, 2022 the Plan assets were \$29,173,632.

19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2022 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2023:

Workers' compensation	\$ 200,000
Retirement contribution - ERS	400,000
Employee benefit accrued liability	<u>650,000</u>
	<u>\$ 1,250,000</u>

20. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$6,000,000 has been appropriated to reduce taxes for the year ending June 30, 2023.

21. RESTRICTED FOR CAPITAL RESERVE

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

	Capital Reserve		
	I	II	
Date Created	May 2010	May 2017	
Number of Years to Fund	15	15	
Maximum Funding	<u>\$ 12,000,000</u>	<u>\$ 20,000,000</u>	
			<u>Total</u>
General Fund			
Funding Provided	\$ 11,896,779	\$ 16,000,000	\$ 27,896,779
Interest Earnings	168,290	176,387	344,677
Use of Reserve	<u>(12,065,069)</u>	<u>(3,300,000)</u>	<u>(15,365,069)</u>
Total General Fund	<u>-</u>	<u>12,876,387</u>	<u>12,876,387</u>
Capital Projects Fund			
Funding Provided	12,065,069	3,300,000	15,365,069
Use of Reserve	<u>(9,864,733)</u>	<u>(257,757)</u>	<u>(10,122,490)</u>
Total Capital Projects Fund	<u>2,200,336</u>	<u>3,042,243</u>	<u>5,242,579</u>
Balance as of June 30, 2022	<u>\$ 2,200,336</u>	<u>\$ 15,918,630</u>	<u>\$ 18,118,966</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

22. TAX ABATEMENTS

The Town of Brookhaven Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced by these abatements. The District received payment in lieu of taxes (PILOT) payments totaling \$2,713,210.

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Restricted Fund Balance:

Capital Projects Fund

Capital projects	\$ 5,106,016
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Assigned: Unappropriated Fund Balance:

General Fund

General Support	1,149,302
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Instruction	1,480,351
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Pupil Transportation	8,220
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2,637,873

Special Aid Fund

General Support	143,834
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Instruction	172,610
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Pupil Transportation	533,577
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850,021

School Food Service Fund

Equipment	60,566
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\$ 8,654,476

B. Grants

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

C. Litigation

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

24. SUBSEQUENT EVENTS

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

Issuance of TANs

On September 30, 2022, the District issued tax anticipation notes in the amount of \$43,000,000, which are due June 23, 2023, and bear interest at an effective rate of 3.33%.

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 137,750,640	\$ 137,497,520	\$ 137,497,666	\$ 146
Other tax items	18,192,612	18,445,732	19,353,985	908,253
Charges for services	825,000	825,000	965,419	140,419
Use of money and property	239,321	239,321	236,828	(2,493)
Forfeiture	1,000	1,000		(1,000)
Sale of property and compensation for loss	11,500	11,500	18,072	6,572
Miscellaneous	2,129,907	2,129,907	3,698,738	1,568,831
Interfund revenues	50,000	50,000	79,433	29,433
Total Local Sources	159,199,980	159,199,980	161,850,141	2,650,161
State Sources	96,500,020	96,500,020	95,867,629	(632,391)
Medicaid Reimbursement	450,000	450,000	579,876	129,876
Federal Sources			2,229	2,229
Total Revenues	256,150,000	256,150,000	258,299,875	2,149,875
OTHER FINANCING SOURCES				
Operating Transfers In	200,000	200,000	274,607	74,607
Total Revenues and Other Sources	256,350,000	256,350,000	258,574,482	\$ 2,224,482
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	5,400,000	5,400,000		
Prior Year's Encumbrances	1,036,369	1,036,369		
Appropriated Reserves	1,250,000	1,250,000		
Total Appropriated Fund Balance	7,686,369	7,686,369		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 264,036,369	\$ 264,036,369		

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.

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 218,531	\$ 220,562	\$ 147,383	\$	\$ 73,179
Central administration	697,317	702,316	679,998		22,318
Finance	1,479,582	1,518,799	1,394,787	105,486	18,526
Staff	1,584,683	1,639,805	1,478,623	3,067	158,115
Central services	19,139,587	19,613,027	16,440,566	1,040,749	2,131,712
Special items	2,814,639	2,826,999	2,376,802		450,197
Total General Support	25,934,339	26,521,508	22,518,159	1,149,302	2,854,047
Instruction					
Administration & improvement	11,347,596	11,524,010	10,583,592	7,287	933,131
Teaching - regular school	72,366,176	73,196,437	67,710,848	273,005	5,212,584
Programs for students with disabilities	46,835,811	47,773,273	43,642,780	27,441	4,103,052
Occupational education	4,877,129	4,921,877	4,728,999		192,878
Teaching - special schools	140,500	140,500	14,429		126,071
Instructional media	3,382,769	4,525,683	2,824,866	1,154,258	546,559
Pupil services	9,793,791	10,224,619	9,500,213	18,360	706,046
Total Instruction	148,743,772	152,306,399	139,005,727	1,480,351	11,820,321
Pupil Transportation	17,061,051	17,239,099	16,467,031	8,220	763,848
Employee Benefits	60,693,001	60,771,001	58,522,654		2,248,347
Debt Service					
Principal	7,315,000	4,305,348	4,305,000		348
Interest	3,179,206	1,628,407	1,536,772		91,635
Total Debt Service	10,494,206	5,933,755	5,841,772	-	91,983
Total Expenditures	262,926,369	262,771,762	242,355,343	2,637,873	17,778,546
OTHER FINANCING USES					
BANs redeemed		239,607	239,607		-
Operating Transfers Out	1,110,000	1,025,000	1,025,000		-
Other Financing Uses	1,110,000	1,264,607	1,264,607	-	-
Total Expenditures and Other Uses	\$ 264,036,369	\$ 264,036,369	243,619,950	\$ 2,637,873	\$ 17,778,546
Net Change in Fund Balance			14,954,532		
Fund Balance - Beginning of Year			59,475,233		
Fund Balance - End of Year			\$ 74,429,765		

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.

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

	<i>Teachers' Retirement System</i>							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.597114%	0.585085%	0.580070%	0.579972%	0.585477%	0.585298%	0.572562%	0.587203%
District's proportionate share of the net pension asset/(liability)	\$ 103,474,165	\$ (16,167,476)	\$ 15,070,251	\$ 10,487,417	\$ 4,450,205	\$ (6,268,784)	\$ 59,470,918	\$ 63,635,447
District's covered payroll	\$ 101,349,423	\$ 99,307,434	\$ 97,713,996	\$ 94,907,485	\$ 93,861,293	\$ 90,317,337	\$ 86,582,656	\$ 86,628,482
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	102.10 %	16.28 %	15.42 %	11.05 %	4.74 %	6.94 %	68.69 %	73.46 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
	<i>Employees' Retirement System</i>							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.0654388%	0.0646448%	0.0665124%	0.0662103%	0.0701685%	0.0623527%	0.0655229%	0.0629174%
District's proportionate share of the net pension asset/(liability)	\$ 5,349,347	\$ (64,369)	\$ (17,612,863)	\$ (4,691,205)	\$ (2,264,648)	\$ (5,858,796)	\$ (10,516,602)	\$ (2,125,503)
District's covered payroll	\$ 22,981,014	\$ 22,675,164	\$ 22,636,531	\$ 22,150,833	\$ 23,359,331	\$ 14,889,277	\$ 19,744,594	\$ 20,067,152
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	23.28 %	0.28 %	77.81 %	21.18 %	9.69 %	39.35 %	53.26 %	10.59 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount Rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

LONGWOOD CENTRAL SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

<i>Teachers' Retirement System</i>										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 10,304,871	\$ 9,658,600	\$ 8,798,639	\$ 9,258,146	\$ 9,233,714	\$ 10,857,017	\$ 12,123,473	\$ 14,928,420	\$ 10,692,401	\$ 9,753,970
Contributions in relation to the contractually required contribution	<u>10,304,871</u>	<u>9,658,600</u>	<u>8,798,639</u>	<u>9,258,146</u>	<u>9,233,714</u>	<u>10,857,017</u>	<u>12,123,473</u>	<u>14,928,420</u>	<u>10,692,401</u>	<u>9,753,970</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	\$ 105,151,747	\$ 101,349,423	\$ 99,307,434	\$ 97,713,996	\$ 94,907,485	\$ 93,861,293	\$ 90,317,337	\$ 86,582,656	\$ 86,628,482	\$ 87,337,725
Contributions as a percentage of covered payroll	10%	10%	9%	9%	10%	12%	13%	17%	12%	11%
<i>Employees' Retirement System</i>										
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 3,333,455	\$ 3,070,529	\$ 3,144,099	\$ 3,149,200	\$ 3,614,569	\$ 2,934,052	\$ 4,036,480	\$ 2,906,606	\$ 3,310,623	\$ 2,847,877
Contributions in relation to the contractually required contribution	<u>3,333,455</u>	<u>3,070,529</u>	<u>3,144,099</u>	<u>3,149,200</u>	<u>3,614,569</u>	<u>2,934,052</u>	<u>4,036,480</u>	<u>2,906,606</u>	<u>3,310,623</u>	<u>2,847,877</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	\$ 23,933,851	\$ 21,829,546	\$ 23,379,294	\$ 22,852,824	\$ 22,023,662	\$ 18,979,475	\$ 19,943,420	\$ 20,038,922	\$ 19,988,857	\$ 20,665,772
Contributions as a percentage of covered payroll	14%	14%	13%	14%	16%	15%	20%	15%	17%	14%

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

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 26,169,229	\$ 25,595,826	\$ 12,658,476	\$ 10,876,046	\$ 11,480,882
Interest on total OPEB liability	13,350,894	13,366,059	15,027,081	14,891,653	13,714,618
Changes in benefit terms	-	-	1,299,787	-	-
Differences between expected and actual experience	(19,925,496)	(20,151,392)	(13,215,778)	-	-
Changes of assumptions or other inputs	(107,816,926)	5,451,886	159,626,264	26,177,746	(19,887,707)
Benefit payments	<u>(11,497,456)</u>	<u>(11,576,522)</u>	<u>(11,698,044)</u>	<u>(9,122,491)</u>	<u>(9,958,550)</u>
Net change in total OPEB liability	(99,719,755)	12,685,857	163,697,786	42,822,954	(4,650,757)
Total OPEB liability, beginning	<u>597,645,723</u>	<u>584,959,866</u>	<u>421,262,080</u>	<u>378,439,126</u>	<u>383,089,883</u>
Total OPEB liability, ending	<u><u>\$ 497,925,968</u></u>	<u><u>\$ 597,645,723</u></u>	<u><u>\$ 584,959,866</u></u>	<u><u>\$ 421,262,080</u></u>	<u><u>\$ 378,439,126</u></u>
Covered employee payroll	\$ 107,981,800	\$ 111,568,363	\$ 112,530,863	\$ 113,801,925	\$ 103,370,946
Total OPEB liability as a percentage of covered employee payroll	461.12%	535.68%	519.82%	370.17%	366.10%
Discount rate	3.54%	2.16%	2.21%	3.51%	3.87%
Healthcare trend rates	5.75% to 4.04% by 2075	5.30% to 3.94% by 2075	5.40% to 3.84% by 2075	5.50% to 3.84% by 2075	5.50% to 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 means the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 263,000,000
Additions:	
Prior year's encumbrances	<u>1,036,369</u>
Original Budget	264,036,369
Budget revision	<u>-</u>
Final Budget	<u><u>\$ 264,036,369</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget	<u><u>\$ 271,000,000</u></u>
Maximum allowed (4% of 2022-2023 budget)	<u><u>\$ 10,840,000</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 8,637,873
Unassigned fund balance	<u>10,840,000</u>
	\$ 19,477,873
Less:	
Appropriated fund balance	6,000,000
Encumbrances	<u>2,637,873</u>
Total adjustments	<u>8,637,873</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 10,840,000</u></u>
Actual Percentage	4.00%

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

PROJECT TITLE	Budget June 30, 2021	Budget June 30, 2022	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total			State Aid	Local Sources	Total	
Vent replacement - WMI	\$ 94,492	\$ 94,492	\$ 94,492	\$	\$ 94,492	\$	\$	\$	\$ 94,492	\$ 94,492	\$ -
Vent replacement - Coram	153,218	153,218	153,218		153,218				153,218	153,218	-
Vent replacement - HS	202,290	202,290	202,290		202,290				202,290	202,290	-
Districtwide security upgrade	450,000	450,000	437,460		437,460	12,540			450,000	450,000	12,540
JHS/HS Auditorium sound system	300,000	300,000	268,804		268,804	31,196			300,000	300,000	31,196
MS Masonry	450,000	450,000	389,493		389,493	60,507			450,000	450,000	60,507
Fire Alarms - Coram	111,897	111,897	99,236		99,236	12,661			111,897	111,897	12,661
Fire Alarms - WMI	102,039	102,039	102,039		102,039				102,039	102,039	-
Fire Alarms - MS	236,064	236,064	227,048		227,048	9,016			236,064	236,064	9,016
Main Street Building	300,000	300,000	80,410		80,410	219,590			300,000	300,000	219,590
Communication - JHS	156,429	156,429	156,143		156,143	286			156,429	156,429	286
Communication - MS	75,362	75,362	75,122		75,122	240			75,362	75,362	240
Communication - CW Prim.	31,817	31,817	30,454		30,454	1,363			31,817	31,817	1,363
Communication - CW Inter.	47,099	47,099	46,257		46,257	842			47,099	47,099	842
Communication - Coram Prim.	26,111	26,111	20,020		20,020	6,091			26,111	26,111	6,091
Communication - Coram Inter.	22,695	22,695	20,793		20,793	1,902			22,695	22,695	1,902
Communication - Ridge Prim.	21,869	21,869	18,261		18,261	3,608			21,869	21,869	3,608
Communication - Ridge Inter.	23,985	23,985	19,034		19,034	4,951			23,985	23,985	4,951
Communication - WM Prim.	21,000	21,000	19,012		19,012	1,988			21,000	21,000	1,988
Communication - WM Inter.	23,633	23,633	18,493		18,493	5,140			23,633	23,633	5,140
Technology Center Repairs (2018-2019)	450,000	450,000	-		-	450,000			450,000	450,000	450,000
HVAC (2019-2020)	450,000	450,000	-		-	450,000			450,000	450,000	450,000
Site Work (2020-2021)	450,000	450,000		15,495	15,495	434,505			450,000	450,000	434,505
WMI Primary		8,030		2,640	2,640	5,390			8,030	8,030	5,390
Ridge Inter.		213,825		33,541	33,541	180,284			213,825	213,825	180,284
CW Inter.		228,145		38,984	38,984	189,161			228,145	228,145	189,161
	<u>4,200,000</u>	<u>4,650,000</u>	<u>2,478,079</u>	<u>90,660</u>	<u>2,568,739</u>	<u>2,081,261</u>	<u>-</u>	<u>-</u>	<u>4,650,000</u>	<u>4,650,000</u>	<u>2,081,261</u>
CEW intermediate phase 2 E-2	132,939	132,939	132,939		132,939		132,939			132,939	-
CEW intermediate phase 3 E-3	128,708	128,708	128,708		128,708		128,708			128,708	-
WMI primary phase 2 K-2	114,063	114,063	113,853		113,853	210	114,063			114,063	210
Coram inter phase 2 G-2	119,077	119,077	119,077		119,077		119,077			119,077	-
Ridge inter phase 2 J-2	123,440	123,440	123,439		123,439	1	123,440			123,440	1
JHS phase 2 B-2	328,614	328,614	328,572		328,572	42	328,614			328,614	42
JHS phase 3 B-3	294,665	294,665	294,665		294,665		294,665			294,665	-
MHS phase 2 C-2	6,392,284	6,392,284	6,377,508	15,289	6,392,797	(513)	6,392,284			6,392,284	(513)
MHS phase 1 C-1	2,172,893	2,172,893	2,172,893		2,172,893		32,893		2,140,000	2,172,893	-
MHS phase 2 J-2	1,314,604	1,314,604	1,314,604		1,314,604		1,314,604			1,314,604	-
Ridge primary phase 2 H-2	114,823	114,823	114,823		114,823		114,823			114,823	-
Ridge primary phase 1 H-1	507,008	507,008	507,008		507,008		165,678		341,330	507,008	-
Coram primary phase 2 F-2	120,629	120,629	120,629		120,629		120,629			120,629	-
Coram primary phase 1 F-1	733,564	733,564	733,564		733,564		166,464		567,100	733,564	-
CEW primary phase 2 F-2	120,027	120,027	120,027		120,027		120,027			120,027	-
CEW primary phase 1 F-1	699,409	699,409	699,409		699,409		196,509		502,900	699,409	-
HS phase 1A	2,249,941	2,249,941	2,249,941		2,249,941		2,249,941			2,249,941	-
HS phase 1 A-2	5,987,446	5,987,446	5,969,428	17,994	5,987,422	24	5,987,446			5,987,446	24
WMI inter phase 2 L-2	131,798	131,798	131,798		131,798		131,798			131,798	-
WMI inter L1	688,059	688,059	688,059		688,059		198,920		489,139	688,059	-
Co-Gen	1,233,667	1,233,667	1,233,436		1,233,436	231	1,233,667			1,233,667	231
District-wide technology	<u>3,572,809</u>	<u>3,572,809</u>	<u>3,572,809</u>		<u>3,572,809</u>		<u>3,572,809</u>			<u>3,572,809</u>	-
	<u>27,280,467</u>	<u>27,280,467</u>	<u>27,247,189</u>	<u>33,283</u>	<u>27,280,472</u>	<u>(5)</u>	<u>23,239,998</u>	<u>-</u>	<u>4,040,469</u>	<u>27,280,467</u>	<u>(5)</u>

For the Year Ended June 30, 2022

	Unissued debt	(9,950,393)
Smart Schools Bond Act revenue not yet recognized		<u>(4,050,698)</u>
		<u>(14,001,091)</u>
		<u>\$ (3,043,517)</u>

LONGWOOD CENTRAL SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2022

Capital assets, net	<u>\$ 209,539,406</u>
Deduct:	
Retainage payable	308,531
Bond anticipation notes	9,950,393
Short-term portion of bonds payable	4,450,000
Long-term portion of bonds payable	37,870,000
Premium on bonds payable	1,011,370
Less: Unspent premium	<u>(491,014)</u>
	<u>53,099,280</u>
Net Investment in Capital Assets	<u><u>\$ 156,440,126</u></u>



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

To the Board of Education
Longwood Central School District
Middle Island, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Longwood Central School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 13, 2022. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Longwood Central School District in a separate letter dated October 13, 2022.

Purpose of this Report

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

Cullen & Danowski, LLP

October 13, 2022

