

ROCKVILLE CENTRE UNION FREE
SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2021

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Rockville Centre Union Free School District:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

As discussed in note 1(c)(ii) to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84 - "Fiduciary Activities," during the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the additional information on pages 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial

statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 5, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 5, 2021

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

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

1. Financial Highlights

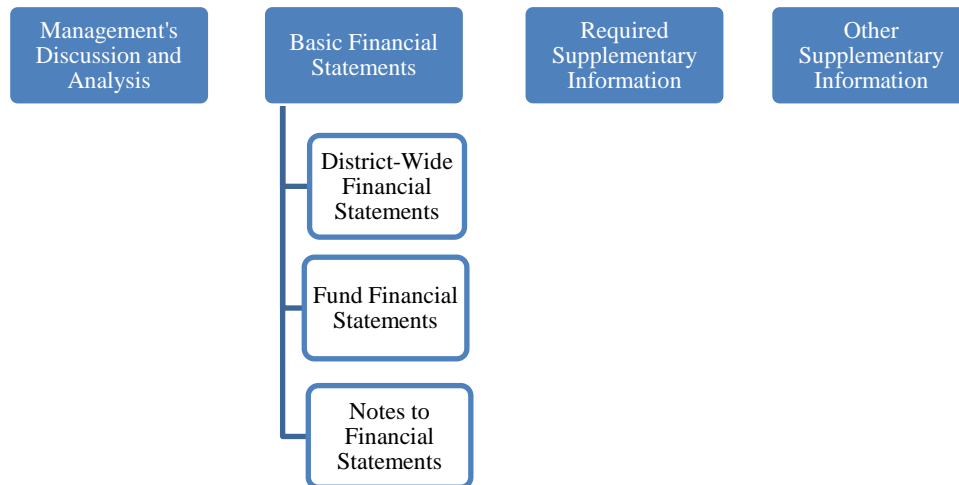
Key financial highlights for fiscal year 2021 are as follows:

- South Side High School has consistently ranked as one of the top public high schools in the United States of America. The District continued to offer all programs, without reducing services.
- The proposed 2021-2022 budget in the amount of \$124,098,943 was authorized by the District's residents.
- The District's total net position, as reflected in the District-Wide financial statements decreased to \$(171,388,162).
- The District continues to maintain its buildings and complete various district-wide projects with amounts budgeted and authorized by the District's residents.
- New York State Law limits the amount of unassigned and assigned fund balance, exclusive of encumbrances and amounts designated for the subsequent year's budget, that can be retained by the General Fund, to 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,889,293 or 3.94%, and therefore within the statutory limit.
- The District adopted the provisions of Governmental Accounting Standards Board No. 84 - "Fiduciary Activities," as discussed in note 1(c)(ii) to the financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

2. Overview of the Financial Statements

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



A. District-Wide Financial Statements

The District-Wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-Wide financial statements - the statement of net position and the statement of activities. These statements provide both an aggregate and long-term view of the District's finances.

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

The Statement of Net Position

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net of the four 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, respectively.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The Statement of Activities

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

The governmental activities of the District include general administrative support, instruction, pupil transportation, cost of food sales and interest.

The District-Wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

Governmental Funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide financial statements, additional information is provided on reconciliation pages explaining the relationship (or differences) between them.

Fiduciary Fund

The District collects and remits taxes to the Rockville Centre Public Library. The District excludes these activities from the District-Wide financial statements because it cannot use these to finance its operations.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-Wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. This MD&A includes a summary of two District-Wide statements that focus on operations of the District as a whole. These statements measure inputs and outflows using an economic resources measurement focus, and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

The District's total net deficit increased by \$10,159,393 in the fiscal year ended June 30, 2021.

	<u>2021</u>	<u>2020*</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Current assets	\$ 27,754,176	24,612,143	3,142,033	12.8%
Noncurrent assets	<u>62,331,507</u>	<u>71,653,423</u>	<u>(9,321,916)</u>	-13.0%
Total assets	<u>90,085,683</u>	<u>96,265,566</u>	<u>(6,179,883)</u>	-6.4%
Deferred outflows of resources	<u>53,919,815</u>	<u>49,997,442</u>	<u>3,922,373</u>	7.8%
Current liabilities	11,011,830	11,431,372	(419,542)	-3.7%
Noncurrent liabilities	<u>274,209,806</u>	<u>264,701,815</u>	<u>9,507,991</u>	3.6%
Total liabilities	<u>285,221,636</u>	<u>276,133,187</u>	<u>9,088,449</u>	3.3%
Deferred inflows of resources	<u>30,172,024</u>	<u>31,358,590</u>	<u>(1,186,566)</u>	-3.8%
Net position:				
Net investment in capital assets	20,008,405	18,116,660	1,891,745	10.4%
Restricted	10,478,375	8,627,538	1,850,837	21.5%
Unrestricted	<u>(201,874,942)</u>	<u>(187,972,967)</u>	<u>(13,901,975)</u>	7.4%
Total net position	<u>\$ (171,388,162)</u>	<u>(161,228,769)</u>	<u>(10,159,393)</u>	6.3%

* Restated for change in accounting principle.

Condensed Statement of Net Position - Governmental Activities

The largest reason for the increase in current assets was due to an increase in cash of \$6,083,764. The largest reason for the decrease in noncurrent assets was due to changes for the TRS system that resulted in the system reporting a liability in 2021 instead of a pension asset. The District is reporting a TRS system net pension liability of \$8,983,396 in the current year, due to changes in the system's assumptions opposed to a net pension asset of \$8,373,516 in the prior year.

A large component of the District's total assets is the investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. During the fiscal year, the decrease in net capital assets was a result of depreciation expense being greater than additions.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Current liabilities decreased \$419,542 primarily due to timing of accounts payable to vendors. Long-term liabilities increased by \$9,507,991 primarily due to increases in its net pension liability as discussed above.

At the end of the current fiscal year, the net investment in capital assets totals \$20,008,405 and the items of net position subject to external restrictions total \$10,478,375. There is an unrestricted net deficit of \$(201,874,942) which must be financed from future operations.

Overall, the District's total net position decreased by \$10,159,393.

Changes in Net Position

The results of operations as a whole are reported in the statement of activities.

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Revenue:				
Program revenue:				
Charges for services	\$ 4,778,313	5,453,751	(675,438)	-12.4%
Operating grants and contributions	2,382,876	1,776,924	605,952	34.1%
Capital grants and contributions	36,645	432,378	(395,733)	-91.5%
General revenue:				
Real property taxes	95,028,750	92,425,707	2,603,043	2.8%
Other real property tax items	6,271,780	6,810,253	(538,473)	-7.9%
Use of money and property	363,710	(64,766)	428,476	-661.6%
Sale of property and compensation for loss	45,833	235,343	(189,510)	-80.5%
State sources	12,217,259	13,313,880	(1,096,621)	-8.2%
Federal sources	601,899	78,916	522,983	662.7%
Miscellaneous	863,729	543,895	319,834	58.8%
Total revenue	<u>122,590,794</u>	<u>121,006,281</u>	<u>1,584,513</u>	1.3%
Expenses:				
General support	\$ 17,354,769	16,040,123	1,314,646	8.2%
Instruction	108,409,153	108,809,653	(400,500)	-0.4%
Pupil transportation	4,125,851	3,112,520	1,013,331	32.6%
Community service	285,079	119,790	165,289	138.0%
Cost of food sales	1,068,729	1,120,844	(52,115)	-4.6%
Interest	1,506,606	1,575,795	(69,189)	-4.4%
Total expenses	<u>132,750,187</u>	<u>130,778,725</u>	<u>1,971,462</u>	1.5%
Change in net position	<u>\$ (10,159,393)</u>	<u>(9,772,444)</u>	<u>(386,949)</u>	4.0%

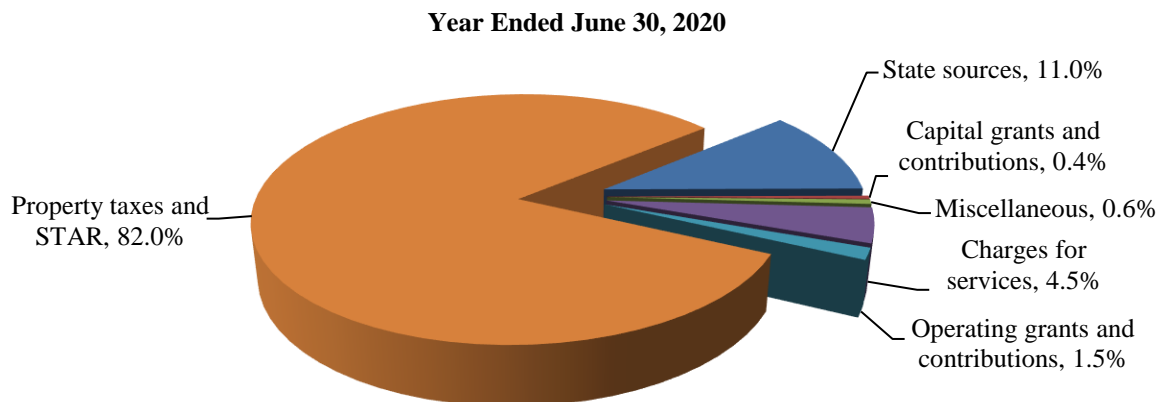
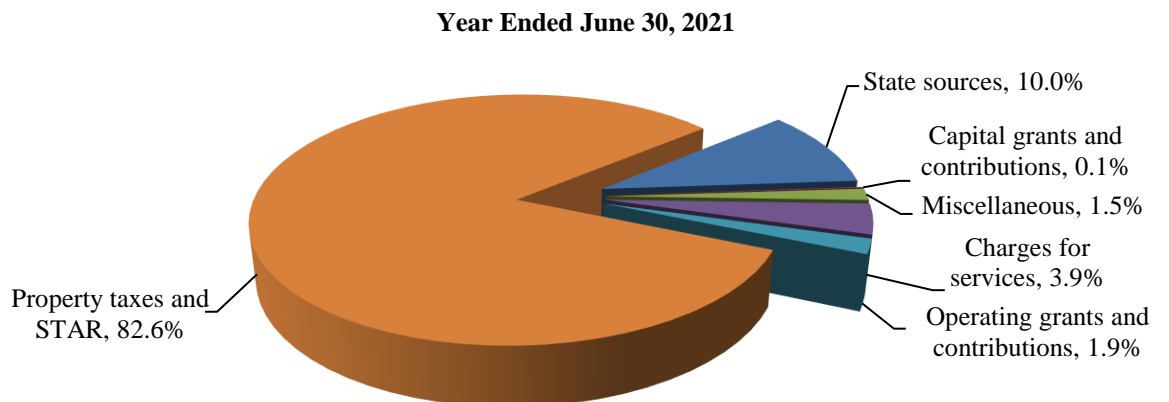
ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The District's fiscal year 2021 revenues totaled \$122,590,794. Property taxes (including other tax items) and state formula aid accounted for most of the District's revenue. The remainder came from fees charged for services, operating grants, capital grants, investment earnings, and other miscellaneous sources.

The cost of all programs and services totaled \$132,750,187 for fiscal year 2021. These expenses are predominantly related to general support, instruction and caring for (pupil services) and transporting students.

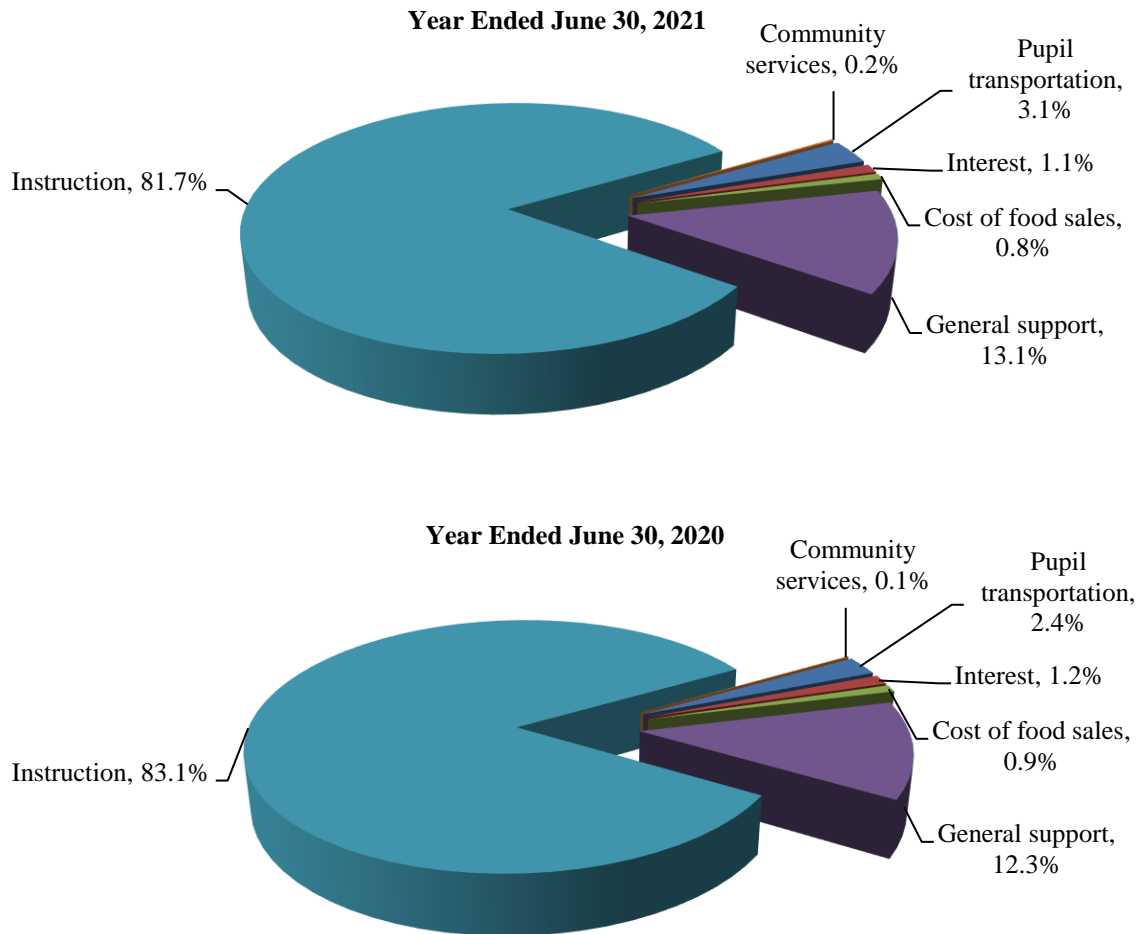
As seen above, governmental activities decreased the District's net position by \$10,159,393 during the current fiscal year. Noteworthy is the impact of the requirements of GASB Statement No. 75 that requires recognition of the total OPEB liability and GASB Statement Nos. 68 and 71 that require Districts to recognize their proportionate share of assets, deferred outflows of resources, liabilities and deferred inflows of resources to the various pension systems (ERS and TRS).

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



ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

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



3. Financial Analysis of the District's Funds

A measure of the general fund's liquidity is a comparison of both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.0% of 2020-21 total general fund expenditures, including other financing uses, while total fund balance represents 13.3% of the same amount. The comparable amounts from the prior year were 3.6% and 12.2%, respectively.

In the current fiscal year, the District's fund balance within the general fund increased by \$2,287,172.

The increase in the fund balance for capital projects of \$99,594 is primarily due to transfers from the general fund of \$1,800,000.

The increase in fund balance in the school lunch fund of \$126,280 is due to cost savings and increase federal aid.

The decrease in fund balance in the miscellaneous fund of \$2,798 is due to deposits held.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The permanent fund is maintained for the receipt and disbursement of scholarships. The change in fund balance in this fund relates to the increase in investment valuation.

The increase in fund balance in the debt service fund of \$77 can be attributed to interest revenue.

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Fund Balance Reporting

GASB issued Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" in February 2009. The requirement of GASB Statement No. 54 became effective for financial statements for periods ending June 30, 2011.

GASB Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. The fund balance classifications are as follows:

- Nonspendable - consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.
- 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.
- Committed - consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.
- Assigned - consists of amounts that are constrained either by the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent for Business for amounts assigned for encumbrances. Encumbrances outstanding at year end are reported as assigned balance since they do not constitute expenditures or liabilities. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned - represents amounts not classified as nonspendable, restricted, committed or assigned, and could be a surplus or deficit. The General Fund is the only fund that could report a positive amount in unassigned fund balance. For governmental funds other than the General Fund, the unassigned fund balance should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

A summary of the change in fund balance for the governmental funds is as follows:

	<u>2021</u>	<u>2020*</u>	<u>Increase (Decrease)</u>	<u>Total % Change</u>
General Fund:				
Nonspendable for advances	\$ -	36,646	(36,646)	-100.0%
Restricted for employee benefit accrued liabilities	3,760,415	3,468,411	292,004	8.4%
Restricted for unemployment insurance	117,009	116,775	234	0.2%
Restricted for retirement contributions	4,705,000	3,500,000	1,205,000	34.4%
Assigned-designated for subsequent year's expenditures	2,800,000	2,800,000	-	0.0%
Assigned-purchases on order	48,308	8,132	40,176	494.0%
Unassigned	<u>4,889,293</u>	<u>4,102,889</u>	<u>786,404</u>	19.2%
Total Fund Balance - General Fund	<u>16,320,025</u>	<u>14,032,853</u>	<u>2,287,172</u>	16.3%
School Lunch Fund:				
Nonspendable for inventory	8,143	12,172	(4,029)	-33.1%
Assigned	118,325	-	118,325	100.0%
Unassigned	<u>-</u>	<u>(11,984)</u>	<u>11,984</u>	100.0%
Total Fund Balance - School Lunch Fund	<u>126,468</u>	<u>188</u>	<u>126,280</u>	67170.2%
Miscellaneous Fund:				
Restricted for scholarships	72,536	76,500	(3,964)	-5.2%
Restricted for extraclassroom	161,738	155,386	6,352	4.1%
Restricted for deposits	<u>169,801</u>	<u>174,987</u>	<u>(5,186)</u>	-3.0%
Total Fund Balance - Miscellaneous Fund	<u>404,075</u>	<u>406,873</u>	<u>(2,798)</u>	-0.7%
Permanent Fund:				
Nonspendable for scholarships	150,000	150,000	-	0.0%
Restricted for scholarships	<u>1,121,782</u>	<u>865,056</u>	<u>256,726</u>	29.7%
Total Fund Balance - Permanent Fund	<u>1,271,782</u>	<u>1,015,056</u>	<u>256,726</u>	25.3%
Debt Service Fund - restricted for debt service	<u>255,055</u>	<u>254,978</u>	<u>77</u>	0.0%
Capital Project Fund - restricted for capital projects	<u>115,039</u>	<u>15,445</u>	<u>99,594</u>	644.8%
Total Fund Balance - All Funds	<u>\$ 18,492,444</u>	<u>15,725,393</u>	<u>2,767,051</u>	17.6%

* Restated for change in accounting principle.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

4. General Fund Budgetary Highlights

General Fund Revenues

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2021</u>	Actual <u>2020</u>
Revenues:				
Real property taxes	\$ 92,000,000	94,958,975	95,028,750	92,425,707
Other real property tax items	9,170,000	6,211,025	6,271,780	6,810,253
Charges for services	4,607,000	4,607,000	4,611,341	5,023,764
Use of money and property	225,000	225,000	56,087	271,747
Sale of property and compensation for loss	20,000	20,000	68,920	235,343
State sources	12,898,635	12,898,635	12,500,765	13,030,374
Federal sources	300,000	300,000	601,899	78,916
Miscellaneous	<u>346,357</u>	<u>346,357</u>	<u>436,308</u>	<u>319,821</u>
Total revenue	<u>\$ 119,566,992</u>	<u>119,566,992</u>	<u>119,575,850</u>	<u>118,195,925</u>

General Fund Expenditures

	Original <u>Budget</u>	Final <u>Budget</u>	Actual <u>2021</u>	Actual <u>2020</u>
Expenditures:				
General support	\$ 11,792,285	11,901,782	10,829,750	10,634,029
Instruction	72,817,093	72,755,287	69,685,085	69,438,439
Pupil transportation	4,157,158	4,206,159	3,746,218	2,749,739
Community services	193,950	193,950	13,522	78,801
Employee benefits	27,427,000	27,460,794	26,683,873	25,700,474
Debt service	<u>446,482</u>	<u>280,626</u>	<u>253,923</u>	<u>259,943</u>
Total expenditures	116,833,968	116,798,598	111,212,371	108,861,425
Other uses - operating transfers out	<u>6,033,024</u>	<u>6,076,524</u>	<u>6,076,307</u>	<u>6,054,969</u>
Total expenditures and other uses	<u>\$ 122,866,992</u>	<u>122,875,122</u>	<u>117,288,678</u>	<u>114,916,394</u>

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

5. Capital Assets and Debt Administration

At June 30, 2020, the District had capital assets of \$62,331,507, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is delineated below and provides comparative balances from the prior year.

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Land	\$ 32,038	32,038	-	0.0%
Buildings and improvements	88,171,301	86,774,412	1,396,889	1.6%
Improvements other than building	2,824,572	2,824,572	-	0.0%
Machinery and equipment	<u>6,402,383</u>	<u>6,393,587</u>	<u>8,796</u>	0.1%
	97,430,294	96,024,609	1,405,685	
Less accumulated depreciation	<u>(35,098,787)</u>	<u>(32,744,702)</u>	<u>(2,354,085)</u>	7.2%
Capital assets, net	<u>\$ 62,331,507</u>	<u>63,279,907</u>	<u>(948,400)</u>	

The change in capital assets during the current fiscal year results from additions of \$1,440,719 offset by depreciation expense of \$2,366,032 and disposal of capital assets of \$23,087.

More detailed information about the District's capital assets is presented in note 7 in the notes to financial statements.

The District had general obligation and other long-term debt outstanding as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase (decrease)</u>	<u>Percentage change</u>
Bonds payable	\$ 40,100,000	42,655,000	(2,555,000)	-6.0%
Unamortized premium on bonds	461,510	515,429	(53,919)	-10.5%
Capital leases	84,843	131,308	(46,465)	-35.4%
Energy performance contract payable	1,676,749	1,877,973	(201,224)	-10.7%
Claims payable	1,524,515	1,524,515	-	0.0%
Compensated absences	3,753,478	3,433,990	319,488	9.3%
Total OPEB liability	219,741,150	209,278,739	10,462,411	5.0%
Net pension liability - TRS - proportionate share	8,938,396	(8,373,516)	17,311,912	-206.7%
Net pension liability - ERS - proportionate share	<u>29,395</u>	<u>8,141,469</u>	<u>(8,112,074)</u>	-99.6%
Total	<u>\$ 276,310,036</u>	<u>259,184,907</u>	<u>17,125,129</u>	6.6%

More detailed information about the District's long-term liabilities is presented in note 9 in the notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

6. Factors Bearing on the District's Future

The general fund budget for the 2021-2022 school year was approved by the voters in the amount of \$124,098,943. This is an increase of 1.0% over the previous year's budget. We are proud to announce that our 2021-2022 proposed budget reflects a 0.0% tax levy increase.

The 2021-2022 budget is impacted by certain trends impacting school districts. These include increases in retirement contributions and health insurance costs. COVID-19 has caused unexpected costs which are expected to continue into the 2021-2022 school year.

The New York State Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

7. 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:

Rockville Centre Union Free School District
Attn: Mr. Robert Bartels
Assistant Superintendent for Business
128 Shepherd Street
Rockville Centre, New York 11570
(516) 255-8935

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Statement of Net Position
Governmental Activities
June 30, 2021

Assets

Current assets:	
Cash and cash equivalents - unrestricted	\$ 11,702,121
Cash and cash equivalents - restricted	9,154,654
Investments	1,076,260
Receivables:	
Taxes	2,346,444
Accounts receivable	46,455
State and Federal aid	2,571,267
Due from other governments	848,832
Inventory	8,143
Total current assets	<u>27,754,176</u>
Noncurrent assets:	
Land	32,038
Capital assets - depreciable, net	62,299,469
Total noncurrent assets	<u>62,331,507</u>
Total assets	<u>90,085,683</u>

Deferred outflows of resources

Pensions	37,114,225
OPEB	16,805,590
Total deferred outflows of resources	<u>53,919,815</u>

Liabilities

Current liabilities:	
Accounts payable	672,554
Accrued liabilities	496,743
Accrued interest	95,562
Due to other governments	1,481,494
Due to teachers' retirement system	5,703,307
Due to employees' retirement system	461,940
Bonds payable	1,830,000
Premium on bonds payable	21,466
Capital leases	42,559
Energy performance contract	206,205
Total current liabilities	<u>11,011,830</u>
Noncurrent liabilities:	
Bonds payable	38,270,000
Premium on bonds payable	440,044
Capital leases	42,284
Energy performance contract	1,470,544
Claims payable	1,524,515
Compensated absences	3,753,478
Total OPEB liability	219,741,150
Net pension liability - employees' retirement system - proportionate share	29,395
Net pension liability - teachers' retirement system - proportionate share	8,938,396
Total noncurrent liabilities	<u>274,209,806</u>
Total liabilities	<u>285,221,636</u>

Deferred inflows of resources

Unearned revenue	445,694
Pensions	13,580,588
OPEB	16,145,742
Total deferred inflows of resources	<u>30,172,024</u>

Net position

Net investment in capital assets	20,008,405
Restricted:	
Employee benefit accrued liability reserve	3,760,415
Unemployment insurance reserve	117,009
Retirement contribution reserve - employees' retirement system	2,705,000
Retirement contribution reserve - teachers' retirement system	2,000,000
Debt service	255,055
Scholarships	1,194,318
Capital	115,039
Extraclassroom	161,738
Deposits	169,801
Unrestricted	<u>(201,874,942)</u>
Total net position	<u>\$ (171,388,162)</u>

See accompanying notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Statement of Activities
Governmental Activities
Year ended June 30, 2021

		Program Revenue			Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
Functions and programs:					
General support	\$ 17,354,769	-	-	-	(17,354,769)
Instruction	108,409,153	4,611,341	1,661,831	36,645	(102,099,336)
Pupil transportation	4,125,851	-	-	-	(4,125,851)
Community services	285,079	-	-	-	(285,079)
Cost of food sales	1,068,729	166,972	721,045	-	(180,712)
Interest	1,506,606	-	-	-	(1,506,606)
Total functions and programs	<u>\$ 132,750,187</u>	<u>4,778,313</u>	<u>2,382,876</u>	<u>36,645</u>	<u>(125,552,353)</u>
General revenue:					
Real property taxes					95,028,750
Other real property tax items					6,271,780
Use of money and property					363,710
Sale of property and compensation for loss					45,833
State sources					12,217,259
Federal sources					601,899
Miscellaneous					863,729
Total general revenue					<u>115,392,960</u>
Change in net position					<u>(10,159,393)</u>
Net position (deficit) at beginning of year, before restatement					(161,635,642)
Cumulative effect of change in accounting principle (note 19)					<u>406,873</u>
Net position (deficit) at beginning of year, as restated					<u>(161,228,769)</u>
Net position (deficit) at end of year					<u>\$ (171,388,162)</u>
See accompanying notes to financial statements.					

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2021

	General	Capital Projects	Special Aid	School Lunch	Miscellaneous	Permanent	Debt Service	Total Governmental Funds
<u>Assets</u>								
Cash and cash equivalents - unrestricted	\$ 11,287,119	62,795	227,808	124,399	-	-	-	11,702,121
Cash and cash equivalents - restricted	8,582,424	-	-	-	287,485	279,703	5,042	9,154,654
Investments	-	-	-	-	84,181	992,079	-	1,076,260
Receivables:								
Taxes	2,346,444	-	-	-	-	-	-	2,346,444
Accounts receivable	2,633	451	-	-	43,371	-	-	46,455
State and Federal aid	1,491,473	-	901,652	178,142	-	-	-	2,571,267
Due from other governments	836,181	-	12,651	-	-	-	-	848,832
Due from other funds	797,515	80,000	-	-	-	-	250,013	1,127,528
Inventory	-	-	-	8,143	-	-	-	8,143
Total assets	<u>\$ 25,343,789</u>	<u>143,246</u>	<u>1,142,111</u>	<u>310,684</u>	<u>415,037</u>	<u>1,271,782</u>	<u>255,055</u>	<u>28,881,704</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>								
Liabilities:								
Accounts payable	603,883	-	67,459	1,212	-	-	-	672,554
Accrued liabilities	480,514	-	14,930	1,299	-	-	-	496,743
Due to other governments	1,480,594	-	-	900	-	-	-	1,481,494
Due to other funds	-	28,207	956,968	131,391	10,962	-	-	1,127,528
Due to teachers' retirement system	5,703,307	-	-	-	-	-	-	5,703,307
Due to employees' retirement system	461,940	-	-	-	-	-	-	461,940
Total liabilities	<u>8,730,238</u>	<u>28,207</u>	<u>1,039,357</u>	<u>134,802</u>	<u>10,962</u>	<u>-</u>	<u>-</u>	<u>9,943,566</u>
Deferred inflows or resources - unearned revenue	<u>293,526</u>	<u>-</u>	<u>102,754</u>	<u>49,414</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,694</u>
Fund balances:								
Nonspendable	-	-	-	8,143	-	150,000	-	158,143
Restricted:								
Employee benefit accrued liability reserve	3,760,415	-	-	-	-	-	-	3,760,415
Unemployment insurance reserve	117,009	-	-	-	-	-	-	117,009
Retirement contribution reserve - employees' retirement system	2,705,000	-	-	-	-	-	-	2,705,000
Retirement contribution reserve - teachers' retirement system	2,000,000	-	-	-	-	-	-	2,000,000
Debt service	-	-	-	-	-	-	255,055	255,055
Scholarships	-	-	-	-	72,536	1,121,782	-	1,194,318
Capital	-	115,039	-	-	-	-	-	115,039
Extraclassroom	-	-	-	-	161,738	-	-	161,738
Deposits	-	-	-	-	169,801	-	-	169,801
Assigned	2,848,308	-	-	118,325	-	-	-	2,966,633
Unassigned	4,889,293	-	-	-	-	-	-	4,889,293
Total fund balances	<u>16,320,025</u>	<u>115,039</u>	<u>-</u>	<u>126,468</u>	<u>404,075</u>	<u>1,271,782</u>	<u>255,055</u>	<u>18,492,444</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,343,789</u>	<u>143,246</u>	<u>1,142,111</u>	<u>310,684</u>	<u>415,037</u>	<u>1,271,782</u>	<u>255,055</u>	<u>28,881,704</u>

See accompanying notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2021

Total governmental fund balances		\$ 18,492,444
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. The assets consist of:		
Land	\$ 32,038	
Capital assets - depreciable, net	<u>62,299,469</u>	
Total capital assets		62,331,507
Some deferred inflows and outflows are not reported in governmental funds. These consist of the following:		
Deferred outflows of resources - pensions		37,114,225
Deferred inflows of resources - pensions		(13,580,588)
Deferred outflows of resources - OPEB		16,805,590
Deferred inflows of resources - OPEB		(16,145,742)
Long-term liabilities that are not due and payable in the current period are not reported in the funds:		
Accrued interest	(95,562)	
Bonds payable	(40,100,000)	
Premium on bonds payable	(461,510)	
Capital leases	(84,843)	
Energy performance contract	(1,676,749)	
Claims payable	(1,524,515)	
Compensated absences	(3,753,478)	
Other postemployment benefits	(219,741,150)	
Net pension liability - employees' retirement system	(29,395)	
Net pension liability - teachers' retirement system	<u>(8,938,396)</u>	<u>(276,405,598)</u>
Total net position - end of year		<u><u>\$ (171,388,162)</u></u>

See accompanying notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended June 30, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous</u>	<u>Permanent</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
Revenue:								
Real property taxes	\$ 95,028,750	-	-	-	-	-	-	95,028,750
Other real property tax items	6,271,780	-	-	-	-	-	-	6,271,780
Charges for services	4,611,341	-	-	-	-	-	-	4,611,341
Use of money and property	56,087	-	-	34	79	307,434	76	363,710
Sale of property and compensation for loss	68,920	-	-	-	-	-	-	68,920
State sources	12,500,765	36,645	403,564	25,479	-	-	-	12,966,453
Federal sources	601,899	-	1,258,267	695,566	-	-	-	2,555,732
Food sales	-	-	-	166,972	-	-	-	166,972
Miscellaneous	436,308	-	165,328	-	262,093	-	-	863,729
Total revenue	<u>119,575,850</u>	<u>36,645</u>	<u>1,827,159</u>	<u>888,051</u>	<u>262,172</u>	<u>307,434</u>	<u>76</u>	<u>122,897,387</u>
Expenditures:								
General support	10,829,750	-	-	-	-	-	-	10,829,750
Instruction	69,685,085	-	1,924,474	-	-	50,708	-	71,660,267
Pupil transportation	3,746,218	-	45,968	-	-	-	-	3,792,186
Community services	13,522	-	-	-	264,970	-	-	278,492
Cost of food sales	-	-	-	781,771	-	-	-	781,771
Employee benefits	26,683,873	-	-	-	-	-	-	26,683,873
Debt service:					-			
Principal	46,465	-	-	-	-	-	2,756,224	2,802,689
Interest	207,458	-	-	-	-	-	1,356,799	1,564,257
Capital outlay	-	1,737,051	-	-	-	-	-	1,737,051
Total expenditures	<u>111,212,371</u>	<u>1,737,051</u>	<u>1,970,442</u>	<u>781,771</u>	<u>264,970</u>	<u>50,708</u>	<u>4,113,023</u>	<u>120,130,336</u>
Excess (deficiency) of revenue over expenditures	<u>8,363,479</u>	<u>(1,700,406)</u>	<u>(143,283)</u>	<u>106,280</u>	<u>(2,798)</u>	<u>256,726</u>	<u>(4,112,947)</u>	<u>2,767,051</u>
Other financing sources (uses):								
Transfers in	-	1,800,000	143,283	20,000	-	-	4,113,024	6,076,307
Transfers out	(6,076,307)	-	-	-	-	-	-	(6,076,307)
Total other financing sources (uses)	<u>(6,076,307)</u>	<u>1,800,000</u>	<u>143,283</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>4,113,024</u>	<u>-</u>
Changes in fund balances	<u>2,287,172</u>	<u>99,594</u>	<u>-</u>	<u>126,280</u>	<u>(2,798)</u>	<u>256,726</u>	<u>77</u>	<u>2,767,051</u>
Fund balances at beginning of year, before restatement	14,032,853	15,445	-	188	-	1,015,056	254,978	15,318,520
Cumulative effect of change in accounting principle (note 19)	-	-	-	-	406,873	-	-	406,873
Fund balances at beginning of year, as restated	<u>14,032,853</u>	<u>15,445</u>	<u>-</u>	<u>188</u>	<u>406,873</u>	<u>1,015,056</u>	<u>254,978</u>	<u>15,725,393</u>
Fund balances at end of year	<u>\$ 16,320,025</u>	<u>115,039</u>	<u>-</u>	<u>126,468</u>	<u>404,075</u>	<u>1,271,782</u>	<u>255,055</u>	<u>18,492,444</u>

See accompanying notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Reconciliation of the Statement of Revenue, Expenditures and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
Year ended June, 30 2021

Net change in fund balances	\$ 2,767,051
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount may be less than the total capital outlay since the capital outlay includes amounts under the capitalization threshold.

Additions of capital assets	\$ 1,440,719	
Depreciation	(2,366,032)	
Disposal of capital assets	<u>(23,087)</u>	(948,400)

State aid was withheld at the end of 2020 and deferred in the governmental funds. This amount was recognized as revenue in 2020 in the statement of activities. This was recognized in the governmental funds in 2021.	(283,506)
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Repayment of bonds, capital leases, and energy performance contract debt, principal is an expenditures in the governmental funds but the repayment reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on bonds payable	\$ 2,555,000	
Principal paid on capital leases	46,465	
Principal paid on energy performance contract	201,224	
Accrued interest	20,195	
Amortization of deferred loss on refunding	(16,463)	
Amortization of premium on bonds payable	<u>53,919</u>	2,860,340

Some expenses reported in the statement if activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated absences	(319,488)	
Other postemployment benefits	(10,462,411)	
Deferred outflows of resources - OPEB	(937,750)	
Deferred inflows of resources - OPEB	3,241,658	
Net pension liability - teachers' retirement system	(17,311,912)	
Net pension liability - employees' retirement system	8,112,074	
Deferred outflows of resources - pensions	4,876,586	
Deferred inflows of resources - pensions	<u>(1,753,635)</u>	<u>(14,554,878)</u>

Change in net position of governmental activities	<u>\$ (10,159,393)</u>
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See accompanying notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year ended June 30, 2021

	Custodial <u>Fund</u>
Additions:	
Real property taxes	\$ 3,648,012
Other real property taxes items	<u>14,768</u>
Total additions	<u>3,662,780</u>
Deductions - payments to library	<u>3,662,780</u>
Change in net position	-
Fiduciary net position at beginning of year	<u>-</u>
Fiduciary net position at end of year	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

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

(a) Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of five 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. The District does not have any reportable component units or other organizational entities for the year ended June 30, 2021.

(b) Joint Venture

The District is a component district in the Nassau County Cooperative Board of Educational Services (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. There is no authority or process by which a school district can terminate its status as a BOCES component.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture, Continued

BOCES are organized under Section §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 Section §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the New York State General Municipal Law.

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

During the year, the District was billed \$6,264,295 for BOCES administrative and program costs and recognized \$2,357,547 in revenue as the District's share of BOCES aid.

Participating school districts issue debt on behalf of BOCES. As of year end, there was no debt issued by the District on behalf of BOCES.

Copies of the financial statements can be requested from Nassau County BOCES, 71 Clinton Road, Garden City, New York 11530.

(c) Basis of Presentation

(i) District-Wide 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants, if applicable.

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements

During the year ended June 30, 2021, the District adopted the provisions of GASB Statement No. 84 - "Fiduciary Activities." The primary objective of this Statement is to improve guidance regarding the indemnification of fiduciary activities for accounting and financial reporting purposes. See note 19 of the financial statements for the impact of the implementation on the 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 emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All funds of the District are presented as major funds. 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 District's primary operating fund and is used to account for and report all financial transactions except those required to be accounted for in another fund.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are two classes of special revenue funds:

Special Aid Fund - is used to account for and report the proceeds of federal and state grants that are legally restricted to expenditures for specified purposes.

School Lunch Fund - is used to account for and report the activities of the school lunch operations.

Miscellaneous Fund - is used to account for the extraclassroom activity funds, scholarships and various deposits in which the district has administrative control over.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements, Continued

Debt Service Fund - is used to account for the advance refunding of a portion of the District's outstanding serial bonds.

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

Permanent Fund - is used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's scholarship programs.

Fiduciary Funds - are used to account for activities in which the District acts as trustee or agent 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. There is one class of fiduciary funds:

Custodial Fund - is used to collect and remit taxes to the Rockville Centre Public Library.

(d) Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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, grants and donations. On an accrual basis, revenue from real property is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the related expenditures are incurred.

The governmental funds statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenue is collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Estimates

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

(f) Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. 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 United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

(g) Investments

Investments in equity securities with readily determinable fair values are reported at fair value in the Permanent Fund. Equity securities are exposed to various risks such as interest rate, market and credit risks. Unrealized gains and losses are included in the statement of revenue, expenditures and changes in fund balances. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Permanent Fund.

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Investments, Continued

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at June 30, 2021.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy.

(h) Real Property Taxes

Real property taxes are levied annually by the Board of Education. Taxes are collected from December to June. Uncollected real property taxes are subsequently enforced by Nassau County (the County) in which the District is located. The County guarantees the full payment of the District warrant and assumes responsibility for uncollected taxes.

(i) Receivables

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. A detailed description of the interfund transactions is shown in note 13 to the financial statements.

(k) Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The District uses a capitalization threshold of \$2,000 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Estimated useful life</u>	<u>Depreciation Method</u>
Buildings and improvements	20-50 years	Straight-line
Improvements other than buildings	20 years	Straight-line
Machinery and equipment	5-20 years	Straight-line

(l) Inventory

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the statement of net position and balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

These non-liquid assets (inventories and prepaid items) have been reported as nonspendable fund balance because that portion of fund balance is not available for other subsequent expenditures on the balance sheet.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Deferred Outflow of Resources and Inflows of Resources

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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. This represents the effect of the net change in the District's proportion of the collective net pension liabilities and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Also included in this item are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The second item represents changes of assumptions related to the total OPEB liability.

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First relates to cash received before the related revenue is earned and is reported as unearned revenue. The second item is related to pensions reported in the district-wide statement of net position. This represents the effect of net change in the District's proportion of the collective net position liabilities and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense. The third represents differences between expected and actual experience as well as the change of assumptions and other inputs related to the OPEB liability.

(n) Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Other Benefits

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through the District's self-insurance plan. The District pays 100% of the cost for retiree's health care insurance, excluding co-pays which are the sole responsibility of the retirees. Survivor beneficiaries reimburse the District monthly for 100% of the calculated premiums. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

(p) Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs) in anticipation of the receipt of revenue. 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.

(q) Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the Governmental Funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from Governmental Funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due within one year or due after one year in the statement of net position.

(r) Equity Classifications

(i) 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 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.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

(i) District-wide Statements, Continued

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

(ii) Fund Statements

The District implemented GASB Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

There are five classifications for fund balance as detailed below, however, in the fund financial statements there are four classifications presented:

Nonspendable - consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory, prepaids, and principal from endowments.

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

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee 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. This 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 to the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

(ii) Fund Statements, Continued

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 Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Teachers' Retirement System Liability Reserve

Reserve for teachers' retirement system liability (GML§6-r) must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve is accounted for in the General Fund.

Debt Reserve

Debt reserve (GML §6-h) is used to reserve funds for payment of bonded indebtedness. This reserve account is accounted for in the Debt Service Fund.

Scholarships Reserve

This reserve is used to account for various scholarship awards. This reserve is accounted for in the Permanent Fund and the Miscellaneous Fund.

Capital Reserve

Capital reserve (GML §6-c) is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities. This reserve is accounted for the Capital Projects Fund.

Extraclassroom Reserve

This reserve is used to account for extraclassroom funds. This reserve is accounted for in the Miscellaneous Fund.

Deposits Reserve

This reserve is used to account for various student deposits. This reserve is accounted for in the Miscellaneous Fund.

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

(ii) Fund Statements, Continued

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances other than in the capital fund are classified as assigned fund balance in the respective fund. The amount appropriated for the subsequent year's budget of the general fund is also classified as assigned fund balance in the General Fund.

Unassigned - Represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When resources are available from multiple classifications, the District spends funds in the following order: restricted, committed, assigned, unassigned.

(s) Risks and Uncertainties

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 virus on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements

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

(a) Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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 solely current financial resources focus of the governmental fund balance sheet.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between Fund Statements and District-wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balances vs. Statement of Activities

Differences between the statement of revenue, expenditures and changes in fund balances and the statements of activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds 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 both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

(3) Stewardship, Compliance and Accountability

(a) Budgetary Data

The District generally follows the procedures below in establishing the budgetary data reflected in the fund financial statements:

- At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- The voters are permitted to vote upon the general fund budget at the annual meeting.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgetary Data, Continued

- If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- Formal budgetary integration is employed during the year as a management control device for general and special aid funds.
- Budgets for general and special aid funds are legally adopted annually on a basis consistent with generally accepted accounting principles. The capital projects fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the school lunch, special aid, permanent or debt service funds.
- The Board of Education has established legal control of the budget at the program line item level of expenditures. Transfers between appropriation accounts, at the program line item level of expenditures, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- Appropriations in general and special aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

(b) Encumbrances

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(c) Limitation on General Fund Balance

The District is limited to the amount of unassigned general fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

(d) Property Tax Limitation

The School District is not limited as to the maximum amount of real property taxes which may be raised. However, on June 24, 2011, the Governor signed Chapter 97 of the Laws of 2011 (Tax Levy Limitation Law). This law applies to all local governments, including school districts.

(d) Property Tax Limitation, Continued

The Tax Levy Limitation Law restricts the amount of real property taxes that may be levied by a school district in a particular year. The original legislation that established the Tax Levy Limitation Law was set to expire on June 16, 2016. Chapter 20 of the Laws of 2015 extends the Tax Levy Limitation Law through June 2020. In 2019, the Tax Levy Limitation Law became permanent.

Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of two percent or the annual increase in the consumer price index. Certain adjustments would be permitted as defined by Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation only if the budget is approved by at least 60% of the vote. There are certain exemptions to the tax levy limitation, such as expenditures made on account of certain tort settlements and certain increases in the actuarial contribution rates of the various public employee retirement systems.

(e) Tax Abatements

As of June 30, 2021, the District tax abatement programs include abatements on property taxes. All abatements agreements are made by the Nassau County Industrial Agency (the Agency). All property tax abatements are performed through Payment In Lieu of Tax (PILOT) agreements made by the Agency. The PILOT agreements are made to support low-income housing. Total taxes abated by the Agency for the year ended June 30, 2021 was \$500,319. The District received \$1,434,955 of PILOT revenue for the year ended June 30, 2021.

(4) Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a specific policy for custodial credit risk; New York State statutes govern the District's investment policies, as discussed previously in these notes.

The District's aggregate bank balances are either insured or collateralized with securities held by the pledging financial institution as of June 30, 2021.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(5) Investments

The District's investments at June 30, 2021, consist of the following:

<u>Investments</u>	<u>Shares</u>	<u>Share Price</u>	<u>Fair Value</u>
Permanent Fund:			
Xerox Corp.	450	\$ 23.49	\$ 10,570
IBM Corp.	2,000	146.59	293,180
Exxon Mobil Corp.	10,912	63.08	<u>688,329</u>
Total Permanent Fund			992,079
Miscellaneous Fund - Certificates of Deposit	N/A	N/A	<u>84,181</u>
Total investments			\$ <u>1,076,260</u>

These investments are classified as Level 1.

Concentration Credit Risk - For investments, this is the risk of loss attributable to the quantity of the government's investment in a single issuer. Investments in single issuers that equal or exceed 5% of total investments have a reportable concentration of credit risk. At June 30, 2021, the District held 27% and 68% of its investment balance in IBM Corp. and Exxon Mobile Corp., respectively.

(6) Receivables

Major receivables recorded by the District at June 30, 2021 consisted of the following:

(a) Due from State and Federal - Represents amounts due from New York State and the Federal government. Amounts due to the District at June 30, 2021 are listed below:

General Fund - State and Federal aid receivable:

Excess cost	\$ 296,288	
State aid - BOCES	1,065,141	
State aid - basic	83,301	
CARES Act	<u>46,743</u>	\$ 1,491,473
Special Aid Fund - State and Federal aid receivable - State and Federal grants - various		901,652
School Lunch Fund - State and Federal aid receivable - State and Federal grants - related to food service program		<u>178,142</u>
Total		\$ <u>2,571,267</u>

(b) Taxes - Represents amounts due from Nassau County for uncollected tax warrants. This amount is fully collectible and recorded in the General Fund. Amount due to the District at June 30, 2021 was \$2,346,444.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(7) Capital Assets

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

	Balance June 30, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance June 30, <u>2021</u>
Capital assets not being depreciated - land	\$ <u>32,038</u>	<u>-</u>	<u>-</u>	<u>32,038</u>
Capital assets being depreciated:				
Buildings and improvements	86,774,412	1,396,889	-	88,171,301
Improvements other than buildings	2,824,572	-	-	2,824,572
Machinery and equipment	<u>6,393,587</u>	<u>43,830</u>	<u>(35,034)</u>	<u>6,402,383</u>
Total capital assets being depreciated	<u>95,992,571</u>	<u>1,440,719</u>	<u>(35,034)</u>	<u>97,398,256</u>
Less accumulated depreciation for:				
Buildings and improvements	25,614,128	1,990,225	-	27,604,353
Improvements other than buildings	2,038,866	119,180	-	2,158,046
Machinery and equipment	<u>5,091,708</u>	<u>256,627</u>	<u>(11,947)</u>	<u>5,336,388</u>
Total accumulated depreciation	<u>32,744,702</u>	<u>2,366,032</u>	<u>(11,947)</u>	<u>35,098,787</u>
Total capital assets, being depreciated, net	<u>63,247,869</u>	<u>(925,313)</u>	<u>(23,087)</u>	<u>62,299,469</u>
Capital assets, net	\$ <u>63,279,907</u>	<u>(925,313)</u>	<u>(23,087)</u>	<u>62,331,507</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 2,103,797
Instruction	182,672
Pupil transportation	73,301
Cost of food sales	<u>6,262</u>
Total depreciation expense	\$ <u>2,366,032</u>

(8) Short-Term Debt

The schedule below details the changes in short-term non-capital borrowings. These borrowings consisted of notes issued in anticipation of the collection of real property taxes.

Purpose	Date of Original Issue	Date of Maturity	Interest Rate	Balance July 1, 2020	New Issues	Redemptions	Balance June 30, 2021
Tax anticipation notes (TAN)	8/27/20	6/25/21	1.50%	\$ -	12,500,000	12,500,000	-
Tax anticipation notes (TAN)	11/19/20	6/25/21	1.25%	-	<u>6,000,000</u>	<u>6,000,000</u>	-
				\$ -	<u>18,500,000</u>	<u>18,500,000</u>	-

Interest expenditures/expense and premium revenue of \$200,208 and \$146,611, respectively, were recorded in the fund financial statements in the general fund and in the District-wide financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Long-term Liabilities

Long-term liability balances and activity for the year ended June 30, 2021, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 42,655,000	-	2,555,000	40,100,000	1,830,000
Unamortized premium on bonds	515,429	-	53,919	461,510	21,466
	<u>43,170,429</u>	<u>-</u>	<u>2,608,919</u>	<u>40,561,510</u>	<u>1,851,466</u>
Other noncurrent liabilities:					
Energy performance contract payable	1,877,973	-	201,224	1,676,749	206,205
Capital leases	131,308	-	46,465	84,843	42,559
Claims payable	1,524,515	572,091	572,091	1,524,515	-
Compensated absences, net	3,433,990	319,488	-	3,753,478	-
Net pension liability - TRS	(8,373,516)	17,311,912	-	8,938,396	-
Net pension liability - ERS	8,141,469	-	8,112,074	29,395	-
OPEB	<u>209,278,739</u>	<u>15,503,326</u>	<u>5,040,915</u>	<u>219,741,150</u>	<u>-</u>
Total other noncurrent long-term liabilities	<u>216,014,478</u>	<u>33,706,817</u>	<u>13,972,769</u>	<u>235,748,526</u>	<u>248,764</u>
Total long-term liabilities	<u>\$ 259,184,907</u>	<u>33,706,817</u>	<u>16,581,688</u>	<u>276,310,036</u>	<u>2,100,230</u>

The District's indebtedness for bonds, energy performance contract, capital leases, claims, compensated absences, net pension liabilities and other postemployment benefits is liquidated in the general fund.

(a) Bonds Payable

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 provision to be made in the general fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

<u>Serial Bonds</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at 6/30/21</u>
2014 Bond Series A	12/17/14	\$ 35,000,000	6/15/43	2.00%-4.00%	29,655,000
2014 Refunding Bond	12/17/14	8,750,000	7/15/21	2.00%-3.00%	540,000
2016 Bonds	8/15/16	10,925,000	8/15/43	2.00%-3.00%	<u>9,905,000</u>
					\$ <u>40,100,000</u>

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Long-term Liabilities, Continued

(a) Bonds Payable, Continued

Interest for the year was composed of:

Interest paid on:		
Serial bonds	\$ 1,311,832	
TAN	200,208	
Energy performance contract	44,968	
Capital leases	<u>7,249</u>	\$ 1,564,257
Plus: Interest accrued in the current year		95,562
Amortization of deferred loss on refunding		16,463
Less: Interest accrued in the prior year		(115,757)
Amortization of deferred premium on bonds		<u>(53,919)</u>
Total expense		\$ <u>1,506,606</u>

The original issue premiums on bonds have been deferred and recorded as a liability on the District-wide financial statements. The premiums are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is \$53,919 and is included as a reduction to interest expense on the statement of activities.

Original premiums on bonds payable	\$ 990,453
Less: accumulated amortization	(528,943)
Premiums on bonds payable	\$ <u>461,510</u>

The original loss to refund bonds are recorded as a deferred outflows of resources on the District-wide financial statements. The charges are being amortized using the straight-line method over the remaining time to maturity of the bonds. The current year amortization is \$16,463 and is included as an increase to interest expense on the statement of activities.

Original loss on refunding on bonds payable	\$ 197,562
Less: accumulated amortization	(197,562)
Loss on refunding on bonds payable	\$ <u>-</u>

In the event that the District were to default on bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owner, to render judgment against the District. A court has the power to order payment of such bonds or notes from funds available or to order the District to take all lawful action to obtain the funds, including the raising of the funds in the next annual tax levy. The bond owner may also file with the New York State Comptroller a verified statement alleging default in the payment of principal or interest. The New York State Comptroller will have a duty to investigate the circumstances of the alleged default and prepare determinations from their office. The New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance to the District and apply the amount thereof so withheld to the payment of the defaulted principal and interest.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(9) Long-term Liabilities, Continued

(b) Energy Performance Contract Payable

The District, in February 2009, entered into a \$3,813,745 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over twelve years, with semi-annual installments of \$123,096 through December 2028. Payments include interest at 2.46%. The contract further provides that the savings in energy costs resulting from these upgrades will equal or exceed the lease payment terms. The balance due at June 30, 2021 was \$1,676,749. Interest expenditures of \$44,968 were recorded in the fund financial statements in the debt service fund.

In the event that the District were to default on energy performance contract principal or interest payments, the lender may bring actions for any remedies available at law or in equity or other appropriate proceedings for the recovery of direct damages, including amounts past due, and/or bring an action in equity for specific performance; or without recourse to legal process, terminate the agreement by delivery of written notice of termination. The lender may also exercise the right it has in law or equity.

(c) Capital Leases

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$5,235, in annual installments of \$1,047 through October 2021, interest free.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$23,105, in annual installments of \$5,961 through October 2021, including interest at 9.13%.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$28,203, in annual installments of \$7,276 through September 2022, including interest at 9.17%.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$30,207, in annual installments of \$6,041 through September 2022, interest free.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$10,699, in annual installments of \$2,760 through October 2023, interest free.

The District entered into a lease agreement to finance the costs of certain musical instruments. The terms of this agreement provided for the repayment of the principal amount of \$8,875, in annual installments of \$1,775 through October 2023, interest free.

The District entered into a lease agreement to finance the costs of television studio equipment. The terms of this agreement provided for the repayment of the principal amount of \$78,027, in annual installments of \$22,330 through April 2023, interest free.

Interest expenditures of \$7,249 were recorded in the financial statements.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Long-term Liabilities, Continued

(d) Payments to Maturity

The annual requirements to amortize all outstanding debt as of June 30, 2021 is as follows:

Year ending	Bonds		Energy Performance Contract		Capital Leases		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,830,000	1,249,956	206,205	39,988	42,559	4,630	2,078,764	1,294,574
2023	1,325,000	1,206,556	211,309	34,884	37,978	2,205	1,574,287	1,243,645
2024	1,360,000	1,170,256	216,539	29,654	4,306	231	1,580,845	1,200,141
2025	1,400,000	1,132,956	221,899	24,294	-	-	1,621,899	1,157,250
2026	1,445,000	1,094,456	227,391	18,802	-	-	1,672,391	1,113,258
2027-2031	7,850,000	4,852,738	593,406	22,075	-	-	8,443,406	4,874,813
2032-2036	9,095,000	3,651,763	-	-	-	-	9,095,000	3,651,763
2037-2041	10,560,000	2,076,975	-	-	-	-	10,560,000	2,076,975
2042-2044	5,235,000	292,150	-	-	-	-	5,235,000	292,150
	<u>\$ 40,100,000</u>	<u>16,727,806</u>	<u>1,676,749</u>	<u>169,697</u>	<u>84,843</u>	<u>7,066</u>	<u>41,861,592</u>	<u>16,904,569</u>

The above bonds, energy performance contract and capital leases are direct obligations of the District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the District.

(10) Pension Obligations

(a) Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in 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 TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystsr.org.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Pension Obligations, Continued

(a) Plan Descriptions and Benefits Provided, Continued

Employees' Retirement System (ERS)

The District participates in the New York State and Local Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. System benefits are established under the provision of the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in 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. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Pension Obligations, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/01/2020	6/30/2019
Measurement date	3/31/2021	6/30/2020
Net pension liability	\$ 29,395	8,938,396
District's proportion of the Plan's net pension liability	0.0295209%	0.3234720%
Change in proportionate share	(0.0012242)	0.001167

For the year ended June 30, 2021, the District's recognized pension expense of \$896,804 for ERS and \$11,999,490 for TRS in the statement of activities.

At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 358,994	7,831,823	-	458,076
Changes of assumptions	5,404,813	11,304,990	101,936	4,029,638
Net difference between projected and actual investment earnings on pension plan investments	-	5,837,556	8,444,010	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	583,520	111,784	160,284	386,644
District's contributions subsequent to the measurement date	<u>461,940</u>	<u>5,218,805</u>	<u>-</u>	<u>-</u>
Total	\$ <u>6,809,267</u>	<u>30,304,958</u>	<u>8,706,230</u>	<u>4,874,358</u>

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Pension Obligations, Continued

(b) Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

<u>Year ending</u>	<u>ERS</u>	<u>TRS</u>
2022	\$ (325,701)	3,447,260
2023	(52,420)	6,994,237
2024	(384,650)	5,742,654
2025	(1,596,132)	3,513,486
2026	-	113,613
Thereafter	-	400,545
	<u>\$ (2,358,903)</u>	<u>20,211,795</u>

(c) 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:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Investment rate of return (net of investment expense, including inflation)	5.9%	7.1%
Salary scale	4.4%	4.72% - 1.90%
Cost-of-living adjustments	1.4%	1.3%
Inflation rate	2.7%	2.2%

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

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Pension Obligations, Continued

(c) Actuarial Assumptions, Continued

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

The long-term expected rate of return on TRS 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.

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

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

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Pension Obligations, Continued

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially 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.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9% for ERS and 6.1% for TRS) or 1% higher (6.9% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	\$ (8,158,952)	(29,395)	7,467,959
TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$ (56,460,766)	(8,938,396)	30,944,916

(f) Pension Plans' Fiduciary Net Position

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

	(Dollars in Millions)	
	ERS	TRS
Measurement date	3/31/2021	6/30/2020
Employers' total pension liability	\$ (220,680)	(123,243)
Plan net position	220,580	120,480
Employers' net pension liability	\$ (100)	(2,763)
Ratio of plan net position to the employers' total pension liability	99.95%	97.8%

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(10) Pension Obligations, Continued

(g) Contributions to the Pension Plans

ERS employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$461,940. This amount has been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to ERS for the year ended June 30, 2021 were \$1,582,407.

TRS employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued employer retirement contributions to TRS as of June 30, 2021 amounted to \$5,703,307 including employees' share. The accrued employer contributions have been recorded as a liability in the governmental fund statements and in the statement of net position. Retirement contributions paid to TRS for the year ended June 30, 2021 were \$5,218,805.

(11) Other Postemployment Benefits (OPEB)

(a) Plan Description and Benefits

The District administers a Postretirement Healthcare Benefits Program (the Plan) as a single-employer defined benefit plan. The Plan provides for continuation of medical, prescription drugs and behavior health and benefits for eligible retirees and their spouses and dependents. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

The obligations of the Plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The employer currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

(b) Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active employees	508
Current retirees	324
Beneficiaries	24
Spouses of retirees	<u>182</u>
	<u>1,038</u>

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Other Postemployment Benefits (OPEB), Continued

(c) Total OPEB Liability

The District's total OPEB liability of \$219,741,150 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.60%
Discount rate	2.16%
Healthcare cost trend rates	6.6% for 2021, decreasing to 4.1% over 56 years

Mortality rates were based on the SOA RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2017.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2020	\$ <u>209,278,739</u>
Changes for the year:	
Service cost	8,845,113
Interest	4,765,139
Changes of assumptions	1,893,074
Benefit payments	<u>(5,040,915)</u>
Total changes	<u>10,462,411</u>
Total OPEB liability as of June 30, 2021	\$ <u>219,741,150</u>

(f) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ <u>262,848,585</u>	<u>219,741,150</u>	<u>185,806,638</u>

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs 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 a discount rate that is 1-percentage point lower or 1-percentage point higher than the current trend rate:

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(11) Other Postemployment Benefits (OPEB), Continued

(g) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Costs Trend Rates, Continued

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	\$ 182,852,524	219,741,150	269,442,758

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$13,199,418. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ -	6,683,612
Changes of assumptions	16,805,590	9,462,130
Total	\$16,805,590	16,145,742

District contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2022	\$ (410,834)
2023	(410,834)
2024	(410,834)
2025	(410,834)
2026	640,511
Thereafter	1,662,673
	\$ 659,848

(12) Claims Payable

The District-wide financial statement reflects workers' compensation benefit liabilities, which are based upon estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred but not reported (IBNR's). The length of time for which such costs must be estimated varies depending on the coverage involved. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount. Claim liabilities are recomputed periodically using a variety of actuarial statistical techniques to produce current estimates that reflect recent settlements, claim frequency and other economic and social factors. A provision for inflation in the calculation of estimated future claim costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and other factors that are considered to be appropriate modifiers of past experience.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Claims Payable, Continued

An analysis of unpaid claim liabilities is as follows:

Unpaid claims at beginning of year	\$ 1,524,515
Incurred claims including IBNR's	572,091
Claims paid	<u>(572,091)</u>
Unpaid claims at end of year	\$ <u>1,524,515</u>

This amount has been recorded as an expense and liability in the district-wide financial statements.

(13) Interfund Activity

Interfund receivables, payables and advances at June 30, 2021 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 797,515	-
Capital projects fund	80,000	28,207
Special aid fund	-	956,968
School lunch fund	-	131,391
Debt service fund	250,013	-
Miscellaneous fund	<u>-</u>	<u>10,962</u>
Total	\$ <u>1,127,528</u>	<u>1,127,528</u>

Interfund receivables and payables are eliminated on the statement of net position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Interfund transfers for the year end at June 30, 2021 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ -	6,076,307
Capital project funds	1,800,000	-
Special aid fund	143,283	-
School lunch fund	20,000	-
Debt service fund	<u>4,113,024</u>	<u>-</u>
Total	\$ <u>6,076,307</u>	<u>6,076,307</u>

Transfers are used to (1) move revenue from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) move residual cash from closed projects to debt service to be used for debt payments at a later date.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(13) Interfund Activity, Continued

The purpose of interfund transfers within the District is to consolidate funding from multiple funds into others for several reasons, such as purchases of fixed assets or the completion of a project that is to benefit multiple funds.

(14) Risk Management

(a) General Information

The District is exposed to various risks of loss. The District purchases various insurance coverages from independent third parties to reduce its exposure to loss. In addition to other coverages the District maintains commercial general liability insurance coverage with policy limits of \$1 million per occurrence. The District also maintains school board legal and employment practices liability coverage for school board members and employees up to \$1 million per claim and \$2 million in the aggregate and an excess catastrophe liability policy (umbrella) with a limit of \$25 million per occurrence/claim. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

(b) New York Schools Insurance Reciprocal

The District participates in the New York Schools Insurance Reciprocal (NYSIR), a not-for-profit municipally owned insurance company, for its District property and liability insurance coverage. NYSIR is a New York State licensed and filed insurance company that exclusively insures its member New York public school districts and BOCES. The District has essentially transferred its property and liability risk to the reciprocal pool.

(c) Workers' Compensation Plan

The District participates in the Nassau County Schools Cooperative Workers' Compensation Self-Insured Plan ("Workers' Compensation Plan"), a risk sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risk related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event that the plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. The Workers' Compensation Plan's total discounted liability for unbilled and open claims at June 30, 2021 was \$18,023,088 with the discount rate of 1%. The School District's share of the total liability discounted at 1% for incurred but unpaid claims and incurred but not reported claims is \$1,524,515.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(15) Fund Balance

The following is the disaggregation of the fund balance that is reported in summary on the governmental fund's balance sheet:

	General <u>Fund</u>	Capital <u>Fund</u>	School Lunch <u>Fund</u>	Miscellaneous <u>Fund</u>	Permanent <u>Fund</u>	Debt Service <u>Fund</u>	<u>Total</u>
Nonspendable:							
Inventory	\$ -	-	8,143	-	-	-	8,143
Endowment principal	-	-	-	-	150,000	-	150,000
Total nonspendable	-	-	8,143	-	150,000	-	158,143
Restricted:							
Employee benefit accrued liability	3,760,415	-	-	-	-	-	3,760,415
Unemployment insurance	117,009	-	-	-	-	-	117,009
Retirement contribution - ERS	2,705,000	-	-	-	-	-	2,705,000
Retirement contribution - TRS	2,000,000	-	-	-	-	-	2,000,000
Debt service	-	-	-	-	-	255,055	255,055
Scholarships	-	-	-	72,536	1,121,782	-	1,194,318
Capital	-	115,039	-	-	-	-	115,039
Extraclassroom	-	-	-	161,738	-	-	161,738
Deposits	-	-	-	169,801	-	-	169,801
Total restricted	8,582,424	115,039	-	404,075	1,121,782	255,055	10,478,375
Assigned:							
Surplus	-	-	118,325	-	-	-	118,325
Purchases on order (encumbrances)	2,800,000	-	-	-	-	-	2,800,000
Subsequent year's expenditures	48,308	-	-	-	-	-	48,308
Total assigned	2,848,308	-	118,325	-	-	-	2,966,633
Unassigned	4,889,293	-	-	-	-	-	4,889,293
Total fund balance	\$ 16,320,025	115,039	126,468	404,075	1,271,782	255,055	18,492,444

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(15) Fund Balance, Continued

The following is a summary of the change in reserve funds during the year ended June 30, 2021:

	Balance at <u>7/1/20</u>	<u>Interest</u>	Board <u>Restrictions</u>	Board <u>Releases</u>	Balance at <u>6/30/21</u>
General Fund:					
Employee benefit accrued liability	\$ 3,468,411	6,937	1,000,000	(714,933)	3,760,415
Unemployment insurance	116,775	234	-	-	117,009
Retirement contribution - ERS	2,500,000	5,000	500,000	(300,000)	2,705,000
Retirement contribution - TRS	<u>1,000,000</u>	<u>2,000</u>	<u>1,000,000</u>	<u>(2,000)</u>	<u>2,000,000</u>
Total general fund	\$ <u>7,085,186</u>	<u>14,171</u>	<u>2,500,000</u>	<u>(1,016,933)</u>	<u>8,582,424</u>

(16) Commitments and Contingencies

(a) Litigation

The District, in common with other District's, receives numerous notices of claims for monetary damages arising from property damage or personal injury. Of all the claims currently pending, none are expected to have a material effect on the District's financial position if adversely affected.

(b) Contingencies

The District participates in various Federal grant programs. These programs may be subject to program compliance audits pursuant to the Single Audit Act. Accordingly, the District's compliance with applicable grant requirements may be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District anticipates such amounts, if any, to be immaterial.

The District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the District which may be disallowed cannot be determined at this time, although the District anticipates such amounts, if any, to be immaterial.

(17) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued and have determined the following subsequent event requires disclosure under generally accepted accounting principles:

- The District issued a tax anticipation note payable of \$12,500,000 on September 1, 2021. This tax anticipation note matures on June 24, 2022 and has a stated interest rate of 1.25%. The District received a premium of \$111,875.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(18) Future Implementations of GASB Pronouncements

GASB has issued the following pronouncements which will be implemented in the years required.
The effects of the implementation of these pronouncements are not known at this time.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period.
Effective for fiscal years beginning after December 15, 2020.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

(19) Cumulative Effect of Accounting Principle

For the year ended June 30, 2021, the District implemented GASB Statement No. 84 - "Fiduciary Activities." The implementation of this Statement resulted in reporting certain activities as governmental activities. The District's governmental fund balance and net position at June 30, 2020 has been restated as follows:

Governmental Funds:

Fund balance at beginning of year, as previously stated	\$ 15,318,520
GASB Statement No. 84 implementation	<u>406,873</u>
Fund balance at beginning of year, as restated	\$ <u>15,725,393</u>

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$ (161,635,642)
GASB Statement No. 84 implementation	<u>406,873</u>
Net position (deficit) at beginning of year, as restated	\$ <u>(161,228,769)</u>

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Statement of Revenue, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year ended June 30, 2021

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:				
Real property taxes	\$ 92,000,000	94,958,975	95,028,750	69,775
Other real property tax items	9,170,000	6,211,025	6,271,780	60,755
Charges for services	4,607,000	4,607,000	4,611,341	4,341
Use of money and property	225,000	225,000	56,087	(168,913)
Sale of property and compensation for loss	20,000	20,000	68,920	48,920
State aid	12,898,635	12,898,635	12,500,765	(397,870)
Federal aid	300,000	300,000	601,899	301,899
Miscellaneous	346,357	346,357	436,308	89,951
Total revenue	<u>119,566,992</u>	<u>119,566,992</u>	<u>119,575,850</u>	<u>8,858</u>
Expenditures:				
General support	11,792,285	11,901,782	10,829,750	1,072,032
Instruction	72,817,093	72,755,289	69,685,085	3,070,204
Pupil transportation	4,157,158	4,206,159	3,746,218	459,941
Community services	193,950	193,950	13,522	180,428
Employee benefits	27,427,000	27,460,794	26,683,873	776,921
Debt service:				
Principal	114,482	68,418	46,465	21,953
Interest	332,000	212,208	207,458	4,750
Total expenditures	<u>116,833,968</u>	<u>116,798,600</u>	<u>111,212,371</u>	<u>5,586,229</u>
Excess of revenue over expenditures	2,733,024	2,768,392	8,363,479	5,595,087
Other uses - operating transfers out	<u>(6,033,024)</u>	<u>(6,076,524)</u>	<u>(6,076,307)</u>	<u>217</u>
Change in fund balance	<u>\$ (3,300,000)</u>	<u>(3,308,132)</u>	2,287,172	<u>5,595,304</u>
Fund balance at beginning of year			<u>14,032,853</u>	
Fund balance at end of year			<u>\$ 16,320,025</u>	

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
June 30, 2021
(Dollar amount in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 8,845	6,777	8,002	7,770
Interest	4,765	6,761	6,037	5,789
Changes of benefit terms	-	110	-	-
Changes of demographic gains or losses	-	(8,640)	-	(413)
Changes of assumptions	1,893	20,315	(15,770)	-
Benefit payments	<u>(5,041)</u>	<u>(4,831)</u>	<u>(5,387)</u>	<u>(4,823)</u>
Net change in total OPEB liability	10,462	20,492	(7,118)	8,323
Total OPEB liability - beginning	<u>209,279</u>	<u>188,787</u>	<u>195,905</u>	<u>187,582</u>
Total OPEB liability- ending	<u>\$ 219,741</u>	<u>209,279</u>	<u>188,787</u>	<u>195,905</u>
Covered payroll	\$ 54,692	54,692	54,790	54,790
Total OPEB liability as a percentage of covered payroll	401.78%	382.65%	344.56%	357.56%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
2.16%	2.21%	3.50%	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability
Year ended June 30, 2021

<u>TRS System - Asset (Liability)</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	0.323472%	0.322305%	0.319259%	0.317684%	0.321294%	0.319421%	0.315214%
The District's proportionate share of the net pension asset (liability)	\$ (8,938,396)	8,373,516	5,773,048	2,414,711	(3,441,197)	33,177,675	35,112,833
The District's covered payroll	\$ 55,260,792	54,903,383	53,798,014	52,003,738	50,342,383	48,457,852	46,561,961
The District's proportionate share of the net pension liability/(asset) as a percentage of covered payroll	-16.17%	15.25%	10.73%	4.64%	-6.84%	68.47%	75.41%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS System - Liability</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.0295209%	0.0307451%	0.0320850%	0.0316256%	0.0315335%	0.0327608%	0.0321909%
The District's proportionate share of the net pension liability	\$ (29,395)	(8,141,469)	(2,273,318)	(1,020,700)	(2,962,962)	(5,258,197)	(1,087,486)
The District's covered payroll	\$ 11,222,921	10,978,299	10,857,996	10,567,792	9,837,300	9,876,865	9,533,284
The District's proportionate share of the net pension liability as a percentage of covered payroll	-0.26%	-74.16%	-20.94%	-9.66%	-30.12%	-53.24%	-11.41%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.20%	94.7%	90.7%	97.9%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Pension Contributions
Year ended June 30, 2021

<u>TRS System</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 5,218,805	4,849,041	5,703,074	5,086,713	5,906,282	6,574,102	8,415,778
Contribution in relation to the contractually required contribution	<u>5,218,805</u>	<u>4,849,041</u>	<u>5,703,074</u>	<u>5,086,713</u>	<u>5,906,282</u>	<u>6,574,102</u>	<u>8,415,778</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 55,260,792</u>	<u>54,903,383</u>	<u>53,798,014</u>	<u>52,003,738</u>	<u>50,342,383</u>	<u>49,578,449</u>	<u>48,007,861</u>
Contribution as a percentage of covered payroll	9.44%	8.83%	10.60%	9.78%	11.73%	13.26%	17.53%
 <u>ERS System</u>	 <u>2021</u>	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>
Contractually required contribution	\$ 1,582,407	1,518,206	1,482,614	1,481,759	1,478,431	1,700,079	1,746,953
Contribution in relation to the contractually required contribution	<u>1,582,407</u>	<u>1,518,206</u>	<u>1,482,614</u>	<u>1,481,759</u>	<u>1,478,431</u>	<u>1,700,079</u>	<u>1,746,953</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	<u>\$ 11,222,921</u>	<u>10,978,299</u>	<u>10,857,996</u>	<u>10,567,792</u>	<u>9,837,300</u>	<u>10,000,669</u>	<u>9,533,284</u>
Contribution as a percentage of covered payroll	14.10%	13.83%	13.65%	14.02%	15.03%	17.00%	18.32%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Change from Adopted Budget to Final Budget and
the Real Property Tax Limit - General Fund
Year ended June 30, 2021

Change from adopted budget to final budget:

Original budget	\$ 122,866,992
Add prior year's encumbrances	<u>8,132</u>
Adopted budget/Final budget	<u><u>\$ 122,875,124</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2021-2022 voter approved expenditure budget	<u>\$ 124,098,943</u>
Maximum allowed 4% of 2021-2022 budget	<u><u>4,963,958</u></u>

General fund fund balance subject to Section 1318 of
Real Property Tax Law*:

Unrestricted fund balance:

Appropriated fund balance	\$ 2,800,000	
Encumbrances	48,308	
Unassigned fund balance	<u>4,889,293</u>	
Total unrestricted fund balance		7,737,601

Less:

Appropriated fund balance	2,800,000	
Encumbrances	<u>48,308</u>	
Total adjustments		<u>2,848,308</u>

General fund fund balance subject to Section 1318
of Real Property Tax Law

\$ 4,889,293

Actual percentage 3.94%

- * Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," updated April 2011 (originally issued November 2010), the portion of [general fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
Year ended June 30, 2021

Project title	Expenditures					Methods of Financing					Fund Balance (Deficit) 6/30/2021
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State and Federal Aid	Local Sources	Total	
Excel Projects:											
South Side Middle School - locker room	\$ 60,500	60,500	60,500	-	60,500	-	-	60,500	-	60,500	-
South side Middle School	264,234	264,234	264,234	-	264,234	-	-	264,234	-	264,234	-
Wilson - front portico	97,340	97,340	97,340	-	97,340	-	-	97,340	-	97,340	-
Wilson Elementary School	44,433	44,433	44,433	-	44,433	-	-	44,433	-	44,433	-
Hewitt Elementary School	276,028	276,028	276,028	-	276,028	-	-	276,028	-	276,028	-
Covert Elementary School	104,724	104,724	104,724	-	104,724	-	-	104,724	-	104,724	-
District-wide Electrical	747,826	747,826	705,184	-	705,184	42,642	-	705,184	-	705,184	-
2015 EXCEL Projects	23,486	23,486	23,486	-	23,486	-	-	23,486	-	23,486	-
State: MS masonry project	600,000	600,000	-	327,277	327,277	272,723	-	-	327,277	327,277	-
Transfers to Capital	3,211,295	5,011,265	5,227,071	1,409,774	6,636,845	(1,625,580)	-	-	6,751,884	6,751,884	115,039
Installment purchase contract	109,242	109,242	265,253	-	265,253	(156,011)	265,253	-	-	265,253	-
	<u>\$ 5,539,108</u>	<u>7,339,078</u>	<u>7,068,253</u>	<u>1,737,051</u>	<u>8,805,304</u>	<u>(1,466,226)</u>	<u>265,253</u>	<u>1,575,929</u>	<u>7,079,161</u>	<u>8,920,343</u>	<u>115,039</u>

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
June 30, 2021

Capital assets, net			\$ 62,331,507
Deduct:			
Bonds payable	\$ 40,100,000		
Deferred premiums on refunding of debt	461,510		
Energy performance contract	1,676,749		
Capital leases	<u>84,843</u>	<u>42,323,102</u>	
Net investment in capital assets			<u>\$ 20,008,405</u>

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Federal Grant Compliance Audit
June 30, 2021

**INDEPENDENT AUDITORS' 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**

The Board of Education
Rockville Centre Union Free School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rockville Centre Union Free School District (the District), as of and for the year ended June 30, 2021, and the related notes to the basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 5, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
Rockville Centre Union Free School District:

Report on Compliance for Each Major Federal Program

We have audited Rockville Centre Union Free School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Rockville Centre Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 5, 2021

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or pass-through number</u>	<u>Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>				
Passed-through New York State Education				
Department:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ 1,720	-
National School Lunch Program	10.555	N/A	8,915	-
Commodity Supplemental Food Program	10.555	N/A	46,148	-
Summer Food Service Program for Children	10.559	N/A	638,783	-
Total U.S. Department of Agriculture			695,566	-
<u>U.S. Department of Treasury</u>				
Passed-through Town of Hempstead, New York -				
COVID-19 Coronavirus Relief Fund	21.019	N/A	150,000	-
<u>U.S. Department of Education</u>				
Passed-through New York State Education				
Department:				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	032-21-0429	807,866	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	033-21-0429	30,897	-
Total Special Education Cluster			838,763	-
Title I Grants to Local Educational Agencies (LEAs)	84.010	021-21-1550	361,915	-
Supporting Effective Instruction State Grant	84.367	147-21-1550	33,911	-
English Language Acquisition Grants	84.365	149-21-1550	11,516	-
Student Support and Academic Enrichment Program	84.424	204-21-1550	12,162	-
COVID-19 Education Stabilization Fund:				
Governor's Emergency Education (GEER) Fund	84.425C	895-21-1550	62,334	-
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	902-21-1550	367,787	-
Total Education Stabilization Fund			430,121	-
Total U.S. Department of Education			1,688,388	-
Total Expenditures of Federal Awards			\$ 2,533,954	-

See accompanying notes to schedule of expenditures of federal awards.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

June 30, 2021

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in the schedule of expenditures of federal awards are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2021, the District used \$46,148 worth of food commodities as reported in the schedule of expenditures of federal awards.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year ended June 30, 2021

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statement audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

____ Yes x No

2. Significant deficiency(ies) identified not considered to be material weakness(es)?

____ Yes x None
reported

3. Noncompliance material to financial statements noted?

____ Yes x No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified?

____ Yes x No

5. Significant deficiency(ies) identified not considered to be material weakness(es)?

____ Yes x None
reported

Type of auditors' report issued on compliance for major programs:

Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)?

____ Yes x No

7. The District's major program audited was:

Assisted Listing
Number

Name of Federal Program

Special Education Cluster

84.027/84.173

8. Dollar threshold used to distinguish between Type A and Type B programs.

\$750,000

9. Auditee qualified as low-risk auditee?

x Yes ____ No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings.

ROCKVILLE CENTRE UNION FREE SCHOOL DISTRICT
Status of Prior Audit Findings
Year ended June 30, 2021

There were no audit findings in the prior year financial statements (June 30, 2020).