

JERICO UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2021

JERICO UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Jericho Union Free School District
Jericho, New York

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 unmodified and qualified audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund	Unmodified
Special Aid Fund	Unmodified
School Food Service Fund	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Extraclassroom Activities Fund	Qualified
Scholarships Fund	Unmodified
Fiduciary Fund	Unmodified

Basis for Qualified Opinion on the Extraclassroom Activities Fund

The fundraising records of student clubs within the extraclassroom activities fund of the Jericho Union Free School District were not sufficient to permit the application of adequate auditing procedures to determine whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the “Basis for Qualified Opinion on the Extraclassroom Activities Fund” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Jericho Union Free School District, as of June 30, 2021, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activities fund, and the fiduciary fund of the Jericho 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.

Changes in Accounting Principles

As described in Note 2 to the financial statements, “Changes in Accounting Principles”, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as of June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District’s proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District’s total OPEB liability and related ratios on pages 4 through 17 and 53 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jericho Union Free School District's basic financial statements. The other supplementary information on pages 58 through 60 is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information requested by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021 on our consideration of the Jericho Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Jericho Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Jericho Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 20, 2021

JERICHO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2021 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by \$4,972,666. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- The District received \$2,159,239 in operating grants to support instructional programs and the food service program.
- The District's total net position at June 30, 2020 was restated and increased by \$251,658, which is due to the required implementation of GASB Statement No. 84, *Fiduciary Activities*, during the 2021 fiscal year.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$130,883,056. Of this amount, \$3,613,117 was offset by program charges for services and operating grants. General revenues of \$122,297,273 amount to 97.1% of total revenues.
- The District's general fund fund balance, as reflected in the fund financial statements was \$56,676,568 at June 30, 2021. This balance represents a \$2,406,974 decrease (4.07%) from the prior year due to an excess of expenditures and other financing uses over revenues and other financing sources, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances decreased by \$3,874,018 due to the use of reserves, offset by the funding of and interest allocated to the reserves.
 - Assigned fund balance increased \$1,361,800, as the District increased the fund balance appropriated to fund the 2022 budget.
 - Unassigned fund balance increased by \$105,244 to \$5,119,884.
- The District's 2021 property tax levy of \$108,811,962 was a 0.95% increase over the 2020 tax levy. The District's property tax cap was 2.61%.
- On May 18, 2021, the proposed 2021-2022 budget in the amount of \$127,997,101 was approved by the District's voters. This is a 2.10% increase in budgeted expenditures over the prior year. The District's 2021-2022 property tax levy of \$108,811,962 is the same as the 2020-2021 tax levy.
- Over the past several years, voters in the Jericho School District have overwhelmingly supported the District's budget, and have also approved several propositions authorizing the District to spend over \$50 million, cumulatively, in capital improvement projects funded by already existing capital reserves with no borrowing/bonding necessary. In fact, as of June 30, 2020, the District has no long-term debt on its financial statements, as the District made the last payment on its outstanding serial bonds during the 2019-20 fiscal year.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

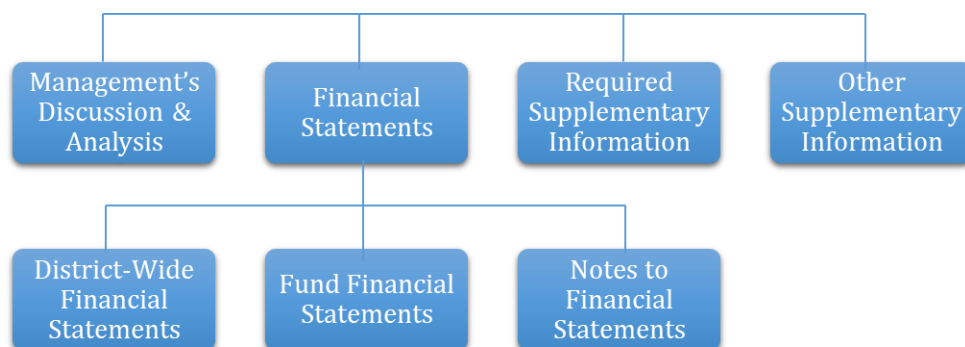
2. DISTRICT HIGHLIGHTS

- During the 2020-2021 school year, Jericho High School had a 99% graduation rate with 99% of the graduates attending college and 92% earning an Advanced Regents Diploma.
- The District had 23 National Merit Commended Students with 17 National Merit Finalists and 5 National Merit winners.
- With numerous National Merit awards, Advanced Placement Scholars, School of Distinction awards, Intel/Siemens finalists and semi-finalists, Jericho High School has consistently ranked as one of the top public high schools in New York State and the United States of America. In fact, the Jericho School District has recently been recognized as the number one public school district in the United States of America by Niche.com, sponsored by Business Insider. The District continues to offer all programs without reducing services.
- 95% of the Jericho High School student body takes at least one Advanced Placement course.
- The District had 4 Regeneron Scholars of the top 300 nationally.
- Jericho High School has been named a New York School of Distinction for 16 consecutive years, the most by any school district in New York State (NYS).
- The District has been a NYS Scholar Athlete High School of Distinction for 16 consecutive years, the most by any school district in NYS.
- In addition to the countless individual and group awards the District's music students have won, the Jericho Union Free School District Music Department has been selected to receive the 2020 NYSSMA Presidential Citation Award. This is the most prestigious award offered by NYSSMA.
- The 2020-2021 school year has been unique to school districts throughout the nation due to COVID-19. At the Jericho School District, we added 19 teachers district-wide in order to minimize class size. Additionally, grades 6-12 conducted an A/B schedule whereby reducing density in those grades by 50% on any given day. Also, the District implemented a robust remote learning program for those students who were unable to attend school in person.
- Throughout the financial statements there are categories the District spent higher than anticipated (e.g., additional FTE's as stated above). Additionally, there are several categories the District spent less than anticipated due to COVID-19. Example of these categories include transportation, field trips, extra-curricular clubs, athletics, and utilities.
- In the 2021-2022 school year, the District re-opened full in-person with no remote option. The District also anticipates that all clubs and extra-curricular activities will resume.

3. OVERVIEW OF THE FINANCIAL STATEMENTS

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

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)



A. District-Wide Financial Statements

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

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

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

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

B. Fund Financial Statements

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

Governmental Funds

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

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

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

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

Fiduciary Funds

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

4. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The June 30, 2020 current and other assets, current and other liabilities and restricted net position were increased, resulting from the implementation of GASB Statement No. 84, *Fiduciary Activities*, which required the District to record activities that had previously been recorded in the Fiduciary Funds in the Governmental Funds. Consequently, the District now includes the agency fund activity in the general fund, and the extraclassroom activities fund and scholarships fund as separate governmental funds. Additionally, the changes resulted in a decrease to unrestricted deficit and an increase in total net position. The following is a summary of these changes:

	As Restated 2020	As Reported 2020	Increase (Decrease)
Current and Other Assets	\$ 97,564,210	\$ 96,864,114	\$ 700,096
Current and Other Liabilities	11,592,133	11,143,695	448,438
Restricted Net Position	59,225,707	59,153,574	72,133
Unrestricted Net Position (Deficit)	(80,960,737)	(81,140,262)	179,525
Total Net Position	43,595,202	43,343,544	251,658

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's total net position decreased by \$4,972,666 between fiscal year 2021 and 2020. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Asset				
Current and Other Assets	\$ 91,993,589	\$ 97,564,210	\$ (5,570,621)	(5.71)%
Capital Assets, Net	78,330,225	65,330,232	12,999,993	19.90 %
Net Pension Asset -				
Proportionate Share		7,937,523	(7,937,523)	(100.00)%
Total Assets	<u>170,323,814</u>	<u>170,831,965</u>	<u>(508,151)</u>	(0.30)%
Deferred Outflows of Resources	<u>66,300,505</u>	<u>49,298,694</u>	<u>17,001,811</u>	34.49 %
Liabilities				
Current and Other Liabilities	13,040,655	11,592,133	1,448,522	12.50 %
Long-Term Liabilities	19,161,405	19,449,954	(288,549)	(1.48)%
Net Pension Liabilities -				
Proportionate Share	8,559,728	10,426,373	(1,866,645)	(17.90)%
Total OPEB Liability	<u>113,054,326</u>	<u>111,890,558</u>	<u>1,163,768</u>	1.04 %
Total Liabilities	<u>153,816,114</u>	<u>153,359,018</u>	<u>457,096</u>	0.30 %
Deferred Inflows of Resources	<u>44,185,669</u>	<u>23,176,439</u>	<u>21,009,230</u>	90.65 %
Net Position				
Net investment in capital assets	78,330,225	65,330,232	12,999,993	19.90 %
Restricted	58,030,545	59,225,707	(1,195,162)	(2.02)%
Unrestricted (Deficit)	<u>(97,738,234)</u>	<u>(80,960,737)</u>	<u>(16,777,497)</u>	20.72 %
Total Net Position	<u>\$ 38,622,536</u>	<u>\$ 43,595,202</u>	<u>\$ (4,972,666)</u>	(11.41)%

The decrease in current and other assets is primarily related to decreases in cash, taxes receivable and due from other governments.

The increase in capital assets, net is primarily due to capital improvements and equipment additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's collective net pension asset, at the measurement date of the respective year. In the current year, the District's proportionate share shifted from an asset to a liability. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

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

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The increase in current and other liabilities is related to increases in accrued liabilities, due to teachers' retirement system and other liabilities, offset by the decreases in retainage payable and the District's liability due to the employees' retirement system.

The decrease in long-term liabilities is the result of the decrease in the compensated absences liability due to retirements during the 2020-21 fiscal year.

Net pension liabilities – proportionate share represents the District's share of the New York State and Local Employees' Retirement System's collective net pension liability at the measurement date of the respective years. The District's share of the New York State Teachers' Retirement System's collective net pension liability is also included in the current year balance. The accompanying Notes to Financial Statements, Note 14 "Pension Plans – New York State" provides additional information.

Total other postemployment benefits (OPEB) liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits", provides additional information.

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

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

The restricted amount relates to the District's reserves. This number decreased from the prior year as the use of reserves including capital outlays related to projects funded by voter-approved capital reserves, exceeded the funding and interest earnings of the reserves.

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

B. Changes in Net Position

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

	As Restated 2020	As Reported 2020	Increase (Decrease)
Charges for Services	\$ 2,929,030	\$ 2,788,889	\$ 140,141
Instruction Expenses	107,419,581	107,297,516	122,065

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

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2021	As Restated 2020	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 1,453,878	\$ 2,929,030	\$ (1,475,152)	(50.36)%
Operating Grants	2,159,239	1,301,552	857,687	65.90 %
General Revenues				
Property Taxes and STAR	108,811,962	107,787,976	1,023,986	0.95 %
State Sources	7,636,159	7,268,944	367,215	5.05 %
Other	5,849,152	6,384,041	(534,889)	(8.38)%
Total Revenues	<u>125,910,390</u>	<u>125,671,543</u>	<u>238,847</u>	0.19 %
Expenses				
General Support	14,543,444	13,505,718	1,037,726	7.68 %
Instruction	109,365,292	107,419,581	1,945,711	1.81 %
Pupil Transportation	5,473,576	5,372,563	101,013	1.88 %
Debt Service - Interest	231,000	127,074	103,926	81.78 %
Food Service Program	1,269,744	1,522,661	(252,917)	(16.61)%
Total Expenses	<u>130,883,056</u>	<u>127,947,597</u>	<u>2,935,459</u>	2.29 %
Change in Net Position	<u>\$ (4,972,666)</u>	<u>\$ (2,276,054)</u>	<u>\$ (2,696,612)</u>	118.48 %

The District's net position decreased by \$4,972,666 and \$2,276,054 for the years ended June 30, 2021 and June 30, 2020 as restated, respectively.

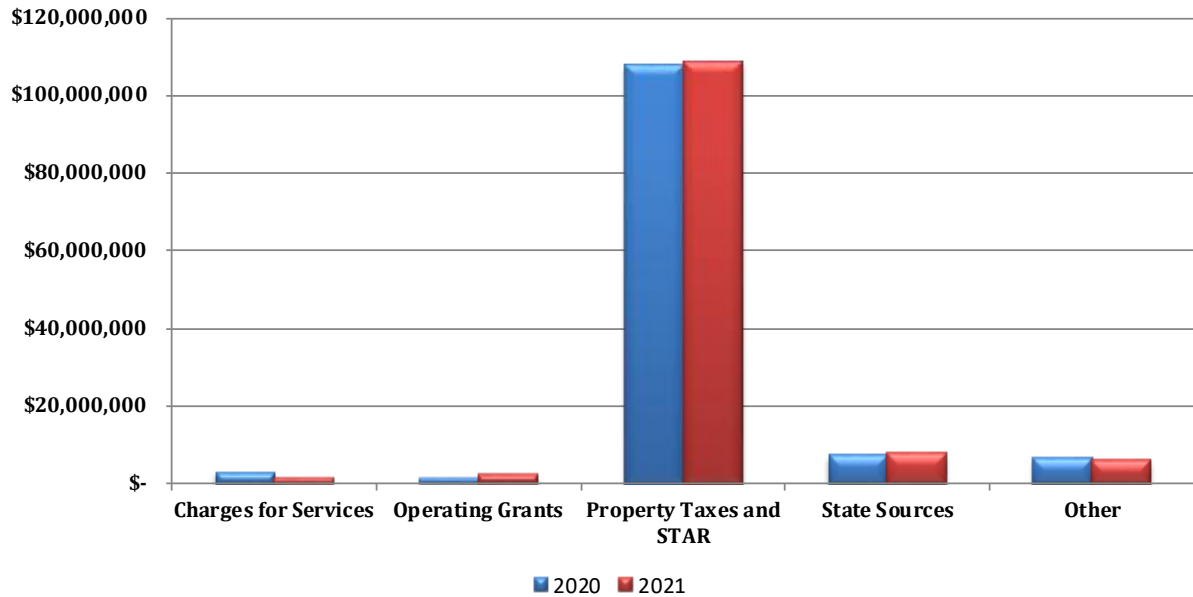
The District's revenues, on the accrual basis, increased by \$238,847 or 0.19%, compared to the prior year. The major factors that contributed to the increase in addition to property taxes and STAR were higher state aid revenue and operating grants, offset by decreases in charges for services and other revenues. The decrease in charges for services was due to the closing of the Solomon Schechter School, which resulted in lower billings to other school districts of residence, and no sale of reimbursable school lunches as free school lunches were provided to all students as part of the federal government's continued response to the COVID-19 pandemic.

The District's total expenses for the year increased by \$2,935,459 or 2.29%, compared to the prior year. The increase in expenses was primarily attributable to higher expenses recognized due to the net changes in the actuarially determined values of the state pension plans and the District's other postemployment benefits costs allocated, offset by lower food service program expenses due to changes in the program made during the current year.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 86.4% and 85.8% of the total for years 2021 and 2020, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 83.5% and 83.9% of the total for the years 2021 and 2020, respectively).

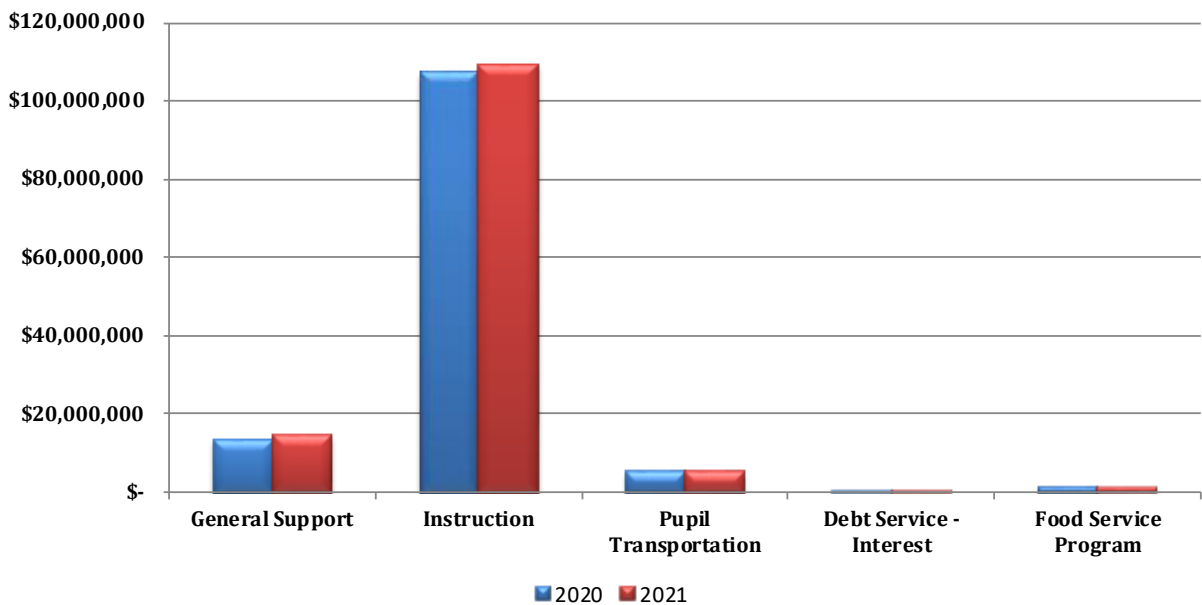
JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2020	2.3%	1.0%	85.8%	5.8%	5.1%
2021	1.2%	1.7%	86.4%	6.1%	4.6%

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2020	10.6%	83.9%	4.2%	0.1%	1.2%
2021	11.1%	83.5%	4.2%	0.2%	1.0%

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

5. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$77,632,023, which is a decrease of \$6,613,602 from the prior year. This decrease is due to an excess of expenditures and other financing uses over revenues and other financing sources using the current financial resources measurement focus and the modified accrual basis of accounting. The June 30, 2020 amounts were restated to include the extraclassroom activities and scholarship funds, as a result of the implementation of GASB Statement No. 84. A summary of the change in the components of fund balance by fund is as follows:

	<u>2021</u>	<u>As Restated 2020</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General Fund				
Restricted				
Unemployment insurance	\$ 254,294	\$ 254,136	\$ 158	0.06 %
Retirement contribution				
Teachers' retirement system	2,702,212	1,901,278	800,934	42.13 %
Employees' retirement system	15,022,827	15,294,253	(271,426)	(1.77)%
Employee benefit accrued liability	18,106,915	18,654,112	(547,197)	(2.93)%
Capital	9,062,392	12,918,879	(3,856,487)	(29.85)%
Assigned:				
Appropriated fund balance	5,721,833	4,300,000	1,421,833	33.07 %
Unappropriated fund balance	686,211	746,244	(60,033)	(8.04)%
Unassigned: Fund balance	5,119,884	5,014,640	105,244	2.10 %
	<u>56,676,568</u>	<u>59,083,542</u>	<u>(2,406,974)</u>	<u>(4.07)%</u>
School Food Service Fund				
Nonspendable: Inventory	59,008	62,885	(3,877)	(6.17)%
Assigned: Unappropriated fund balance	23,874	303,742	(279,868)	(92.14)%
	<u>82,882</u>	<u>366,627</u>	<u>(283,745)</u>	<u>(77.39)%</u>
Capital Projects Fund				
Restricted: Capital	12,811,448	10,130,916	2,680,532	26.46 %
Assigned: Unappropriated fund balance	7,817,722	14,412,882	(6,595,160)	(45.76)%
	<u>20,629,170</u>	<u>24,543,798</u>	<u>(3,914,628)</u>	<u>(15.95)%</u>
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	172,946	179,525	(6,579)	(3.66)%
Scholarships Fund				
Restricted: Scholarships	70,457	72,133	(1,676)	(2.32)%
Total Fund Balance	<u>\$ 77,632,023</u>	<u>\$ 84,245,625</u>	<u>\$ (6,613,602)</u>	<u>(7.85)%</u>

A. General Fund

The net change in the general fund – fund balance is a decrease of \$2,406,974, compared to an increase of \$8,945,566 in 2020. This resulted from expenditures and other financing uses in excess of revenues and other financing sources.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's revenues and other financing sources increased by \$3,455,014 or 2.82%, as compared to the prior year. This increase is primarily attributable to increases in state aid, property taxes and STAR, and a transfer of unexpended balances of completed capital projects from the capital projects fund, offset by decreases in interest earnings. The increase in property taxes and STAR is due to an increase in the tax levy in accordance with the 2020-2021 budget.

Expenditures and other financing uses increased by \$14,807,554 or 13.01% over the prior year. This increase was primarily due to the increase in operating transfers out to the capital projects fund. In the prior year, the District transferred \$2,140,130 from general fund appropriations to the capital projects fund to fund district-wide improvements; in the current year, the District transferred \$14,175,000 to fund new capital projects using general fund appropriations and capital reserve funds.

The following is a summary of activities of the general fund's restricted reserves:

	Balance @ June 30, 2020	Use of Reserves	Interest	Funding	Balance @ June 30, 2021	Appropriated for June 30, 2022
Unemployment insurance	\$ 254,136	\$	\$ 158	\$	\$ 254,294	\$
Retirement contribution						
TRS	1,901,278	(100,000)	934	900,000	2,702,212	100,000
ERS	15,294,253	(580,826)	9,400	300,000	15,022,827	561,130
EBALR	18,654,112	(1,336,410)	77,553	711,660	18,106,915	
Capital	12,918,879	(10,900,000)	43,513	7,000,000	9,062,392	
	<u>\$ 49,022,658</u>	<u>\$(12,917,236)</u>	<u>\$ 131,558</u>	<u>\$ 8,911,660</u>	<u>\$ 45,148,640</u>	<u>\$ 661,130</u>

Additional detail regarding capital reserves can be found in Note 21 "Restricted Fund Balance - Capital Reserves".

B. School Food Service Fund

The school food service fund - fund balance decreased by \$283,745, as compared to the prior year. This decrease is primarily attributable to much lower revenues from sale of food items, as all students were provided free school meals as part of the federal government's COVID-19 relief programs.

C. Capital Projects Fund

The net change in the capital projects fund - fund balance is a decrease of \$3,914,628, due to current year capital outlay for capital improvement projects funded in prior years, offset by the current year's voter-approved transfers from the general fund.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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

	Balance @ June 30, 2020	Use of Reserves	Funding	Balance @ June 30, 2021
Capital Reserve II	\$ 4,062,124	\$ (2,868,181)	\$	\$ 1,193,943
Capital Reserve III	6,068,792	(5,351,287)	4,223,000	4,940,505
Capital Reserve IV			6,677,000	6,677,000
	<u>\$ 10,130,916</u>	<u>\$ (8,219,468)</u>	<u>\$ 10,900,000</u>	<u>\$ 12,811,448</u>

D. Extraclassroom Activities Fund

The net change in the extraclassroom activities fund – fund balance is a decrease of \$6,579, as a result of disbursements of \$66,825 less receipts of \$60,246.

E. Scholarships Fund

The net change in the scholarships fund – fund balance is a decrease of \$1,676, representing scholarships awarded in excess of donations and interest income.

6. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2020-2021 Budget

The District's general fund adopted budget for the year ended June 30, 2021 was \$125,365,991. This amount was increased by encumbrances carried forward from the prior year, in the amount of \$746,244 and budget revisions totaling \$14,426,852 for a total final budget of \$140,539,087.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$108,811,962 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	\$ 5,014,640
Revenues Over Budget	3,614,753
Expenditures and Encumbrances Under Budget	11,255,542
Allocation and Transfers to Reserves	(9,043,218)
Appropriated to Fund the June 30, 2022 Budget	<u>(5,721,833)</u>
Closing, Unassigned Fund Balance	<u>\$ 5,119,884</u>

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Opening, Unassigned Fund Balance

The \$5,014,640 shown in the table is the portion of the District's June 30, 2020 fund balance that was retained as unassigned.

Revenues Over Budget

The 2020-2021 final budget for revenues was \$122,575,607. Actual revenues recognized for the year were \$126,190,360. The excess of actual revenues over estimated or budgeted revenues was \$3,614,753. This positive variance contributes directly to the District's ability to fund the capital reserves for needed capital projects. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures and Encumbrances Under Budget

The 2020-2021 final budget for expenditures was \$140,539,087. Actual expenditures as of June 30, 2021 were \$128,597,334 and outstanding encumbrances were \$686,211. Combined, the expenditures plus encumbrances for 2020-2021 were \$129,283,545. The final budget variance was \$11,255,542, which contributes directly to the District's ability to continue to fund the capital reserves. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

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

Appropriated Fund Balance

The District has chosen to use \$5,721,833 of the available June 30, 2021 unassigned fund balance to partially fund the 2021-2022 approved operating budget and keep the 2021-2022 tax levy at no increase over the previous year. As such, the June 30, 2021 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2021 was \$5,119,884. This amount equals 4.0% of the 2021-2022 budget and is at the statutory limit.

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

A. Capital Assets

At June 30, 2021, the District had invested in a broad range of capital assets, as indicated in the following table. The net increase in capital assets is due to capital additions of \$16,403,074 in excess of depreciation expense of \$3,403,081 recorded for the year ended June 30, 2021. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2021 and June 30, 2020 is as follows:

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2021	2020	Increase (Decrease)
Land	\$ 357,356	\$ 357,356	\$ -
Construction in progress	16,627,452	13,774,785	2,852,667
Buildings and improvements	59,669,477	49,529,279	10,140,198
Furniture and equipment	1,675,940	1,668,812	7,128
	<u>\$ 78,330,225</u>	<u>\$ 65,330,232</u>	<u>\$ 12,999,993</u>
Capital assets, net			

The District will continue to make significant capital expenditures funded by voter-approved capital reserves for capital improvements to District facilities.

B. Debt Administration

At June 30, 2021, the District has no outstanding debt. The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. was Aa1.

C. Other Long-Term Liabilities

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

	2021	2020	Increase (Decrease)
Compensated absences payable	\$ 19,161,405	\$ 19,449,954	\$ (288,549)
Net pension liabilities - proportionate share	8,559,728	10,426,373	(1,866,645)
Total OPEB liability	113,054,326	111,890,558	1,163,768
	<u>\$ 140,775,459</u>	<u>\$ 141,766,885</u>	<u>\$ (991,426)</u>

8. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 18, 2021, for the year ending June 30, 2022, is \$127,997,101. This is an increase of \$2,631,110 or 2.10% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$1,228,973 increase over the prior year's estimate, primarily in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$5,721,833 is a \$1,421,833 increase over the previous year. Additionally, the District has elected to appropriate a total of \$661,130 from the retirement contribution reserves towards the next year's budget. The 2021-2022 property tax levy of \$108,811,962 is the same as the tax levy in 2020-2021.

JERICO UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2021-2022 is 2.53%. The District's actual 2021-2022 property tax levy increase of 0.0% was below the tax levy cap and did not require an override vote.

9. CONTACTING THE DISTRICT

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

Mr. Victor Manuel
Assistant Superintendent for Business Affairs
Jericho Union Free School District
99 Cedar Swamp Road
Jericho, New York 11753-1202

JERICO UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

ASSETS	
Cash	
Unrestricted	\$ 26,555,351
Restricted	58,030,545
Receivables	
Accounts receivable	3,301
Taxes receivable	3,380,571
Due from state and federal	3,533,615
Due from other governments	431,198
Inventory	59,008
Capital assets:	
Not being depreciated	16,984,808
Being depreciated, net of accumulated depreciation	<u>61,345,417</u>
 Total Assets	 <u>170,323,814</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	38,371,469
Other postemployment benefits	<u>27,929,036</u>
 Total Deferred Outflows of Resources	 <u>66,300,505</u>
LIABILITIES	
Payables	
Accounts payable	3,566,109
Accrued liabilities	1,593,547
Retainage payable	537,824
Due to other governments	287,040
Due to teachers' retirement system	5,546,947
Due to employees' retirement system	642,640
Compensated absences	80,259
Other liabilities	567,689
Unearned credits	
Collections in advance	218,600
Long-term liabilities	
Due and payable within one year	
Compensated absences payable	1,000,000
Due and payable after one year	
Compensated absences payable	18,161,405
Net pension liabilities - proportionate share	8,559,728
Total other postemployment benefits liability	<u>113,054,326</u>
 Total Liabilities	 <u>153,816,114</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	16,069,606
Other postemployment benefits	<u>28,116,063</u>
 Total Deferred Inflows of Resources	 <u>44,185,669</u>
NET POSITION	
Net investment in capital assets	<u>78,330,225</u>
Restricted:	
Unemployment insurance	254,294
Retirement contribution	
Teachers' retirement system	2,702,212
Employees' retirement system	15,022,827
Employee benefit accrued liability	18,106,915
Capital	21,873,840
Scholarships	<u>70,457</u>
	<u>58,030,545</u>
Unrestricted (deficit)	<u>(97,738,234)</u>
 Total Net Position	 <u>\$ 38,622,536</u>

See Notes to Financial Statements

JERICO UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 14,543,444	\$	\$	\$ (14,543,444)
Instruction	109,365,292	1,364,539	1,573,597	(106,427,156)
Pupil transportation	5,473,576			(5,473,576)
Debt service - interest	231,000			(231,000)
Food service program	1,269,744	89,339	585,642	(594,763)
Total Functions and Programs	<u>\$ 130,883,056</u>	<u>\$ 1,453,878</u>	<u>\$ 2,159,239</u>	<u>(127,269,939)</u>
GENERAL REVENUES				
Real property taxes				106,794,710
Other tax items				6,246,153
Use of money and property				692,529
Forfeitures				3,265
Sale of property and compensation for loss				9,244
Miscellaneous				834,806
State sources				7,636,159
Medicaid reimbursement				80,407
Total General Revenues				<u>122,297,273</u>
Change in Net Position				(4,972,666)
Total Net Position - Beginning of Year, as Restated				<u>43,595,202</u>
Total Net Position - End of Year				<u>\$ 38,622,536</u>

JERICOH UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 15,166,766	\$ 813,816	\$ 109,847	\$ 10,291,976	\$ 172,946	\$	\$ 26,555,351
Restricted	45,148,640			12,811,448		70,457	58,030,545
Receivables							
Accounts receivable			3,301				3,301
Taxes receivable	3,380,571						3,380,571
Due from other funds	1,286,654						1,286,654
Due from state and federal	2,892,018	463,916	177,681				3,533,615
Due from other governments	431,198						431,198
Inventory			59,008				59,008
Total Assets	<u>\$ 68,305,847</u>	<u>\$ 1,277,732</u>	<u>\$ 349,837</u>	<u>\$ 23,103,424</u>	<u>\$ 172,946</u>	<u>\$ 70,457</u>	<u>\$ 93,280,243</u>
LIABILITIES							
Accounts payable	\$ 1,072,785	\$ 18,723	\$ 347	\$ 2,474,254			\$ 3,566,109
Accrued liabilities	1,573,483	11,779	8,285				1,593,547
Due to other funds		1,216,097	70,557				1,286,654
Due to other governments	286,741		299				287,040
Due to teachers' retirement system	5,546,947						5,546,947
Due to employees' retirement system	642,640						642,640
Compensated absences	80,259						80,259
Other liabilities	567,689						567,689
Unearned credits							
Collections in advance		31,133	187,467				218,600
Total Liabilities	<u>9,770,544</u>	<u>1,277,732</u>	<u>266,955</u>	<u>2,474,254</u>	<u>-</u>	<u>-</u>	<u>13,789,485</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>1,858,735</u>						<u>1,858,735</u>
FUND BALANCES							
Nonspendable: Inventory			59,008				59,008
Restricted:							
Unemployment insurance	254,294						254,294
Retirement contribution							
Teachers' retirement system	2,702,212						2,702,212
Employees' retirement system	15,022,827						15,022,827
Employee benefit accrued liability	18,106,915						18,106,915
Capital	9,062,392			12,811,448			21,873,840
Scholarships						70,457	70,457
Assigned:							
Appropriated fund balance	5,721,833						5,721,833
Unappropriated fund balance	686,211		23,874	7,817,722	172,946		8,700,753
Unassigned fund balance	<u>5,119,884</u>						<u>5,119,884</u>
Total Fund Balances	<u>56,676,568</u>	<u>-</u>	<u>82,882</u>	<u>20,629,170</u>	<u>172,946</u>	<u>70,457</u>	<u>77,632,023</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 68,305,847</u>	<u>\$ 1,277,732</u>	<u>\$ 349,837</u>	<u>\$ 23,103,424</u>	<u>\$ 172,946</u>	<u>\$ 70,457</u>	<u>\$ 93,280,243</u>

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

Total Governmental Fund Balances \$ 77,632,023

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

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

Original cost of capital assets	\$ 114,133,473	
Less: Accumulated depreciation	<u>(35,803,248)</u>	
		78,330,225

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

Deferred outflows of resources	38,371,469	
Net pension liability - teachers' retirement system	(8,520,462)	
Net pension liability - employees' retirement system	(39,266)	
Deferred inflows of resources	<u>(16,069,606)</u>	
		13,742,135

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 1,858,735

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

Deferred outflows of resources	27,929,036	
Total other postemployment benefits liability	(113,054,326)	
Deferred inflows of resources	<u>(28,116,063)</u>	
		(113,241,353)

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

Retainage payable	(537,824)	
Compensated absences payable	<u>(19,161,405)</u>	
		(19,699,229)

Total Net Position		<u><u>\$ 38,622,536</u></u>
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JERICHO UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2021

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 106,794,710	\$	\$	\$	\$	\$	\$ 106,794,710
Other tax items	6,246,153						6,246,153
Charges for services	1,313,661						1,313,661
Use of money and property	692,529				9	7	692,545
Forfeitures	3,265						3,265
Sale of property and compensation for loss	9,244						9,244
Miscellaneous	834,806	6,395			60,237	24,467	925,905
Interfund revenue	8,381						8,381
State sources	8,020,508	215,199	20,527				8,256,234
Medicaid reimbursement	80,407						80,407
Federal sources	186,696	1,165,307	565,115				1,917,118
Sales			89,339				89,339
Total Revenues	124,190,360	1,386,901	674,981	-	60,246	24,474	126,336,962
EXPENDITURES							
General support	11,215,266						11,215,266
Instruction	71,495,922	1,576,887			66,825	26,150	73,165,784
Pupil transportation	5,010,331	5,440					5,015,771
Employee benefits	26,074,389		276,540				26,350,929
Debt service - interest	231,000						231,000
Food service program			882,186				882,186
Capital outlay				16,089,628			16,089,628
Total Expenditures	114,026,908	1,582,327	1,158,726	16,089,628	66,825	26,150	132,950,564
Excess (Deficiency) of Revenues Over Expenditures	10,163,452	(195,426)	(483,745)	(16,089,628)	(6,579)	(1,676)	(6,613,602)
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in	2,000,000	195,426	200,000	14,175,000			16,570,426
Operating transfers (out)	(14,570,426)			(2,000,000)			(16,570,426)
Total Other Financing Sources and Uses	(12,570,426)	195,426	200,000	12,175,000	-	-	-
Net Change in Fund Balances	(2,406,974)	-	(283,745)	(3,914,628)	(6,579)	(1,676)	(6,613,602)
Fund Balances - Beginning of Year, as Restated	59,083,542		366,627	24,543,798	179,525	72,133	84,245,625
End of Year	\$ 56,676,568	\$ -	\$ 82,882	\$ 20,629,170	\$ 172,946	\$ 70,457	\$ 77,632,023

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

Net Change in Fund Balances	\$ (6,613,602)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenue for these items are measured by the amount of financial resources provided (essentially, the amounts actually received).

Change in unavailable revenue	\$ (418,191)
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Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.

Decrease in retainage payable	12,650
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Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable	288,549		
			(116,992)

Capital Related Differences

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

Capital outlays and other additions	16,403,074		
Depreciation expense	(3,403,081)		
			12,999,993

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system	(6,487,520)		
Employees' retirement system	801,237		
Other postemployment benefits	(5,555,782)		
			(11,242,065)

Change in Net Position (Deficit) of Governmental Activities	\$ (4,972,666)
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JERICO UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2021

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

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

	<u>Custodial</u>
ADDITIONS	
Real property taxes collections for the Library	\$ 5,307,500
Payments in lieu of taxes (PILOT) collected for the Library	<u>88,619</u>
Total Additions	5,396,119
DEDUCTIONS	
Payments of real property taxes and PILOT to the Library	<u>5,396,119</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u>\$ -</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 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. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Custodial Fund – is used to account for real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

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

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

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than August 15th and become a lien on October 1st and April 1st. Taxes are collected without penalty by the towns of Oyster Bay and North Hempstead from October 25th to December 15th, and April 1st through June 15th, and remitted to the District.

The District also levies the real property taxes for the Jericho Public Library (Library), which are collected by the towns and included in the amount remitted to the District. The District remits the Library's share of the tax levy to the Library in installments. These pass-through amounts are considered fiduciary activities and are reported in the District's Custodial Fund.

Enforcement

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

F. Payments in Lieu of Taxes (PILOT)

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

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are considered fiduciary activities and reported in the Custodial Fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes with annual increases of no more than 2% in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$2,580,987 in LIPA PILOT revenue during the 2020-2021 fiscal year.

G. Restricted Resources

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

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

J. Cash and Cash Equivalents

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

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

K. Receivables

Receivables are shown net of an allowance for uncollectibles, if any.

L. Inventory

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources.

M. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	5-50 years
Furniture and equipment	5,000	5-20 years
Land improvements	5,000	20 years
Vehicles	5,000	8-15 years

N. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The second item is the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB reported in the district-wide statement of net position and represents changes in the total other postemployment benefits liability not included in OPEB expense.

O. Short-Term Debt

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

P. Collections in Advance

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

Q. Employee Benefits – Compensated Absences

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

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

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

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

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

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

R. Other Benefits

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

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

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations and amounts due from other governments for tuition charges. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

T. Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Employees' Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. The Board may also adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

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

3. FUTURE ACCOUNTING STANDARDS

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Effective for the Year Ending
June 30, 2022

Statement
GASB No. 87 - *Leases*

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

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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

Long-Term Debt Transaction Differences

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Pension and Other Postemployment Benefits Differences

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Voter authorized appropriations from capital reserves	\$ 10,900,000
Voter authorized re-appropriation of unexpended balances of capital projects per May 2017 and 2018 propositions returned to fund balance	2,000,000
Compensated absence benefits funded by employee benefit accrued liability reserve	1,336,410
Instructional costs funded by CARES Act grants	189,442
Instructional supplies and small equipment funded by donations	1,000
	<u>\$ 14,426,852</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities pledged on the District's behalf at year-end.

Investment Pool

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYLAF investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11.

NYLAF measures its investments at fair value in accordance with Paragraph 41 of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and Paragraph 11 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Total investments of the cooperative at June 30, 2021 are \$671,285,174, which consisted of \$198,111,653 in

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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collateralized bank deposits, \$247,300,000 in repurchase agreements, \$86,928 in cash and \$225,786,593 in U.S. Treasury securities, with various interest rates and due dates.

At June 30, 2021, the District's general fund has \$124,121 in NYLAF investments which are included as cash.

The Lead Participant of NYLAF is the Red Hook Central School District of Red Hook, NY. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2021, the District was billed \$5,352,660 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,559,586. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

8. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State - excess cost aid	\$ 970,014
New York State - homeless aid	984,788
BOCES aid	<u>937,216</u>
	2,892,018
Special Aid Fund	
Federal and state grants	463,916
School Food Service Fund	
Federal and state food service program reimbursements	<u>177,681</u>
	<u>\$ 3,533,615</u>

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Other school districts - Tuition receivable	\$ 170,979
Other school districts - Health services	116,013
Other school districts - Garage services	16,901
Other school districts and BOCES - Use of facilities	7,956
Other school districts - Split property taxes	1,490
BOCES Refund	68,385
Jericho Public Library - PILOT late fee refund	443
Nassau County - Drug and alcohol grant	<u>49,031</u>
	<u>\$ 431,198</u>

District management expects these amounts to be fully collectible.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 357,356	\$	\$	\$ 357,356
Construction in progress	13,774,785	16,076,978	(13,224,311)	16,627,452
Total capital assets not being depreciated	14,132,141	16,076,978	(13,224,311)	16,984,808
Capital assets being depreciated				
Buildings and improvements	79,295,817	13,224,311		92,520,128
Furniture and equipment	4,302,441	326,096		4,628,537
Total capital assets being depreciated	83,598,258	13,550,407	-	97,148,665
Less accumulated depreciation for:				
Buildings and improvements	29,766,538	3,084,113		32,850,651
Furniture and equipment	2,633,629	318,968		2,952,597
Total accumulated depreciation	32,400,167	3,403,081		35,803,248
Total capital assets, being depreciated, net	51,198,091	10,147,326	-	61,345,417
Capital assets, net	\$ 65,330,232	\$ 26,224,304	\$ (13,224,311)	\$ 78,330,225

Depreciation expense was charged to governmental functions as follows:

General support	\$ 383,479
Instruction	2,835,289
Pupil transportation	150,561
Food service program	33,752
Total depreciation expense	\$ 3,403,081

11. INTERFUND TRANSACTIONS

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

	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,286,654	\$	\$ 2,000,000	\$ 14,570,426
Special Aid Fund		1,216,097	195,426	
School Food Service Fund		70,557	200,000	
Capital Projects Fund			14,175,000	2,000,000
	\$ 1,286,654	\$ 1,286,654	\$ 16,570,426	\$ 16,570,426

JERICOHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District typically transfers from the general fund to the special aid fund, school food service fund and capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities. The transfer to the school food service fund was to provide support for the program per the approved budget. The transfer to the capital projects fund was for capital improvements in accordance with the voters-approved budget and proposition. The transfer from the capital projects fund was to the general fund for the unexpended balances of completed capital projects. Interfund balances are expected to be repaid within one year.

12. SHORT-TERM DEBT

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Balance June 30, 2020</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance June 30, 2021</u>
TAN	6/18/2021	1.50%	<u>\$</u>	<u>\$ 21,000,000</u>	<u>\$ (21,000,000)</u>	<u>\$</u>

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Towns.

Interest on short-term debt for the year was \$231,000. The District received an issuance premium in the amount of \$186,060, which was recorded as miscellaneous revenue, and resulted in a net effective interest rate of 0.2918%.

13. LONG-TERM LIABILITIES

A. Changes

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

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Other long-term liabilities:					
Compensated absences	<u>\$ 19,449,954</u>	<u>\$</u>	<u>\$ (288,549)</u>	<u>\$ 19,161,405</u>	<u>\$ 1,000,000</u>

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

14. PENSION PLANS – NEW YORK STATE

A. General Information

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nysstrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 8.86% of covered payroll for the TRS' fiscal year ended June 30, 2020. The District's average contribution rate was 13.78% of covered payroll for the ERS' fiscal year ended March 31, 2021.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2021, was \$5,088,109 for TRS at the contribution rate of 9.53%, and \$2,009,521 for ERS at an average contribution rate of 14.18%.

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
District's proportionate share of the net pension asset/(liability)	\$ (8,520,462)	\$ (39,266)
District's portion of the Plan's total net pension asset/(liability)	0.308347%	0.0394341%
Change in proportion since the prior measurement date	0.002823	0.0000604

For the year ended June 30, 2021, the District recognized pension expense of \$11,578,222 for TRS and \$1,197,610 for ERS. At June 30, 2021, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 7,465,630	\$ 479,545	\$ 436,657	\$
Changes of assumptions	10,776,401	7,219,770	3,841,224	136,167
Net difference between projected and actual earnings on pension plan investments	5,564,609			11,279,537
Changes in proportion and differences between the District's contributions and proportionate share of contributions	351,695	783,071	204,937	171,084
District contributions subsequent to the measurement date	5,088,109	642,639		
Total	<u>\$ 29,246,444</u>	<u>\$ 9,125,025</u>	<u>\$ 4,482,818</u>	<u>\$ 11,586,788</u>

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending June 30,	TRS	ERS
2022	\$ 3,425,870	\$ (457,481)
2023	6,807,000	(85,861)
2024	5,538,843	(467,072)
2025	3,394,654	(2,093,988)
2026	138,472	
Thereafter	370,678	
	\$ 19,675,517	\$ (3,104,402)

Actuarial Assumptions

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

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

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

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

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

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Discount Rate

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

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

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

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
TRS			
District's proportionate share of the net pension asset (liability)	<u>\$ (53,820,823)</u>	<u>\$ (8,520,462)</u>	<u>\$ 29,498,021</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (10,898,751)</u>	<u>\$ (39,266)</u>	<u>\$ 9,975,721</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021, are paid to the system in September, October, and November 2021 through a combination of state aid intercept and payment by the District. Accrued retirement contributions as of June 30, 2021, represent employer and employee contributions for the fiscal year ended June 30, 2021, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2021 amounted to \$5,088,109 of employer contributions and \$458,838 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021, represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$642,640 of employer contributions. Employee contributions are remitted monthly.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2021, totaled \$1,023,329 and \$3,271,577, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2021 totaled \$1,079,783.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	420
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>573</u>
	<u><u>993</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$113,054,326 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

JERICHO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Inflation	2.60%	
Salary increases	2.60%	average, including inflation
Discount rate	2.16%	
Healthcare cost trend rates	5.30%	decreasing to 4.10% over 55 years
Retirees' share of benefit-related costs	50-65%	of projected health insurance premiums for retirees and surviving spouses

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

Mortality rates were based on the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table) with generational projection of future improvements per the MP-2019 Ultimate Scale.

The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as eligibility, for full and early retirement where applicable and input from the Plan sponsor. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 111,890,558</u>
Changes for the year	
Service cost	4,943,898
Interest	2,559,996
Changes of benefit terms	-
Differences between expected and actual experience	-
Effect of demographic gains or losses	(20,697,329)
Changes in assumptions or other inputs	16,363,230
Benefit payments	<u>(2,006,027)</u>
	<u>1,163,768</u>
Balance at June 30, 2021	<u><u>\$ 113,054,326</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021, and the adoption of the Pub-2010 Mortality Table.

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

OPEB	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
Total OPEB liability	<u><u>\$ (134,949,639)</u></u>	<u><u>\$ (113,054,326)</u></u>	<u><u>\$ (95,736,588)</u></u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.3% to 3.1%) or 1 percentage point higher (6.3% to 5.1%) than the current healthcare cost trend rate:

	1% Decrease 4.30% decreasing to 3.10%	Healthcare Cost Trend Rates 5.30% decreasing to 4.10%	1% Increase 6.30% increasing to 5.10%
<u>OPEB</u>			
Total OPEB liability	<u>\$ (96,597,619)</u>	<u>\$ (113,054,326)</u>	<u>\$ (134,845,458)</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$7,561,809. At June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred</u>	
	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Differences between expected and actual experience	\$ 569,847	\$ 18,142,103
Changes of assumptions or other inputs	<u>27,359,189</u>	<u>9,973,960</u>
Total	<u>\$ 27,929,036</u>	<u>\$ 28,116,063</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2022	\$ 57,915
2023	57,915
2024	57,915
2025	57,915
2026	449,752
Thereafter	<u>(868,439)</u>
	<u>\$ (187,027)</u>

17. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources at June 30, 2021, consists of estimated non-resident tuition receivables to be billed to school districts of residence, and the portion of the New York State and local aid receivables which is unavailable as current resources. Unavailable revenues, in the general fund at June 30, 2021, total \$1,858,735.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

18. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool

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

The District participates in the Nassau County Schools Cooperative Workers' Compensation Self Insured Plan (the '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 administer claims, finance liability, and manage risks 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 \$16,806,143 with a discount rate of 2.0%. The District's allocated share of this liability was \$1,153,574. The Workers' Compensation Plan has assets of \$23,399,025 at June 30, 2021 to pay these liabilities.

19. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

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

Retirement Contributions	
Teachers' retirement system	\$ 100,000
Employees' retirement system	<u>561,130</u>
	<u>\$ 661,130</u>

20. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$5,721,833 has been appropriated by the District to partially fund the budget for the year ending June 30, 2022 and keep the 2021-22 property tax levy the same as the 2020-21 tax levy.

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

21. RESTRICTED FUND BALANCE - CAPITAL RESERVES

The following is a summary of the District's restricted capital reserves activities since inception:

Date Created	Capital Reserve				Total
	May 2013	May 2015	May 2017	May 2019	
Number of Years to Fund	10	10	10	10	
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	
General Fund					
Funding Provided Since Inception	\$ 10,000,000	\$ 10,000,000	\$ 20,000,000	\$ 15,700,000	\$ 55,700,000
Interest Earnings Since Inception	86,488	84,597	230,400	39,392	440,877
Use of Reserve Since Inception	<u>(10,086,488)</u>	<u>(10,084,597)</u>	<u>(20,230,400)</u>	<u>(6,677,000)</u>	<u>(47,078,485)</u>
Balance as of June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,062,392</u>	<u>\$ 9,062,392</u>
Capital Projects Fund					
Funding Provided Since Inception	\$ 10,086,488	\$ 10,084,597	\$ 20,230,400	\$ 6,677,000	\$ 47,078,485
Use of Reserve Since Inception	<u>(10,086,488)</u>	<u>(8,890,654)</u>	<u>(15,289,895)</u>		<u>(34,267,037)</u>
Balance as of June 30, 2021	<u>\$ -</u>	<u>\$ 1,193,943</u>	<u>\$ 4,940,505</u>	<u>\$ 6,677,000</u>	<u>\$ 12,811,448</u>

22. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, which resulted in an increase of \$251,658 in the beginning-of-year fund balance of the governmental funds, as well as the Statement of Net Position. The District's fund balance and net position have been restated as follows:

	General Fund	Extraclassroom Activities Fund	Scholarships Fund	Statement of Net Position
Fund Balance/Net Position				
Beginning of Year, as Reported	<u>\$ 59,083,542</u>	<u>\$</u>	<u>\$</u>	<u>\$ 43,343,544</u>
<i>Assets</i>				
Cash	869,214	179,525	72,133	1,120,872
Due from fiduciary fund	<u>(420,776)</u>			<u>(420,776)</u>
	<u>448,438</u>	<u>179,525</u>	<u>72,133</u>	<u>700,096</u>
<i>Liabilities</i>				
Due to fiduciary fund	(117,506)			(117,506)
Other liabilities	<u>565,944</u>			<u>565,944</u>
	<u>448,438</u>	<u>-</u>	<u>-</u>	<u>448,438</u>
<i>Fund Balance/Net Position</i>				
Restricted			72,133	72,133
Assigned, unappropriated		179,525		
Unrestricted				179,525
	<u>-</u>	<u>179,525</u>	<u>72,133</u>	<u>251,658</u>
Fund Balance/Net Position				
Beginning of Year, as Restated	<u>\$ 59,083,542</u>	<u>\$ 179,525</u>	<u>\$ 72,133</u>	<u>\$ 43,595,202</u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

23. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those abatement programs, the District's 2020-2021 property taxes were abated by \$2,924,240. The District received payment in lieu of taxes (PILOT) payments totaling \$1,607,120.

24. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

Encumbrances are generally classified as assigned fund balance in the governmental funds. Encumbrances for capital projects funded by capital reserves are classified as restricted fund balance. At June 30, 2021, the District encumbered the following amounts:

Assigned: Unappropriated fund balance	
General Fund	
General Support	\$ 434,189
Instruction	245,352
Pupil Transportation	<u>6,670</u>
	686,211
Restricted fund balance:	
Capital Projects Fund	
Capital Projects	<u>5,365,356</u>
	<u><u>\$ 6,051,567</u></u>

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District's management believes that the outcome of any matters will not have a material effect on these financial statements. A lawsuit has also been commenced against the District under the Child Victim's Act. The District denies all allegations and liability in the lawsuit. The matter is being handled by the District's insurer.

D. Operating Leases

The District leases various equipment under non-cancelable operating leases. Rental expense for the year was approximately \$148,772. The minimum remaining operating lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 148,772
2023	<u>111,579</u>
	<u><u>\$ 260,351</u></u>

JERICO UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

25. SUBSEQUENT EVENTS

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

Issuance of TANs

The District expects to issue \$10,800,000 of tax anticipation notes at the end of September 2021. The estimated maturity date will be at the end of June 2022.

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 105,329,979	\$ 106,794,710	\$ 106,794,710	\$ -
Other tax items	7,415,186	5,950,455	6,246,153	295,698
Charges for services	1,540,000	1,540,000	1,313,661	(226,339)
Use of money and property	700,000	700,000	692,529	(7,471)
Forfeiture			3,265	3,265
Sale of property and compensation for loss			9,244	9,244
Miscellaneous	400,000	401,000	834,806	433,806
Interfund revenues			8,381	8,381
Total Local Sources	115,385,165	115,386,165	115,902,749	516,584
State Sources	5,000,000	5,000,000	8,020,508	3,020,508
Medicaid Reimbursement			80,407	80,407
Federal Sources		189,442	186,696	(2,746)
Total Revenues	120,385,165	120,575,607	124,190,360	3,614,753
OTHER FINANCING SOURCES				
Operating transfers in		2,000,000	2,000,000	-
Total Revenues and Other Sources	120,385,165	122,575,607	126,190,360	\$ 3,614,753
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	4,300,000	4,300,000		
Prior Year's Encumbrances	746,244	746,244		
Appropriated Reserves				
Retirement contribution - TRS	100,000	100,000		
Retirement contribution - ERS	580,826	580,826		
Employee benefit accrued liability		1,336,410		
Capital		10,900,000		
Total Appropriated Fund Balance	5,727,070	17,963,480		
Total Revenues, Other Sources and Appropriated Fund Balance	\$ 126,112,235	\$ 140,539,087		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 103,050	\$ 103,050	\$ 74,068	\$	\$ 28,982
Central administration	509,181	509,181	490,211	499	18,471
Finance	1,225,250	1,225,250	1,063,615	24,530	137,105
Staff	937,323	937,323	836,743	4,163	96,417
Central services	8,529,422	8,778,422	7,861,647	404,997	511,778
Special items	915,000	915,000	888,982		26,018
Total General Support	12,219,226	12,468,226	11,215,266	434,189	818,771
Instruction					
Administration & improvement	5,158,250	5,151,237	4,716,388		434,849
Teaching - regular school	40,641,357	40,988,595	38,788,830	205,360	1,994,405
Programs for students with disabilities	20,620,134	20,739,007	17,779,658		2,959,349
Occupational education	185,000	185,000	114,283		70,717
Instructional media	4,109,826	5,504,991	5,003,752	34,299	466,940
Pupil services	6,141,468	6,145,057	5,093,011	5,693	1,046,353
Total Instruction	76,856,035	78,713,887	71,495,922	245,352	6,972,613
Pupil Transportation	6,133,743	5,903,743	5,010,331	6,670	886,742
Community Services	10,000	10,000	-		10,000
Employee Benefits	28,768,231	28,418,231	26,074,389		2,343,842
Debt Service: Interest	300,000	300,000	231,000		69,000
Total Expenditures	124,287,235	125,814,087	114,026,908	686,211	11,100,968
OTHER FINANCING USES					
Operating Transfers Out	1,825,000	14,725,000	14,570,426		154,574
Total Expenditures and Other Uses	\$ 126,112,235	\$ 140,539,087	128,597,334	\$ 686,211	\$ 11,255,542
Net Change in Fund Balance			(2,406,974)		
Fund Balances - Beginning of Year			59,083,542		
Fund Balances - End of Year			\$ 56,676,568		

Note to Required Supplementary Information

Budget Basis of Accounting

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

JERICO UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Seven Fiscal Years

	<i>Teachers' Retirement System</i>						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.308347%	0.305524%	0.306770%	0.307166%	0.310583%	0.318384%	0.313289%
District's proportionate share of the net pension asset (liability)	\$ (8,520,462)	\$ 7,937,523	\$ 5,547,221	\$ 2,334,766	\$ (3,326,473)	\$ 33,069,962	\$ 34,898,485
District's covered payroll	\$ 52,337,102	\$ 50,596,752	\$ 49,969,482	\$ 48,675,674	\$ 47,778,311	\$ 47,825,613	\$ 46,227,722
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(16.30)%	15.70 %	11.10 %	4.80 %	(7.00)%	69.10 %	75.50 %
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
	<i>Employees' Retirement System</i>						
	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0394341%	0.0393737%	0.0412623%	0.0456009%	0.0461609%	0.0440387%	0.0446373%
District's proportionate share of the net pension liability	\$ (39,266)	\$ (10,426,373)	\$ (2,923,562)	\$ (1,471,744)	\$ (4,337,379)	\$ (7,068,327)	\$ (1,507,956)
District's covered payroll	\$ 14,581,711	\$ 14,176,148	\$ 13,640,291	\$ 13,694,990	\$ 14,483,504	\$ 14,043,651	\$ 13,444,094
District's proportionate share of the net pension liability as a percentage of its covered payroll	(0.27)%	(73.55)%	(21.43)%	(10.75)%	(29.95)%	(50.33)%	(11.22)%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

JERICHO UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 5,088,109	\$ 4,637,067	\$ 5,415,866	\$ 4,897,009	\$ 5,704,789	\$ 6,354,997	\$ 8,383,830	\$ 7,520,130	\$ 5,459,091	\$ 5,109,591
Contributions in relation to the contractually required contribution	<u>5,088,109</u>	<u>4,637,067</u>	<u>5,415,866</u>	<u>4,897,009</u>	<u>5,704,789</u>	<u>6,354,997</u>	<u>8,383,830</u>	<u>7,520,130</u>	<u>5,459,091</u>	<u>5,109,591</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$53,391,142	\$52,337,102	\$50,596,752	\$49,969,482	\$48,675,674	\$47,778,311	\$47,825,613	\$46,227,722	\$46,107,185	\$45,990,914
Contributions as a percentage of covered payroll	10%	9%	11%	10%	12%	13%	18%	16%	12%	11%

Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 2,009,521	\$ 2,009,871	\$ 2,017,311	\$ 2,095,993	\$ 1,993,467	\$ 2,101,938	\$ 2,238,549	\$ 2,690,137	\$ 2,635,354	\$ 1,813,703
Contributions in relation to the contractually required contribution	<u>2,009,521</u>	<u>2,009,871</u>	<u>2,017,311</u>	<u>2,095,993</u>	<u>1,993,467</u>	<u>2,101,938</u>	<u>2,238,549</u>	<u>2,690,137</u>	<u>2,635,354</u>	<u>1,813,703</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$14,168,917	\$14,531,266	\$14,379,325	\$13,665,066	\$13,890,970	\$13,861,931	\$12,825,571	\$12,506,699	\$13,340,531	\$13,318,780
Contributions as a percentage of covered payroll	14%	14%	14%	15%	14%	15%	17%	22%	20%	14%

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

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 4,943,898	\$ 3,822,001	\$ 4,762,629	\$ 4,539,915
Interest	2,559,996	3,212,848	3,075,841	2,910,598
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	-	-	897,727	31,899
Effect of demographic gains or losses	(20,697,329)	-	-	-
Changes of assumptions or other inputs	16,363,230	18,120,469	(16,207,684)	-
Benefit payments	(2,006,027)	(2,455,715)	(2,189,760)	(2,204,186)
Net change in total OPEB liability	1,163,768	22,699,603	(9,661,247)	5,278,226
Total OPEB liability, beginning	111,890,558	89,190,955	98,852,202	93,573,976
Total OPEB liability, ending	<u>\$ 113,054,326</u>	<u>\$ 111,890,558</u>	<u>\$ 89,190,955</u>	<u>\$ 98,852,202</u>
Covered employee payroll	\$ 58,662,192	\$ 55,558,600	\$ 55,558,600	\$ 57,197,915
Total OPEB liability as a percentage of covered employee payroll	192.72%	201.39%	160.53%	172.82%
Discount rate	2.16%	2.21%	3.50%	4.10%
Healthcare trend rates	5.30% to 4.10% by 2076	6.10% to 4.10% by 2076	6.10% to 4.10% by 2076	8.0% to 5.0% by 2021

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

Note to Required Supplementary Information

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

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 125,365,991
Additions:	
Prior year's encumbrances	<u>746,244</u>
Original Budget	<u>126,112,235</u>
Budget revisions	
Voter authorized appropriations from capital reserves	10,900,000
Voter authorized re-appropriation of unexpended balances of capital projects per May 2017 and 2018 propositions returned to fund balance	2,000,000
Compensated absence benefits funded by employee benefit accrued liability reserve	1,336,410
Instructional costs funded by CARES Act grants	189,442
Instructional supplies and small equipment funded by donations	<u>1,000</u>
Total budget revisions	<u>14,426,852</u>
Final Budget	<u><u>\$ 140,539,087</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 voter-approved expenditure budget	<u><u>\$ 127,997,101</u></u>
Maximum allowed (4% of 2021-2022 budget)	<u><u>\$ 5,119,884</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 6,408,044
Unassigned fund balance	<u>5,119,884</u>
	\$ 11,527,928
Less:	
Appropriated fund balance	5,721,833
Encumbrances	<u>686,211</u>
Total adjustments	<u>6,408,044</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 5,119,884</u></u>
Actual Percentage	4.00%

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

PROJECT TITLE	Expenditures						Methods of Financing				Fund Balance
	Budget	Budget	Prior	Current	Total	Unexpended Balance	Proceeds of	Local Sources	Capital Reserve	Total	June 30, 2021
	June 30, 2020	June 30, 2021	Years	Year			Obligations/ State Aid				
2017-18 District-wide upgrades and replacements	\$ 925,000	\$ 925,000	\$ 750,313	\$ 27,000	\$ 777,313	\$ 147,687		\$ 925,000		\$ 925,000	\$ 147,687
2018-19 District-wide upgrades and replacements	2,135,000	2,135,000	1,842,728	185,983	2,028,711	106,289		2,135,000		2,135,000	106,289
2019-20 District-wide upgrades and replacements	2,140,130	2,140,130		1,265,172	1,265,172	874,958		2,140,130		2,140,130	874,958
2020-21 District-wide upgrades and replacements		1,275,000		441,356	441,356	833,644		1,275,000		1,275,000	833,644
Smart School Bond Act		479,961		220,570	220,570	259,391	479,961			479,961	259,391
May 2016 Proposition No. 2	16,306,125	16,306,125	13,666,579	2,383,600	16,050,179	255,946		6,219,637	10,086,488	16,306,125	255,946
May 2017 Proposition No. 2	9,301,260	9,301,260	5,239,136	2,868,180	8,107,316	1,193,944			9,301,260	9,301,260	1,193,944
May 2018 Proposition No. 2	16,125,134	16,125,134	9,764,899	4,372,357	14,137,256	1,987,878		5,334,397	10,790,737	16,125,134	1,987,878
May 2019 Proposition No. 2	9,831,850	9,831,850	957,046	4,276,540	5,233,586	4,598,264		3,831,850	6,000,000	9,831,850	4,598,264
May 2021 Proposition No. 2		12,900,000		48,870	48,870	12,851,130		1,300,000	11,600,000	12,900,000	12,851,130
Totals	\$ 56,764,499	\$ 71,419,460	\$ 32,220,701	\$ 16,089,628	\$ 48,310,329	\$ 23,109,131	\$ 479,961	\$ 23,161,014	\$ 47,778,485	\$ 71,419,460	23,109,131

JERICO UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2021

Capital assets, net	<u>\$ 78,330,225</u>
Net Investment in Capital Assets	<u>\$ 78,330,225</u>



VINCENT D. CULLEN, CPA
(1950 – 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
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CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

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

To the Board of Education
Jericho Union Free School District
Jericho, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Jericho Union Free School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 20, 2021. That report included a qualified opinion on the extraclassroom activities fund opinion unit based on a scope limitation.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Jericho Union Free School District in a separate letter dated September 20, 2021.

Purpose of this Report

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

Cullen & Danowski, LLP

September 20, 2021

