



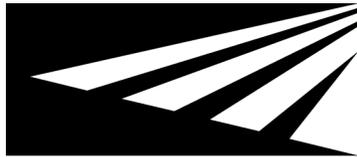
**DEER PARK UNION FREE SCHOOL DISTRICT
TOWN OF BABYLON, NEW YORK**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
IN CONNECTION WITH THE UNIFORM GUIDANCE**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2021**

**DEER PARK UNION FREE SCHOOL DISTRICT
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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, New York:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

NawrockiSmith

Changes in Accounting Principles and Prior Period Adjustment

As described in Note 3 to the financial statements, in fiscal 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. The effect of GASB Statement No. 84 required a prior period adjustment as discussed in Note 15 to the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, on pages 3-14, and 50-53 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary information required by the New York State Education Department and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hauppauge, New York
October 15, 2021



**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

FINANCIAL HIGHLIGHTS

- The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The District's investment in capital assets, net of related debt, increased \$1,785,354 due to the District making improvements to its buildings and upgrading their equipment and instructional technology, offset by depreciation changes.
- During the fiscal year, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. The effect of GASB Statement No. 84 required a prior period adjustment as discussed in Note 15 to the financial statements.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$121,497,361. Of this amount, \$4,728,511 was offset by program charges for services and operating grants. General revenues of \$113,282,126 amount to 96% of total revenues.
- Total governmental fund's assets exceeded liabilities and deferred inflows of resources by \$25,893,146 (see pages 17 and 19).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *governmental fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide financial statements. The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the District-Wide and Fund Financial Statements		
	District-Wide Financial Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary, such as instruction, special education and building maintenance
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-Wide Financial Statements

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

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District's governmental funds are described as follows:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position decreased by \$3,486,724 from the year before to a net deficit position of \$186,966,430, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$13,100,649 represents the District's reserves for employee benefit accrued liabilities, unemployment insurance, retirement contributions, tax reductions, workers' compensation, scholarships and extraclassroom activities. These assets are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

As of June 30, 2021, the District has an unrestricted net deficit position of \$216,535,822. This deficit is driven by the District's required recognition of its obligation to post-employment benefits which currently totals \$215,986,658. This obligation will continue to grow into the future (see Note 12 to the accompanying financial statements) resulting in a greater unrestricted net deficit.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	(As Restated) 6/30/2020	6/30/2021	\$ Change	% Change
Current and other assets	\$ 37,521,932	\$ 32,304,704	\$ (5,217,228)	(13.9)
Capital assets, net	36,490,639	36,204,863	(285,776)	(0.8)
Total assets	<u>\$ 74,012,571</u>	<u>\$ 68,509,567</u>	<u>\$ (5,503,004)</u>	(7.4)
Deferred outflows of resources	\$ 31,579,130	\$ 37,552,069	\$ 5,972,939	18.9
Current liabilities	\$ 9,241,743	\$ 8,719,087	\$ (522,656)	(5.7)
Noncurrent liabilities	243,775,000	250,358,189	6,583,189	2.7
Total liabilities	<u>\$ 253,016,743</u>	<u>\$ 259,077,276</u>	<u>\$ 6,060,533</u>	2.4
Deferred inflows of resources	\$ 36,054,664	\$ 33,950,790	\$ (2,103,874)	(5.8)
Net position:				
Net investment in capital assets	\$ 14,683,389	\$ 16,468,743	\$ 1,785,354	12.2
Restricted	11,152,673	13,100,649	1,947,976	17.5
Unrestricted (deficit)	<u>(209,315,768)</u>	<u>(216,535,822)</u>	<u>(7,220,054)</u>	(3.4)
Total net position	<u>\$ (183,479,706)</u>	<u>\$ (186,966,430)</u>	<u>\$ (3,486,724)</u>	(1.9)

As of June 30, 2021, the District had positive working capital of \$9,565,092 as compared to \$8,506,855 as of June 30, 2020. The increase is primarily due to an increase in cash from the reduction of expenditures due to COVID-19.

Changes in Net Position

The District's fiscal year 2021 revenues totaled \$118,010,637 (See Table A-3). Property taxes, other tax items and State sources accounted for most of the District's revenue by contributing 57 cents, 11 cents and 25 cents, respectively, of every dollar raised (See Table A-4). The remainder came from fees charged for services, operating grants, and other miscellaneous sources.

- Sale of property and compensation for loss decreased by \$5,257,762, as a result of the closing of the sale of George Washington School during fiscal 2020.
- Real property tax revenue increased \$2,125,368 as a result of a budgeted increase in the levy for fiscal 2020-21.

The District's fiscal year 2021 expenses totaled \$121,497,361 (See Table A-3) on the full accrual basis of accounting. These expenses (86%) are predominantly related to instruction and caring for and transporting students (See Table A-6). The District's general support accounted for 12% of total costs.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only

	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 1,312,789	\$ 751,564	\$ (561,225)	(42.8)
Operating grants	3,858,311	3,976,947	118,636	3.1
General revenues:				
Real property taxes	65,393,976	67,519,344	2,125,368	3.3
Other tax items	12,764,799	12,549,422	(215,377)	(1.7)
Use of money and property	217,146	273,218	56,072	25.8
Sale of property and compensation for loss	5,314,043	56,281	(5,257,762)	(98.9)
State sources	30,134,516	29,502,728	(631,788)	(2.1)
Federal sources - Medicaid	59,402	23,073	(36,329)	(61.2)
Miscellaneous	<u>3,072,232</u>	<u>3,358,060</u>	<u>285,828</u>	9.3
Total revenues	<u>122,127,214</u>	<u>118,010,637</u>	<u>(4,116,577)</u>	(3.4)
Expenses				
General support	14,598,919	14,335,051	(263,868)	(1.8)
Instruction	100,603,351	97,916,229	(2,687,122)	(2.7)
Pupil transportation	7,432,610	6,850,326	(582,284)	(7.8)
Debt service - interest	1,474,697	941,376	(533,321)	(36.2)
School lunch program	<u>1,219,500</u>	<u>1,454,379</u>	<u>234,879</u>	19.3
Total expenses	<u>125,329,077</u>	<u>121,497,361</u>	<u>(3,831,716)</u>	(3.1)
Change in net position	(3,201,863)	(3,486,724)	(284,861)	(8.9)
Net position (deficit), beginning of year	(180,454,056)	(183,479,706)	(3,025,650)	(1.7)
Prior period adjustment, see Note 15	<u>176,213</u>	<u>-</u>	<u>(176,213)</u>	(100.0)
Net position (deficit), end of year	<u>\$ (183,479,706)</u>	<u>\$ (186,966,430)</u>	<u>\$ (3,486,724)</u>	(1.9)

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-4: Sources of Revenues for Fiscal Year 2021

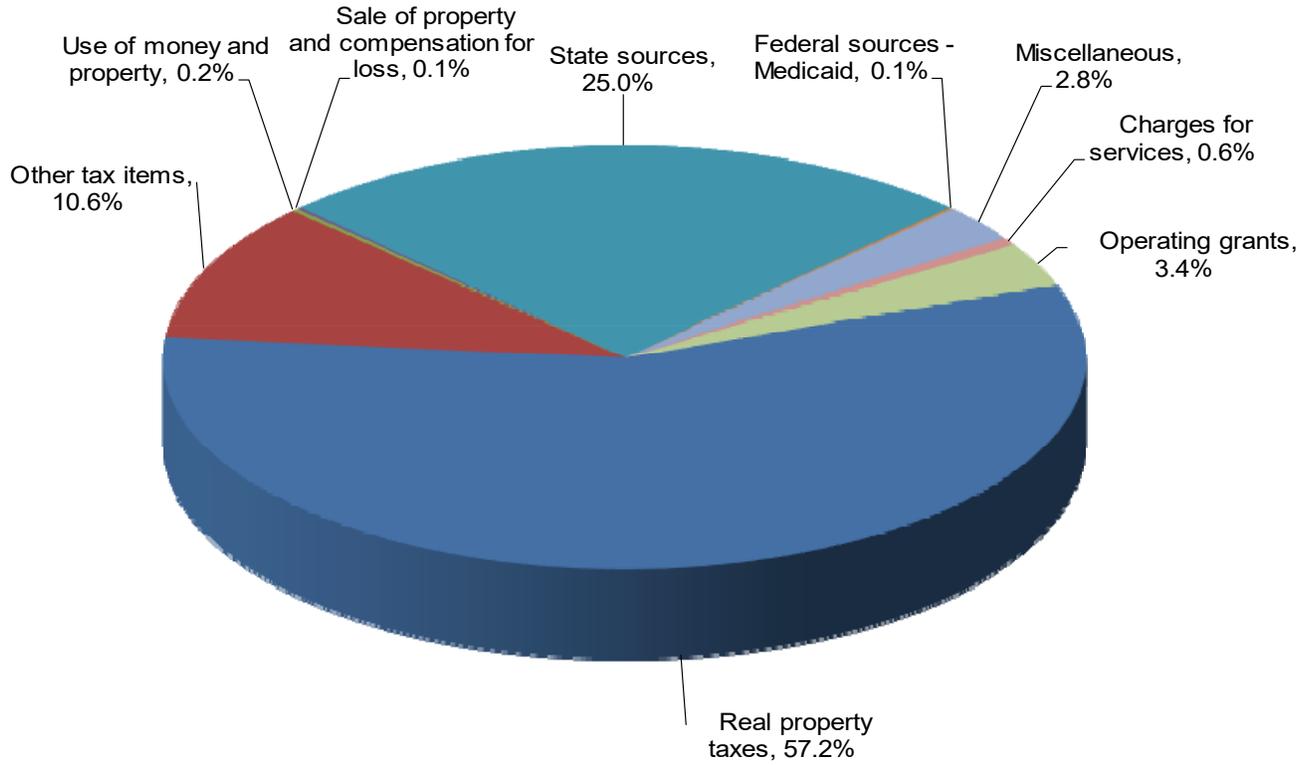
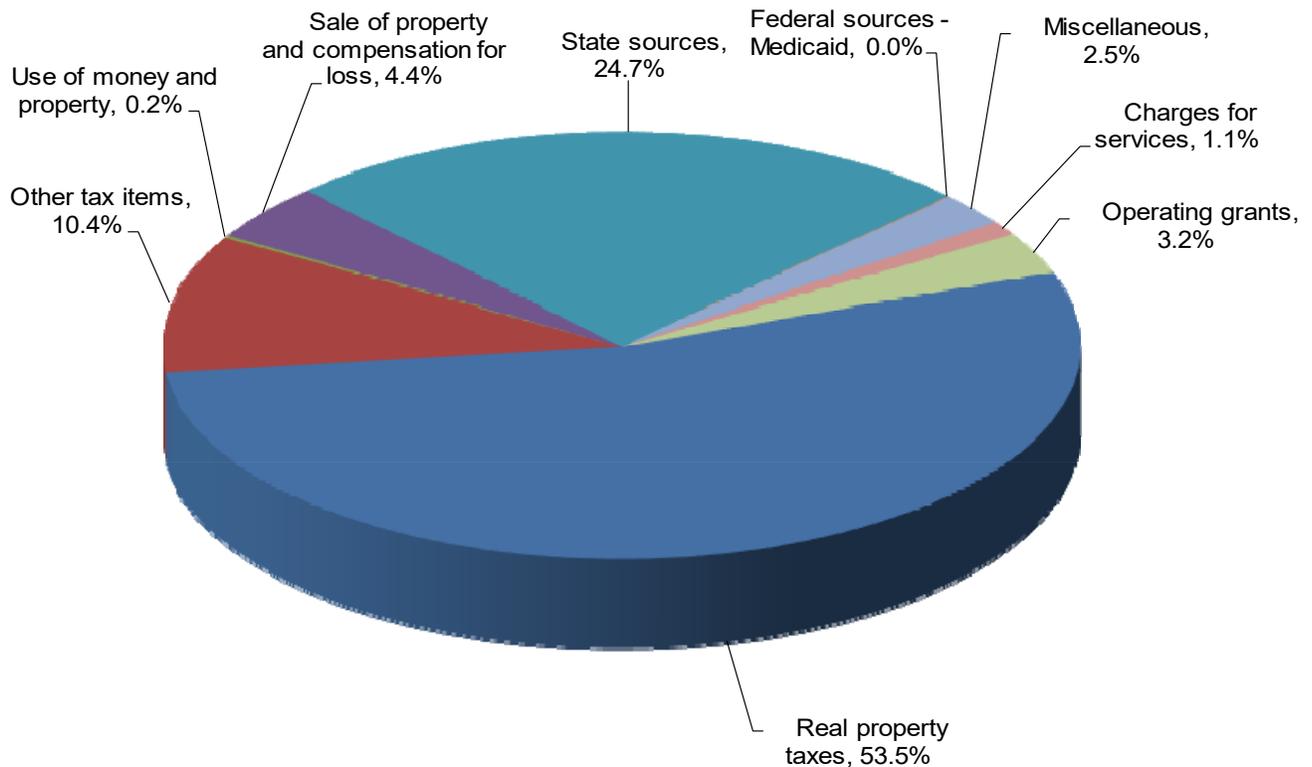


Table A-5: Sources of Revenues for Fiscal Year 2020



**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2021

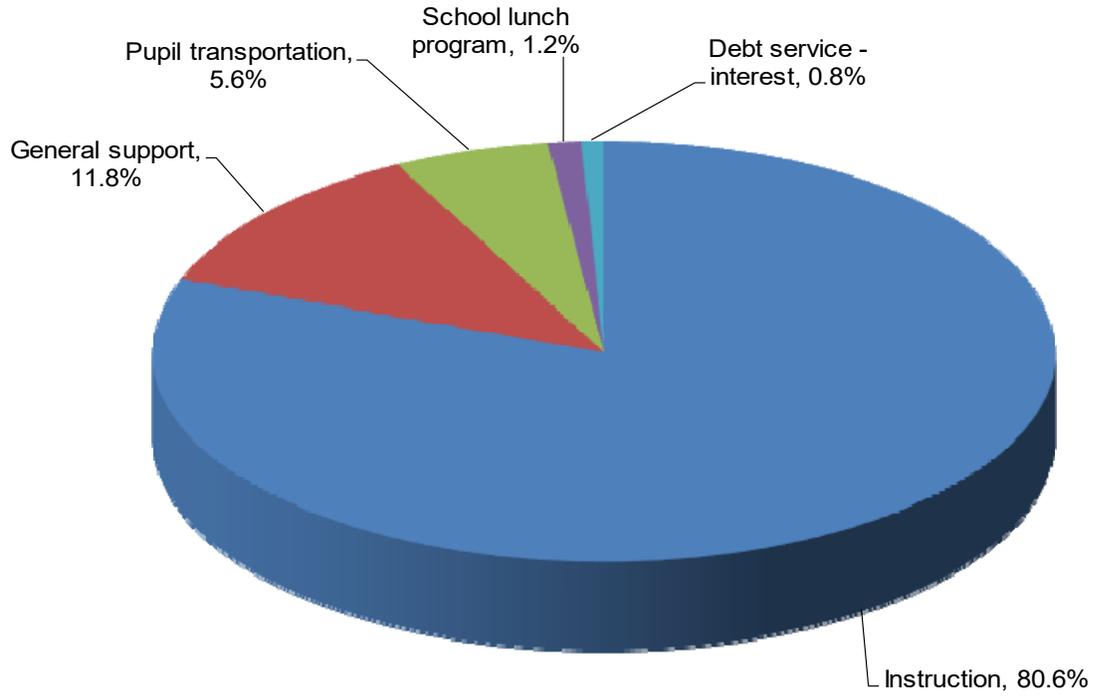
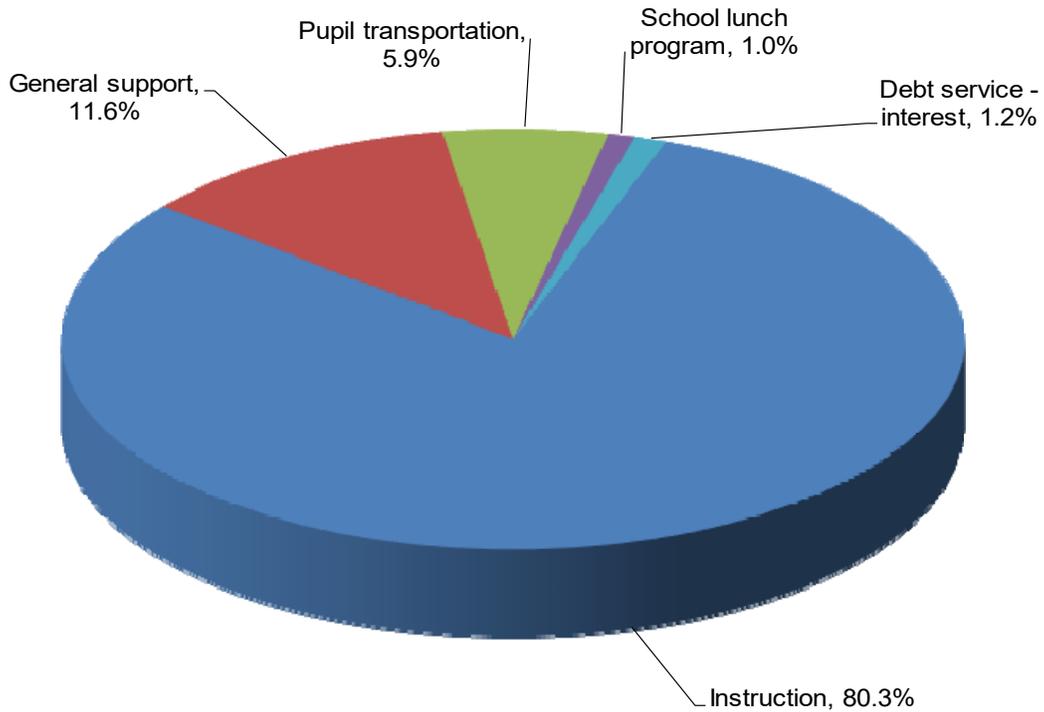


Table A-7: Expenses for Fiscal Year 2020



**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and the current payments for debt.

At June 30, 2021, the District's governmental funds reported a combined fund balance of \$25,893,146 which is an increase of \$3,028,711 from June 30, 2020.

General Fund

The General Fund reported an increase in fund balance of \$2,722,810 for fiscal 2021, as compared to an increase in fund balance of \$7,055,074 for fiscal 2020. Revenues decreased \$4,094,641 mainly as a result of a decrease in sale of property and compensation for loss. Expenditures increased \$387,031 due to increases in all categories. Other financing uses was \$440,050 which is a decrease of \$149,408 from the prior year.

Sale of property and compensation for loss decreased as a result of the sale of the George Washington School in the previous year.

Special Aid Fund

Decreases in federal and state grant funding caused a decrease in revenue in the Special Aid Fund. Revenues decreased \$490,757. The Special Aid Fund accounts only for programs that are paid for on a reimbursement basis, where revenues and expenditures match and the fund does not generate any equity. Therefore, the decrease in expenditures is consistent with the decrease in revenues. The General Fund transferred \$200,000 to the Special Aid Fund as the required amount to be subsidized for summer school handicap programs. The remaining costs of that program are paid by State aid and are a receivable of the District.

School Lunch Fund

The School Lunch Fund reported an increase in fund balance of \$10,941 for fiscal 2021. Expenses related to food service operations increased \$234,879 as a result of an increase in program services during COVID-19.

Capital Projects Fund

The District spent \$262,670 on necessary District-wide improvements in fiscal 2020-21. The General Fund transferred \$500,000 to the fund to subsidize those improvements. As a result of the long-term financing, the Capital Projects Fund fund balance ended in a net position of \$650,163.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	(As Restated)			
	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Employee Benefit Accrued Liability	\$ 3,477,134	\$ 3,479,220	\$ 2,086	0.1
Unemployment Insurance	940,485	941,050	565	0.1
Retirement Contributions	483,271	1,306,437	823,166	170.3
Tax Reduction	5,232,000	5,235,139	3,139	0.1
Workers' Compensation	843,570	1,254,897	411,327	48.8
Assigned:				
Appropriated for subsequent year's expenditures	4,000,000	4,000,000	-	-
Encumbrances	1,862,044	2,365,750	503,706	27.1
Unassigned	<u>3,891,963</u>	<u>4,870,784</u>	<u>978,821</u>	<u>25.1</u>
Total General Fund	<u>20,730,467</u>	<u>23,453,277</u>	<u>2,722,810</u>	<u>13.1</u>
School Lunch Fund				
Nonspendable:				
Inventory	13,445	30,648	17,203	128.0
Assigned:				
Food service operations	1,516,371	1,489,805	(26,566)	(1.8)
Encumbrances	<u>15,206</u>	<u>35,510</u>	<u>20,304</u>	<u>133.5</u>
Total School Lunch Fund	<u>1,545,022</u>	<u>1,555,963</u>	<u>10,941</u>	<u>0.7</u>
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships and extraclassroom activities	<u>176,213</u>	<u>233,743</u>	<u>57,530</u>	<u>32.6</u>
Total Other Miscellaneous Special Revenue Fund	<u>176,213</u>	<u>233,743</u>	<u>57,530</u>	<u>32.6</u>
Capital Projects Fund				
Restricted:				
Capital Projects	<u>412,733</u>	<u>650,163</u>	<u>237,430</u>	<u>57.5</u>
Total Capital Projects Fund	<u>412,733</u>	<u>650,163</u>	<u>237,430</u>	<u>57.5</u>
	<u>\$ 22,864,435</u>	<u>\$ 25,893,146</u>	<u>\$ 3,028,711</u>	<u>13.2</u>

General Fund Budgetary Highlights

Reference is made to page 50, which presents original and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were greater than the final budgeted revenues by \$1,016,099. Real property tax receipts were consistent with the amount budgeted.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

- Actual expenditures were \$6,673,055 less than budget primarily due to reduced spending as a result of COVID-19.

At June 30, 2021, the District's unassigned fund balance was \$4,870,784, which was within the allowable 4% of the subsequent year's budget (\$121,769,599) as promulgated by New York State (see page 54). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2021:

Unassigned fund balance, beginning of year	\$ 3,891,963
Add:	
Prior-year appropriated fund balance	4,000,000
Prior-year encumbrances	1,862,044
Net change in fund balance	2,722,810
Less:	
Current-year appropriated fund balance	(4,000,000)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(2,086)
Transfer to Unemployment Insurance Reserve (including allocated interest)	(565)
Transfer to Retirement Contributions Reserve (including allocated interest)	(823,166)
Transfer to Workers' Compensation Reserve (including allocated interest)	(411,327)
Transfer to Tax Reduction Reserve (including allocated interest)	(3,139)
Current-year encumbrances	<u>(2,365,750)</u>
Unassigned fund balance, end of year	<u><u>\$ 4,870,784</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the District had invested \$36,204,863 net of depreciation (Table A-9), in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. See Note 7 in the accompanying notes to the financial statements for more information on capital assets.

	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 230,750	\$ 230,750	\$ -	0.0
Construction-in-progress	21,481,745	21,744,415	262,670	1.2
Land improvements	160,961	143,254	(17,707)	(11.0)
Buildings and building improvements	10,947,306	10,855,833	(91,473)	(0.8)
Furniture and equipment	<u>3,669,877</u>	<u>3,230,611</u>	<u>(439,266)</u>	(12.0)
Totals	<u><u>\$ 36,490,639</u></u>	<u><u>\$ 36,204,863</u></u>	<u><u>\$ (285,776)</u></u>	(0.8)

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Long-Term Liabilities

At year-end, the District had \$244,050,421 in serial bonds, installment purchase debt and other long-term liabilities.

Table A-10: Outstanding Long-Term Liabilities

	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 16,162,392	\$ 15,251,864	\$ (910,528)	(5.6)
Installment purchase debt payable	6,057,591	5,134,419	(923,172)	(15.2)
Workers' compensation claims payable	1,580,461	1,600,001	19,540	1.2
Other post-employment benefits	207,079,309	215,986,658	8,907,349	4.3
Compensated absences	<u>5,882,666</u>	<u>6,077,479</u>	<u>194,813</u>	3.3
Totals	<u>\$ 236,762,419</u>	<u>\$ 244,050,421</u>	<u>\$ 7,288,002</u>	3.1

FACTORS BEARING ON THE FUTURE OF DISTRICT

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. The extent of the impact of COVID-19 on the District’s operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.
- The use of reserves to assist in balancing the budget each year will be more difficult because of the inability to fund them to the extent the District was able to in the past. The “Tax Levy Limitation Law” which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the Law is expected to make budgetary decision more difficult.
- The General Fund budget for the 2021-2022 school year is impacted by certain trends affecting school districts. These include potential increases in health insurance costs, retirement costs, workers’ compensation judgments, and potential unemployment insurance claims, which are beyond the District’s control.
- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2021-2022 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State’s unfunded mandates, it is expected that reductions may be necessary. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021 (CONTINUED)**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Deer Park Union Free School District
District Offices
Attn: Assistant Superintendent of Business
1881 Deer Park Avenue
Deer Park, NY 11729
(631) 274-4020

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS	
Unrestricted cash	\$ 13,206,469
Receivables:	
State and federal aid	3,427,677
Due from other governments	1,619,385
Inventories	30,648
Restricted cash	14,020,525
Capital assets:	
Non-depreciable	21,975,165
Depreciable, net	<u>14,229,698</u>
Total assets	<u>68,509,567</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from OPEB	1,905,689
Deferred outflows from pensions	<u>35,646,380</u>
Total deferred outflows of resources	<u>37,552,069</u>
LIABILITIES	
Accounts payable	466,909
Accrued liabilities	147,534
Accrued interest payable	260,442
Due to other governments	78
Due to teachers' retirement system	5,090,796
Due to employees' retirement system	414,512
Compensated absences	220,382
Retainage	206,413
Long-term liabilities, due within one year:	
Bond payable, net	960,528
Installment purchase debt payable	951,493
Long-term liabilities, due after one year:	
Bond payable, net	14,291,336
Installment purchase debt payable	4,182,926
Workers' compensation claims payable	1,600,001
Compensated absences	6,077,479
Proportionate share of net pension liability	8,219,789
Total OPEB liability	<u>215,986,658</u>
Total liabilities	<u>259,077,276</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	13,940,346
Deferred inflows from OPEB	19,939,097
Deferred inflows from grants received in advance	<u>71,347</u>
Total deferred inflows of resources	<u>33,950,790</u>
NET POSITION	
Net investment in capital assets	16,468,743
Restricted:	
Retirement Contributions	1,306,437
Workers' Compensation	1,254,897
Tax Reduction	5,235,139
Unemployment Insurance	941,050
Employee Benefit Accrued Liability	3,479,220
Capital Projects	650,163
Scholarships and extraclassroom	233,743
Unrestricted (deficit)	<u>(216,535,822)</u>
Total net position (deficit)	<u>\$ (186,966,430)</u>

The accompanying notes to financial statements are an
integral part of this statement.

**DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Functions and programs:				
General support	\$ 14,335,051	\$ 85,187	\$ 296,679	\$ (13,953,185)
Instruction	97,916,229	581,874	2,116,967	(95,217,388)
Pupil transportation	6,850,326	40,709	141,775	(6,667,842)
Debt service - interest	941,376	-	-	(941,376)
School lunch program	1,454,379	43,794	1,421,526	10,941
Total functions and programs	<u>\$ 121,497,361</u>	<u>\$ 751,564</u>	<u>\$ 3,976,947</u>	<u>(116,768,850)</u>
General revenues:				
Real property taxes				67,519,344
Other tax items				12,549,422
Use of money and property				273,218
Sale of property and compensation for loss				56,281
State sources				29,502,728
Federal sources - medicaid assistance				23,073
Miscellaneous				3,358,060
Total general revenues				<u>113,282,126</u>
Change in net position				(3,486,724)
Total net position, beginning of year, as restated (see Note 15)				<u>(183,479,706)</u>
Total net position, end of year				<u>\$ (186,966,430)</u>

The accompanying notes to financial statements are an
integral part of this statement.

**DEER PARK UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds					Total Governmental Funds
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	
ASSETS						
Unrestricted cash	\$ 11,879,025	\$ -	\$ 1,327,444	\$ -	\$ -	\$ 13,206,469
Receivables:						
State and federal aid	865,256	2,175,448	386,973	-	-	3,427,677
Due from other funds	3,327,826	-	-	-	-	3,327,826
Due from other governments	1,619,385	-	-	-	-	1,619,385
Inventories	-	-	30,648	-	-	30,648
Restricted cash	12,216,743	711,241	-	233,743	858,798	14,020,525
Total assets	\$ 29,908,235	\$ 2,886,689	\$ 1,745,065	\$ 233,743	\$ 858,798	\$ 35,632,530
LIABILITIES						
Payables:						
Accounts payable	\$ 281,975	\$ -	\$ 184,934	\$ -	\$ -	\$ 466,909
Accrued liabilities	147,534	-	-	-	-	147,534
Due to other governments	-	-	78	-	-	78
Due to other funds	299,759	2,815,342	4,090	-	208,635	3,327,826
Due to teachers' retirement system	5,090,796	-	-	-	-	5,090,796
Due to employees' retirement system	414,512	-	-	-	-	414,512
Compensated absences	220,382	-	-	-	-	220,382
Total liabilities	6,454,958	2,815,342	189,102	-	208,635	9,668,037
DEFERRED INFLOWS OF RESOURCES						
Grants received in advance	-	71,347	-	-	-	71,347
Total deferred inflows of resources	-	71,347	-	-	-	71,347
Total liabilities and deferred inflows of resources	6,454,958	2,886,689	189,102	-	208,635	9,739,384
FUND BALANCE						
Fund balance:						
Nonspendable	-	-	30,648	-	-	30,648
Restricted	12,216,743	-	-	233,743	650,163	13,100,649
Assigned	6,365,750	-	1,525,315	-	-	7,891,065
Unassigned	4,870,784	-	-	-	-	4,870,784
Total fund balance	23,453,277	-	1,555,963	233,743	650,163	25,893,146
Total liabilities, deferred inflows of resources and fund balance	\$ 29,908,235	\$ 2,886,689	\$ 1,745,065	\$ 233,743	\$ 858,798	\$ 35,632,530

The accompanying notes to financial statements are an
integral part of this statement.

**DEER PARK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Total Fund Balance - Governmental Funds		\$ 25,893,146
<p>Amounts reported for governmental activities in the Statement of Net Position are different due to the following:</p>		
<p>Capital assets less accumulated depreciation are included in the Statement of Net Position:</p>		
Capital assets:		
Non-depreciable	\$ 21,975,165	
Depreciable	76,843,282	
Accumulated depreciation	<u>(62,613,584)</u>	36,204,863
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:</p>		
Bonds payable, net	(15,251,864)	
Retainage payable	(206,413)	
Installment purchase debt payable	(5,134,419)	
Workers' compensation claims payable	(1,600,001)	
Compensated absences	<u>(6,077,479)</u>	(28,270,176)
<p>Proportionate share of long-term liability, deferred outflows and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the governmental funds:</p>		
Deferred outflows of resources - pension related	35,646,380	
Proportionate share of net pension liability	(8,219,789)	
Deferred inflows of resources - pension related	<u>(13,940,346)</u>	13,486,245
<p>Long-term liability, deferred outflows and deferred inflows of resources associated with OPEB and are not current financial resources or obligations and are not reported in the governmental funds:</p>		
Deferred outflows of resources - OPEB related	1,905,689	
Deferred inflows of resources - OPEB related	(19,939,097)	
Total OPEB liability	<u>(215,986,658)</u>	(234,020,066)
<p>Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.</p>		
		<u>(260,442)</u>
Net Position - Governmental Activities		<u>\$ (186,966,430)</u>

The accompanying notes to financial statements are an integral part of this statement.

DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					Total Governmental Funds
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	
REVENUES						
Real property taxes	\$ 67,519,344	\$ -	\$ -	\$ -	\$ -	\$ 67,519,344
Other tax items	12,549,422	-	-	-	-	12,549,422
Charges for services	707,770	-	-	-	-	707,770
Use of money and property	273,118	-	3,107	-	100	276,325
Sale of property and compensation for loss	56,281	-	-	-	-	56,281
State sources	29,502,728	926,535	50,553	-	-	30,479,816
Federal sources	113,560	1,538,399	1,370,973	-	-	3,022,932
Sales	-	-	40,687	-	-	40,687
Miscellaneous	2,931,956	7,382	-	158,772	-	3,098,110
Total revenues	113,654,179	2,472,316	1,465,320	158,772	100	117,750,687
EXPENDITURES						
Current:						
General support	10,860,751	-	-	-	-	10,860,751
Instruction	63,422,457	2,668,069	-	101,242	-	66,191,768
Pupil transportation	4,699,206	4,247	-	-	-	4,703,453
Employee benefits	28,707,722	-	-	-	-	28,707,722
Cost of sales	-	-	1,454,379	-	-	1,454,379
Capital outlay	-	-	-	-	262,670	262,670
Debt service:						
Principal	1,823,172	-	-	-	-	1,823,172
Interest	978,011	-	-	-	-	978,011
Total expenditures	110,491,319	2,672,316	1,454,379	101,242	262,670	114,981,926
Excess (deficiency) of revenues over (under) expenditures	3,162,860	(200,000)	10,941	57,530	(262,570)	2,768,761
OTHER FINANCING SOURCES (USES)						
Premium on tax anticipation note issuance	259,950	-	-	-	-	259,950
Transfers in	-	200,000	-	-	500,000	700,000
Transfers out	(700,000)	-	-	-	-	(700,000)
Total other financing sources (uses)	(440,050)	200,000	-	-	500,000	259,950
Change in fund balance	2,722,810	-	10,941	57,530	237,430	3,028,711
Fund balance, beginning of year, as restated (see Note 15)	20,730,467	-	1,545,022	176,213	412,733	22,864,435
Fund balance, end of year	\$ 23,453,277	\$ -	\$ 1,555,963	\$ 233,743	\$ 650,163	\$ 25,893,146

The accompanying notes to financial statements are an
integral part of this statement.

**DEER PARK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balance - Governmental Funds		\$ 3,028,711
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeds capital outlay in the current period is:</p>		
Capital outlay	\$ 536,756	
Depreciation expense	<u>(822,532)</u>	(285,776)
<p>Amortization of bond premium on bond issuances do not affect the governmental funds, but are recorded in the Statement of Activities.</p>		
		10,528
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.</p>		
Repayment of bond principal	900,000	
Repayment of installment purchase debt payable	<u>923,172</u>	1,823,172
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Workers' compensation claims payable	(19,540)	
Compensated absences	(194,813)	
Retainage payable	77,865	
Accrued interest costs	<u>26,107</u>	(110,381)
<p>Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
Teachers' Retirement System	(6,404,419)	
Employees' Retirement System	<u>666,739</u>	(5,737,680)
<p>Changes in the amounts related to the OPEB liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.</p>		
		<u>(2,215,298)</u>
Net Change in Net Position - Governmental Activities		<u>\$ (3,486,724)</u>

The accompanying notes to financial statements
are an integral part of this statement.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Deer Park Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board ("GASB"), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

A. Reporting entity

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

The reporting entity of the District is based upon criteria set forth by GASB. 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 such criteria the District has determined that there are no component units to be included within their reporting entity.

B. Joint venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

During the year, the District was billed \$8,984,284 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,970,884.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of presentation

1. District-wide financial statements

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

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

2. Fund financial statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:

Special Aid Fund: Used to account for proceeds from State and federal grants that are restricted for specific educational programs.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

School Lunch Fund: Use to account for child nutrition or other activities whose funds are restricted as to use. Revenue sources include State and federal aid, and user charges for food service.

Other Miscellaneous Special Revenue Fund: Used to account for the activities of student groups, extraclassroom activity funds and scholarships for students.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

D. Measurement focus and basis of accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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

E. Property taxes

Real property taxes are levied annually by the Board of Education in October and become a lien on December 1st. Taxes are collected during the period from December 1st to June 30th. Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

F. Restricted resources

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

G. Interfund transactions

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

In the District-wide financial statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash and cash equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

J. Accounts receivable

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

K. Inventories and prepaid items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance (nonspendable) in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

L. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred on both the District-wide and fund financial statements. On the District-wide financial statements, prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic rational manner over the duration of the related debt.

M. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 50,000	Straight line	20-40 years
Land improvements	\$ 25,000	Straight line	20 years
Furniture and equipment	\$ 5,000	Straight line	5-20 years

N. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District could have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

O. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District could have four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

P. Unearned revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet, which arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Q. Vested employee benefits - compensated absences

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

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

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

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund financial statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

R. Other benefits

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

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

S. Short-term debt

The District may issue Revenue Anticipation Notes ("RAN") and Tax Anticipation Notes ("TAN"), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2021, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

T. Accrued liabilities and long-term obligations

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

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

U. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position: 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.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

Fund financial statements

In the fund financial statements there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$30,648.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Tax Reduction

According to Education Law §1604, permits the District to retain the proceeds from the sale of school district real property that are not needed to pay any debts. The proceeds are used to reduce real property taxes over a period not to exceed ten years. It may be established and expended without voter approval.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit 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.

Unemployment Insurance

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

Workers' Compensation

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

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance. The District has no committed fund balances as of June 30, 2021.
4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization. The intent can be expressed by the Board or through the Board delegating this responsibility to the District administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.
5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balances.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Fund balances for all governmental funds as of June 30, 2021 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 30,648	\$ -	\$ -	\$ 30,648
Total nonspendable	-	30,648	-	-	30,648
Restricted:					
Tax Reduction	5,235,139	-	-	-	5,235,139
Employee Benefit Accrued Liability	3,479,220	-	-	-	3,479,220
Unemployment Insurance	941,050	-	-	-	941,050
Retirement Contributions	1,306,437	-	-	-	1,306,437
Workers' Compensation	1,254,897	-	-	-	1,254,897
Capital Projects	-	-	-	650,163	650,163
Scholarships and extraclassroom	-	-	233,743	-	233,743
Total restricted	12,216,743	-	233,743	650,163	13,100,649
Assigned:					
Appropriated for subsequent year's expenditures	4,000,000	-	-	-	4,000,000
Encumbrances	2,365,750	35,510	-	-	2,401,260
Food Service Operations	-	1,489,805	-	-	1,489,805
Total assigned	6,365,750	1,525,315	-	-	7,891,065
Unassigned	4,870,784	-	-	-	4,870,784
Total	<u>\$ 23,453,277</u>	<u>\$ 1,555,963</u>	<u>\$ 233,743</u>	<u>\$ 650,163</u>	<u>\$ 25,893,146</u>

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as either restricted or assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

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

A. Total fund balances of governmental funds vs. net position of governmental activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories. The categories are shown below:

1. Long-term revenue/expense differences

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

2. Capital related differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund financial 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 financial statements and depreciation expense on those items as recorded in the Statement of Activities.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

3. Long-term debt transaction differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund financial statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. CHANGE IN ACCOUNTING PRINCIPLE

Effective for the 2021 fiscal year, the District implemented GASB Statement No. 84, *Fiduciary Activities*, which provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. Upon implementation of the statement, the District moved some of its fiduciary assets and liabilities residing in the fiduciary funds to the General Fund of the District. Also, the District created a new governmental fund titled Other Miscellaneous Special Revenue Fund to account for the District's scholarships and extraclassroom activity funds which were previously accounted for in the fiduciary funds. Implementation of this statement required a prior period adjustment (see Note 15).

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

The voters of the District approved the proposed appropriation budget for the General Fund.

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

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

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Budgets are established and used for the individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Open encumbrances at fiscal year-end are included in restricted or assigned fund balance, as appropriate. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The portion of the District's School Lunch Fund fund balance subject to Federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District plans to pursue to address this issue include purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

5. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT AND INTEREST RATE RISK

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, in the District's name	\$ 29,279,886
Collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name	\$ -

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$14,020,525 in the governmental funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible item.

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. RECEIVABLES

A. State and federal aid receivables

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

General Fund:	
New York State aid - Excess Cost Aid	\$ 865,256
Special Aid Fund:	
State and Federal grants	2,175,448
School Lunch Fund:	
School breakfast and lunch reimbursement	386,973
	\$ 3,427,677

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

B. Due from other governments

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

General Fund:		
BOCES aid	\$	936,665
Foster tuition		640,613
PILOT		42,107
		<u>42,107</u>
	\$	<u>1,619,385</u>

The District has deemed the amounts to be fully collectible.

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 230,750	\$ -	\$ -	\$ 230,750
Construction-in-progress	21,481,745	262,670	-	21,744,415
Total nondepreciable assets	<u>21,712,495</u>	<u>262,670</u>	<u>-</u>	<u>21,975,165</u>
Capital assets that are depreciated:				
Land improvements	2,129,841	-	-	2,129,841
Buildings and building improvements	62,904,482	-	-	62,904,482
Furniture and equipment	11,963,168	274,086	(428,295)	11,808,959
Total depreciable assets	<u>76,997,491</u>	<u>274,086</u>	<u>(428,295)</u>	<u>76,843,282</u>
Less accumulated depreciation:				
Land improvements	1,968,880	17,707	-	1,986,587
Buildings and building improvements	51,957,176	91,473	-	52,048,649
Furniture and equipment	8,293,291	713,352	(428,295)	8,578,348
Total accumulated depreciation	<u>62,219,347</u>	<u>822,532</u>	<u>(428,295)</u>	<u>62,613,584</u>
Total capital assets, net	<u>\$ 36,490,639</u>	<u>\$ (285,776)</u>	<u>\$ -</u>	<u>\$ 36,204,863</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 89,772
Instruction	260,960
Pupil transportation	471,800
	<u>471,800</u>
	<u>\$ 822,532</u>

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

8. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/25/21 at 1.75-2.00%	\$ -	\$ 20,500,000	\$ 20,500,000	\$ -

Interest on short-term debt for the year was \$328,319.

9. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable	\$ 16,015,000	\$ -	\$ 900,000	\$ 15,115,000	\$ 950,000
Unamortized bond premiums	147,392	-	10,528	136,864	10,528
Total bonds payable, net	16,162,392	-	910,528	15,251,864	960,528
Installment purchase debt payable	6,057,591	-	923,172	5,134,419	951,493
Workers' compensation claims payable	1,580,461	673,962	654,422	1,600,001	-
Other post-employment benefits	207,079,309	14,262,612	5,355,263	215,986,658	-
Compensated absences	5,882,666	194,813	-	6,077,479	220,382
Total long-term liabilities	<u>\$ 236,762,419</u>	<u>\$ 15,131,387</u>	<u>\$ 7,843,385</u>	<u>\$ 244,050,421</u>	<u>\$ 2,132,403</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. The General Fund is typically used to liquidate these liabilities.

The following is a summary of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/21
Installment purchase debt	04/19/11	08/15/26	3.24%	\$ 4,599,236
Installment purchase debt	08/23/19	09/15/23	2.215%	535,183
Serial bond	08/09/18	08/01/33	2.00-3.00%	15,115,000
				<u>\$ 20,249,419</u>

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

The following is a summary of the maturing debt service requirements:

Year Ended June 30,	Installment Purchase Debt		Bonds Payable		Total
	Principal	Interest	Principal	Interest	
2022	\$ 951,493	\$ 154,419	\$ 950,000	\$ 439,200	\$ 2,495,112
2023	980,700	125,213	1,050,000	409,200	2,565,113
2024	1,010,819	95,095	1,050,000	377,700	2,533,614
2025	855,523	64,034	1,075,000	345,825	2,340,382
2026	883,426	36,132	1,125,000	312,825	2,357,383
2027-2031	452,458	7,319	6,020,000	1,036,350	7,516,127
2032-2034	-	-	3,845,000	173,775	4,018,775
	<u>\$ 5,134,419</u>	<u>\$ 482,212</u>	<u>\$ 15,115,000</u>	<u>\$ 3,094,875</u>	<u>\$ 23,826,506</u>

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

Interest paid	\$ 649,692
Less interest accrued in the prior year	(286,549)
Less amortization of bond premium	(10,528)
Plus interest accrued in the current year	<u>260,442</u>
Interest expense	<u>\$ 613,057</u>

10. PENSION OBLIGATIONS

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

The New York State and Local Employees' Retirement System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, 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 ("NYSGLIP"), which provides death benefits in the form of life insurance. NYSERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Teachers' Retirement System

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

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were as follows:

Year	NYSTRS		NYSERS	
	Contribution	Percentage of Covered Payroll	Contribution	Percentage of Covered Payroll
2021	\$ 4,455,128	8.73%	\$ 1,607,965	13.69%
2020	5,284,085	10.32%	1,501,715	12.61%
2019	4,828,630	9.55%	1,409,376	12.99%

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

The net pension liability was measured as of March 31, 2021 for NYSERS and June 30, 2020 for NYSTRS. 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 NYSERS and NYSTRS Systems in reports issued to the District.

At June 30, 2021, the District reported the following for its proportionate share of the net pension asset (liability) for each of the Systems:

	NYSERS	NYSTRS
Measurement date	March 31, 2021	June 30, 2020
Net pension asset (liability)	\$ (33,502)	\$ (8,186,287)
District's portion of the Plans' total net position asset (liability)	0.0336456%	0.2962540%

For the year ended June 30, 2021, the District recognized pension expense of \$941,224 for NYSERS and pension expense of \$11,121,440 for NYSTRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Inflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	\$ 409,153	\$ -	\$ 7,172,825	\$ 419,531
Changes of assumptions	6,159,986	116,179	10,353,748	3,690,570
Net difference between projected and actual earnings on pension plan investments	-	9,623,823	5,346,363	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	415,151	3,193	513,881	87,050
Employer contributions made subsequent to the measurement date	414,512	-	4,860,761	-
Total	\$ 7,398,802	\$ 9,743,195	\$ 28,247,578	\$ 4,197,151

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

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

Year Ended June 30,	NYSERS	NYSTRS
2022	\$ (432,662)	\$ 3,288,826
2023	(89,973)	6,537,347
2024	(432,565)	5,407,338
2025	(1,803,705)	3,352,422
2026	-	203,510
Thereafter	-	400,223

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.

Significant actuarial assumptions used in the valuations were as follows:

	NYSERS	NYSTRS
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2009 to June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

Service	Rate
5	4.72%
15	3.46%
25	2.37%
35	1.90%

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

For NYSERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system's experience with adjustments for mortality improvements based on MP-2020. For NYSTRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 system's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

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

The long-term 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	NYSERS		NYSTRS	
	Target allocation	Long-term rate	Target allocation	Long-term rate
Measurement date	March 31, 2021		June 30, 2020	
Asset Type:				
Cash	1.00%	0.50%	1.00%	0.07%
Domestic equities	32.00%	4.05%	33.00%	7.10%
Domestic fixed income	-	-	16.00%	1.80%
Global equities	-	-	4.00%	7.40%
Global fixed income	-	-	2.00%	1.00%
High-yield fixed income	-	-	1.00%	3.90%
International equity	15.00%	6.30%	16.00%	7.70%
Opportunistic portfolio	3.00%	4.50%	-	-
Credit	4.00%	3.63%	-	-
Fixed income	23.00%	0.00%	-	-
Private debt	-	-	1.00%	5.20%
Private equity	10.00%	6.75%	8.00%	10.40%
Real assets	3.00%	5.95%	-	-
Real estate debt	-	-	7.00%	3.60%
Real estate equities	9.00%	4.95%	11.00%	6.80%
	<u>100.00%</u>		<u>100.00%</u>	

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Discount rate

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

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption

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

<u>NYSERS</u>	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	\$ (9,298,932)	\$ (33,502)	\$ 8,511,393
 <u>NYSTRS</u>	 1% Decrease (6.10%)	 Current assumption (7.10%)	 1% Increase (8.10%)
Employer's proportionate share of the net pension asset/(liability)	\$ (51,709,954)	\$ (8,186,287)	\$ 28,341,099

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	NYSERS	NYSTRS	Total
Measurement date	March 31, 2021	June 30, 2020	
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776	\$ 343,922,933
Plan net position	220,580,583	120,479,505	341,060,088
Employers' net pension asset/(liability)	\$ (99,574)	\$ (2,763,271)	\$ 2,862,845
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.76%	99.17%

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Payables to the pension plan

For NYSERS, 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 NYSERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$414,512.

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November of the following year, through a State aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid NYSTRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$5,090,796.

11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Fund	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 3,327,826	\$ 299,759	\$ -	\$ 700,000
Special Aid	-	2,815,342	200,000	-
School Lunch	-	4,090	-	-
Capital Projects	-	208,635	500,000	-
Totals	<u>\$ 3,327,826</u>	<u>\$ 3,327,826</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>

Interfund receivables and payables are eliminated on the Statement of Net Position. Amounts owed to the General Fund represent borrowings to pay for expenditures incurred in the Special Aid Fund. Special Aid Fund revenues are mostly reimbursement-type grants. The Capital Projects Fund owes interest and bond premiums to the General Fund to offset future debt service.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. Interfund transfers from the General Fund to the Capital Projects Fund are part of the voter approved budget. Interfund transfers from the General Fund to the Special Aid Fund are for the District’s portion of summer school special education programs.

12. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

A. General information about the OPEB plan

Plan description

The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of 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

As of July 1, 2019, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	595
Active plan members	<u>384</u>
Total plan members	<u><u>979</u></u>

B. Total OPEB liability

The District's total OPEB liability of \$215,986,658 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, with update procedures used to roll forward the total OPEB liability to the measurement date, 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	6.6% scaling down to 4.1% over 56 years
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

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

Mortality rates were based on the Pub-T-2010 Headcount-Weighted Mortality Table for Teaching positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions projected to the valuation date with Scale MP-2019.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

C. Changes in the total OPEB liability

Balance as of June 30, 2020	<u>\$ 207,079,309</u>
 <u>Changes for the year -</u>	
Service cost	7,824,977
Interest	4,690,533
Change in assumptions or other inputs	1,747,102
Benefit payments	<u>(5,355,263)</u>
 Net changes	 <u>8,907,349</u>
 Balance as of June 30, 2021	 <u><u>\$ 215,986,658</u></u>

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 one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Current assumption (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB liability as of June 30, 2021	\$ 255,512,641	\$ 215,986,658	\$ 184,503,998

Sensitivity of the total OPEB liability to changes in 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 one percentage point lower (5.60%) or one percentage point higher (7.60%) than the current discount rate:

	<u>1% Decrease (5.60% decreasing to 3.10%)</u>	<u>Current assumption (6.60% decreasing to 4.10%)</u>	<u>1% Increase (7.60% decreasing to 5.10%)</u>
Total OPEB liability as of June 30, 2021	\$ 180,330,739	\$ 215,986,658	\$ 262,930,842

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

D. OPEB expense, 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 \$7,570,561. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected experience and actual experience	\$ 482,124	\$ 114,186
Changes of assumptions	1,423,565	19,824,911
Total	\$ 1,905,689	\$ 19,939,097

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

Year Ended June 30,	
2022	\$ (4,944,949)
2023	(4,944,949)
2024	(4,944,949)
2025	(3,327,978)
2026	129,417

13. RISK MANAGEMENT

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

The District participates in New York Schools Insurance Reciprocal (“NYSIR”), a non-risk-retained public entity risk pool for its District 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 Suffolk County Schools Cooperative Self-Insurance Plan, a risk-retained pool, to insure Workers’ Compensation claims. This is a public entity risk pool created under Article 5 of the Workers’ Compensation Law, to finance liability and risks related to Workers’ Compensation claims. The District’s share of the liability for unbilled and open claims is \$1,600,001.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

14. CONTINGENCIES AND COMMITMENTS

Government 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 years' experience, the District's administration believes disallowances, if any, would be immaterial.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2021, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2020 at 1.81% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Service concession arrangements

In accordance with GASB Pronouncements, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow of resources for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2021, and accordingly, no liability or deferred inflow of resources was reflected on the District's financial statements.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. The extent of the impact of COVID-19 on the District's operational and financial performance, and cash flow needs will depend on certain developments, including the duration and spread of the outbreak, impact on funding sources, employees and vendors, all of which are uncertain and cannot be predicted as of the date of these financial statements.

**DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021 (CONTINUED)**

15. PRIOR PERIOD ADJUSTMENT

The District's financial statements for the year ended June 30, 2020 have been restated as of July 1, 2020 to give effect to the following:

	Fund Balance	Net Position
Balance as of July 1, 2020, as previously stated	\$ 22,688,222	\$ (183,655,919)
GASB Statement No. 84 implementation:		
Add: Other Miscellaneous Special Revenue Fund fund balance (calculated under GASB 84)	176,213	176,213
Balance as of July 1, 2020, as restated	\$ 22,864,435	\$ (183,479,706)

16. TAX ABATEMENTS

The Town of Babylon Industrial Development Agency ("IDA"), enters into various property tax abatement programs for the purpose of economic development. The District receives Payment in Lieu of Tax (PILOT) payments to compensate the District for any tax reductions from these tax abatement programs.

17. FUTURE CHANGES IN ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
Statement No. 87	Leases	June 30, 2022
Statement No. 89	Accounting For Interest Cost Incurred Before The End Of A Construction Period	June 30, 2022
Statement No. 91	Conduit Debt Obligations	June 30, 2023

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 15, 2021 which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**DEER PARK 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**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance</u>
REVENUES					
Local sources:					
Real property taxes	\$ 67,160,035	\$ 67,519,338	\$ 67,519,344		\$ 6
Other tax items	11,855,906	11,496,603	12,549,422		1,052,819
Charges for services	670,000	670,000	707,770		37,770
Use of money and property	145,533	145,533	273,118		127,585
Sale of property and compensation for loss	100	100	56,281		56,181
Miscellaneous	2,835,000	2,835,000	2,931,956		96,956
Total local sources	82,666,574	82,666,574	84,037,891		1,371,317
State sources	29,876,506	29,424,066	29,502,728		78,662
Federal sources	95,000	547,440	113,560		(433,880)
Total revenues	112,638,080	112,638,080	113,654,179		1,016,099
OTHER FINANCING SOURCES					
Premium on bond issuance	280,000	280,000	259,950		(20,050)
Prior year encumbrances	1,862,044	1,862,044	-		N/A
Appropriated reserves	5,450,000	5,450,000	-		N/A
Total revenues and other financing sources	120,230,124	120,230,124	113,914,129		<u>\$ 996,049</u>
EXPENDITURES					
General support:					
Board of Education	83,154	83,949	72,701	\$ 1,836	\$ 9,412
Central administration	334,800	334,244	329,577	333	4,334
Finance	1,299,041	1,246,744	1,151,745	72,472	22,527
Staff	616,107	615,599	605,796	6,509	3,294
Central services	8,721,067	8,971,929	7,627,086	498,809	846,034
Special items	1,115,049	1,100,049	1,073,846	-	26,203
Total general support	12,169,218	12,352,514	10,860,751	579,959	911,804
Instruction:					
Instruction, administration and improvement	5,203,538	5,142,824	5,014,864	16,695	111,265
Teaching - regular school	33,470,251	33,467,242	32,608,264	156,373	702,605
Programs for children with handicapping conditions	17,809,468	17,564,079	16,332,131	914,906	317,042
Teaching - special school	157,282	152,984	16,000	-	136,984
Instructional media	2,653,512	2,706,732	2,537,129	142,796	26,807
Pupil services	7,413,045	7,503,882	6,914,069	64,930	524,883
Total instruction	66,707,096	66,537,743	63,422,457	1,295,700	1,819,586
Pupil transportation	5,321,154	5,344,915	4,699,206	489,222	156,487
Employee benefits	31,678,792	31,697,288	28,707,722	869	2,988,697
Debt service:					
Principal	2,269,172	2,269,172	1,823,172	-	446,000
Interest	1,384,692	1,328,492	978,011	-	350,481
Total expenditures	119,530,124	119,530,124	110,491,319	2,365,750	6,673,055
OTHER FINANCING USES					
Interfund transfers out	700,000	700,000	700,000	-	-
Total expenditures and other financing uses	120,230,124	120,230,124	111,191,319	<u>\$ 2,365,750</u>	<u>\$ 6,673,055</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,722,810		
Fund balance, beginning of year			20,730,467		
Fund balance, end of year			<u>\$ 23,453,277</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS**

Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability:				
Service cost	\$ 7,824,977	\$ 7,825,926	\$ 8,827,845	\$ 8,570,723
Interest	4,690,533	7,589,747	6,753,906	6,447,605
Changes in benefit terms	-	(8,538)	-	-
Differences between expected and actual experience	-	729,368	-	(228,370)
Changes in assumptions or other inputs	1,747,102	(15,523,524)	(17,760,967)	-
Benefit payments	<u>(5,355,263)</u>	<u>(5,071,699)</u>	<u>(5,132,273)</u>	<u>(4,546,148)</u>
Net change in total OPEB liability	8,907,349	(4,458,720)	(7,311,489)	10,243,810
Total OPEB liability - beginning of year	<u>207,079,309</u>	<u>211,538,029</u>	<u>218,849,518</u>	<u>208,605,708</u>
Total OPEB liability - end of year	<u>\$ 215,986,658</u>	<u>\$ 207,079,309</u>	<u>\$ 211,538,029</u>	<u>\$ 218,849,518</u>
Covered payroll	\$ 37,791,911	\$ 37,791,911	\$ 52,468,704	\$ 52,468,704
Total OPEB liability as a percentage of covered payroll	571.52%	547.95%	403.17%	417.10%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - NYSERS & NYSTRS
LAST EIGHT FISCAL YEARS
(Dollar amounts in thousands)**

<u>NYSERS</u>	(C) 2021	(B) (F) 2020	2019	(E) 2018	(D) 2017	(A) 2016	2015	2014
District's proportionate share of the net pension liability	0.03365%	0.03341%	0.03306%	0.03320%	0.03309%	0.34160%	0.33999%	0.33999%
District's proportionate share of the net pension liability	\$ (34)	\$ (8,846)	\$ (2,342)	\$ (1,072)	\$ (3,109)	\$ (5,483)	\$ (1,149)	\$ (1,536)
District's covered payroll	\$ 11,653	\$ 11,583	\$ 9,957	\$ 10,197	\$ 9,801	\$ 9,574	\$ 9,450	\$ 9,427
District's proportionate share of the net pension liability as a percentage of covered payroll	0.29%	76.37%	23.52%	10.51%	31.72%	57.27%	12.16%	16.29%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

NYSTRS

District's proportionate share of the net pension asset (liability)	0.29625%	0.29809%	0.30365%	0.30365%	0.30662%	0.30253%	0.30687%	0.30582%
District's proportionate share of the net pension asset (liability)	\$ (8,186)	\$ 7,744	\$ 5,470	\$ 2,308	\$ (3,284)	\$ 31,424	\$ 34,184	\$ 2,013
District's covered payroll	\$ 51,205	\$ 50,558	\$ 50,026	\$ 53,532	\$ 60,079	\$ 42,020	\$ 33,088	\$ 41,674
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	15.99%	15.32%	10.93%	4.31%	5.47%	74.78%	103.31%	4.83%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

(A) - The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

(B) - The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

(C) - The discount rate used to calculate the total pension liability was decreased from 6.8% to 5.9% effective with the March 31, 2021 measurement date.

(D) - The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(E) - The discount rate used to calculate the total pension asset was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

(F) - The discount rate used to calculate the total pension asset was decreased from 7.25% to 7.10% effective with the June 30, 2019 measurement date.

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NTSTRS
LAST EIGHT FISCAL YEARS
(Dollar amounts in thousands)**

<u>NYSERS</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,608	\$ 1,502	\$ 1,409	\$ 1,433	\$ 1,455	\$ 1,673	\$ 1,827	\$ 2,033
Contributions in relation to the contractually required contribution	<u>1,608</u>	<u>1,502</u>	<u>1,409</u>	<u>1,433</u>	<u>1,455</u>	<u>1,673</u>	<u>1,827</u>	<u>2,033</u>
Contribution deficiency (excess)	<u>\$ -</u>							
District's covered payroll	\$ 11,745	\$ 11,905	\$ 10,853	\$ 10,321	\$ 9,801	\$ 9,574	\$ 9,450	\$ 9,427
Contributions as a percentage of covered payroll	13.69%	12.61%	12.99%	13.89%	14.85%	17.47%	19.33%	21.57%
 <u>NYSTRS</u>								
Contractually required contribution	\$ 4,455	\$ 5,284	\$ 4,829	\$ 5,640	\$ 6,274	\$ 7,966	\$ 7,366	\$ 5,377
Contributions in relation to the contractually required contribution	<u>4,455</u>	<u>5,284</u>	<u>4,829</u>	<u>5,640</u>	<u>6,274</u>	<u>7,966</u>	<u>7,366</u>	<u>5,377</u>
Contribution deficiency (excess)	<u>\$ -</u>							
District's covered-employee payroll	\$ 51,005	\$ 51,205	\$ 50,558	\$ 50,026	\$ 53,532	\$ 60,079	\$ 42,020	\$ 33,088
Contributions as a percentage of covered-employee payroll	8.73%	10.32%	9.55%	11.27%	11.72%	13.26%	17.53%	16.25%

Note to Required Supplementary Information

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE 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 revised budget:

Adopted budget		\$ 118,368,080
Add:		
Prior year's encumbrances		1,862,044
Revised budget		\$ 120,230,124

§ 1318 of the real property tax law limit calculation:

2021-2022 voter-approved expenditure budget		\$ 121,769,599
Maximum allowed (4% of 2021-2022 budget)		\$ 4,870,784

Fund Balance Subject to § 1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 6,365,750	
Unassigned fund balance	4,870,784	\$ 11,236,534
Less:		
Appropriated fund balance	4,000,000	
Encumbrances	2,365,750	6,365,750

Fund Balance Subject to § 1318 of Real Property Tax Law		\$ 4,870,784
Actual percentage		4.00%

OTHER
SUPPLEMENTARY
INFORMATION

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021**

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2021
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
Additional Roof Repairs	\$ 90,000	\$ 358,599	\$ 347,886	\$ -	\$ 347,886	\$ 10,713	\$ -	\$ -	\$ 358,599	\$ 358,599	\$ 10,713
Capital Project/Rescue	159,882	181,468	75,813	-	75,813	105,655	-	-	181,468	181,468	105,655
Facilities Inspection	46,736	90,233	84,945	-	84,945	5,288	-	-	90,233	90,233	5,288
Kennedy Roof Replacement	853,399	-	-	-	-	-	-	-	-	-	-
Adams Security/Parking lot	136,664	131,327	131,327	-	131,327	-	-	-	131,327	131,327	-
Kennedy Security	19,311	17,214	17,214	-	17,214	-	-	-	17,214	17,214	-
Lincoln Security	19,299	715	715	-	715	-	-	-	715	715	-
May Moore Security/Parking lot	145,981	141,652	141,652	-	141,652	-	-	-	141,652	141,652	-
High School Security/Sidewalks	250,331	170,594	170,594	-	170,594	-	-	-	170,594	170,594	-
Frost Security	19,331	15,698	15,698	-	15,698	-	-	-	15,698	15,698	-
High School Auditorium	25,321	22,905	22,905	-	22,905	-	-	-	22,905	22,905	-
High School Roof	271,624	189,725	189,725	-	189,725	-	-	-	189,725	189,725	-
Transportation Roof	53,188	1,663	1,663	-	1,663	-	-	-	1,663	1,663	-
High School Parking Lot	2,853	192,997	192,997	-	192,997	-	-	-	192,997	192,997	-
High School Pool Regrouting/Construction	60,000	48,373	48,373	-	48,373	-	-	-	48,373	48,373	-
Kennedy Asbestos Removal	90,000	322,531	322,531	-	322,531	-	-	-	322,531	322,531	-
JQA Public Announcement System	25,000	20,582	20,582	-	20,582	-	-	-	20,582	20,582	-
Frost Family and Consumer Room	200,000	305,486	305,486	-	305,486	-	-	-	305,486	305,486	-
Phase 1 May Moore Improvements	1,056,428	1,056,428	1,056,428	-	1,056,428	-	1,056,428	-	-	1,056,428	-
Phase 1 Robert Frost Improvements	410,616	410,616	410,616	-	410,616	-	410,616	-	-	410,616	-
Phase 1 High School Improvements	1,429,515	1,429,515	1,429,515	-	1,429,515	-	1,429,515	-	-	1,429,515	-
Phase 2 Memorial	1,170,719	1,170,719	1,170,719	-	1,170,719	-	1,170,719	-	-	1,170,719	-
Phase 2 May Moore Improvements	918,459	918,459	918,459	-	918,459	-	918,459	-	-	918,459	-
Phase 2 JQA Improvements	638,262	638,262	638,262	-	638,262	-	638,262	-	-	638,262	-
Phase 2 High School Improvements	842,621	916,023	904,984	2,712	907,696	8,327	907,696	-	-	907,696	-
Phase 2 JFK Improvements	3,339,398	3,339,398	3,339,398	-	3,339,398	-	3,339,398	-	-	3,339,398	-
Phase 2 Robert Frost Improvements	5,380,040	5,457,133	5,417,436	-	5,417,436	39,697	5,417,436	-	-	5,417,436	-
JFK Library Improvements	194,114	194,114	194,114	-	194,114	-	194,114	-	-	194,114	-
JQA Roof	1,314,401	1,314,401	1,314,401	-	1,314,401	-	1,314,401	-	-	1,314,401	-
JQA Canopy and Asphalt	268,000	968,367	968,367	-	968,367	-	-	-	968,367	968,367	-
May Moore Canopy	67,000	124,805	124,805	-	124,805	-	-	-	124,805	124,805	-
JFK Paving	65,000	65,000	65,000	-	65,000	-	-	-	65,000	65,000	-
Heat Exchange Upgrades	100,000	100,000	67,000	-	67,000	33,000	-	-	67,000	67,000	-
Smart School Bond Project	88,622	1,008,489	978,431	-	978,431	30,058	-	978,431	-	978,431	-
Lincoln Emergency Boiler Replacement	484,765	488,686	488,686	-	488,686	-	211,586	-	277,100	488,686	-
JFK Asbestos Abatement	2,107	6,345	2,107	4,238	6,345	-	-	-	6,345	6,345	-
May Moore Asbestos Abatement	2,107	2,107	2,107	-	2,107	-	-	-	2,107	2,107	-
High School Asbestos Abatement	96,475	92,894	85,154	6,260	91,414	1,480	-	-	92,894	92,894	1,480
JQA Asbestos Abatement	101,000	103,901	85,824	18,077	103,901	-	-	-	103,901	103,901	-
Robert Frost Asbestos Abatement	742	124,171	106,844	17,327	124,171	-	-	-	124,171	124,171	-
High School Improvements	1,224,097	1,264,547	1,228,037	-	1,228,037	36,510	-	-	1,264,547	1,264,547	36,510
JFK Awning	-	8,500	5,409	1,349	6,758	1,742	-	-	8,500	8,500	1,742
JFK Electric	143,431	143,431	-	1,678	1,678	141,753	-	-	1,678	1,678	-
High School Electric	1,805	1,805	-	1,678	1,678	127	-	-	1,678	1,678	-
Robert Frost Electric	1,805	1,805	-	1,678	1,678	127	-	-	1,678	1,678	-
Asbestos Abatement	201,460	202,996	5,451	197,545	202,996	-	-	-	202,996	202,996	-
Buses	891,052	891,052	891,052	-	891,052	-	891,052	-	-	891,052	-
May Moore Public Announcement System	2,600	2,600	-	1,452	1,452	1,148	-	-	1,452	1,452	-
JQA Public Announcement System/Fire Alarm	11,000	11,000	-	6,960	6,960	4,040	-	-	6,960	6,960	-
High School Auditorium Stage Lighting	47,345	47,345	-	1,716	1,716	45,629	-	-	1,716	1,716	-
Unallocated Funds	12,323	488,775	-	-	-	-	-	-	488,775	488,775	488,775
Totals	\$ 22,976,229	\$ 25,205,451	\$ 23,988,712	\$ 262,670	\$ 24,251,382	\$ 465,294	\$ 17,899,682	\$ 978,431	\$ 6,023,432	\$ 24,901,545	\$ 650,163

DEER PARK UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2021

Capital assets, net		\$ 36,204,863
Add:		
Unspent bond proceeds		650,163
Deduct:		
Short-term portion of bond payable, net	\$ 960,528	
Long-term portion of bond payable, net	14,291,336	
Short-term portion of installment purchase debt payable	951,493	
Long-term portion of installment purchase debt payable	<u>4,182,926</u>	<u>20,386,283</u>
Net investment in capital assets		<u>\$ 16,468,743</u>

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass - Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed - Through Programs From:</u>			
New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-21-0876	\$ 928,637
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-20-0876	360
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-21-0876	<u>52,031</u>
Total Special Education Cluster			<u>981,028</u>
Title I, Part A, Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-20-2950	8,946
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-21-2950	<u>399,749</u>
Total Title I, Part A, Cluster			<u>408,695</u>
CARES Act, Education Stabilization Fund Cluster:			
CARES Act, ESF, Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-3790	77,374
CARES Act, EDF, Governor's Emergency Education Relief Fund	84.425C	5895-21-3790	<u>13,113</u>
Total CARES Act, Education Stabilization Fund Cluster			<u>90,487</u>
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-20-1535	8,748
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-21-1535	10,992
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-20-2950	621
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-21-2950	29,177
ESEA, Title III, Part A, Language Instruction for Immigrant Students	84.365	0149-20-2950	3,203
ESEA, Title III, Part A, Language Instruction for Immigrant Students	84.365	0149-21-2950	8,993
ESEA, Title II, Part A, Training	84.367A	0147-20-2950	33,241
ESEA, Title II, Part A, Training	84.367A	0147-21-2950	<u>53,701</u>
Total U.S. Department of Education			<u>1,628,886</u>
<u>U.S. Department of Agriculture</u>			
<u>Passed - Through Program From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	<u>1,370,973</u>
Total U.S. Department of Agriculture			<u>1,370,973</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,999,859</u>

The accompanying notes should be read
in conjunction with this schedule.

DEER PARK UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Deer Park Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirement of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

3. Indirect Costs

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

No amounts were provided to subrecipients.

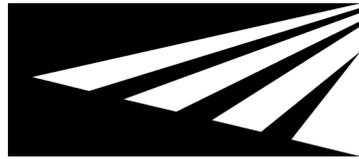
5. Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

6. Major Program Determination

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



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CERTIFIED PUBLIC ACCOUNTANTS

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 of the
Deer Park Union Free School District
Town of Babylon, 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 and each major fund of the Deer Park Union Free School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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

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

NawrockiSmith

Compliance And Other Matters

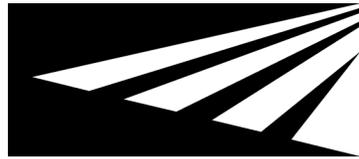
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2021-001.

Purpose of this Report

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

Hauppauge, New York
October 15, 2021

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR ITS MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, New York:

Report on Compliance For Its Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Its Major Federal Program

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

NawrockiSmith

Report on Internal Control Over Compliance

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

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

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

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

Hauppauge, New York
October 15, 2021



**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

A. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. One instance of noncompliance was disclosed during the audit as discussed in section B below.
4. No deficiencies or material weaknesses were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
10.555	<u>U.S. Department of Agriculture</u> National School Lunch Program

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

2021-001 The submission of the Annual Financial Report on Form ST-3 to the New York State Education Department did not occur until subsequent to the filing deadline.

Condition: The District did not fulfill its annual reporting requirement to the New York State Education Department in accordance with the requisite due date.

Criteria: The New York State Education Department required that the District submit its Annual Financial Report on Form ST-3 by September 2, 2021.

Effect: The District did not fulfill its New York State Education Department reporting requirement as of the required submission date.

Cause: Information necessary to complete the submission was not readily available, therefore, the Annual Financial Report on Form ST-3 was not prepared on a timely basis.

Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Response: The District will develop a work schedule to ensure timely completion of all financial reports in the upcoming year.

C. Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

**DEER PARK UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Findings - Financial Statement Audit

2020-001 Recommendation - The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Status - We noted this recommendation was not implemented.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

**DEER PARK UNION FREE SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2021**

This section presents our findings and recommendations noted during the audit of the financial statements of the Deer Park Union Free School District as of and for the year ended June 30, 2021, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR RECOMMENDATION:

We noted no other areas of improvement as a result of our audit procedures for the current year.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

1. Recommendation – It was recommended that the District develop procedures to ensure the vendor database does not have duplicated, stale, or incomplete information on file.

Status – We noted that this recommendation was implemented.

2. Recommendation – It was recommended that the District consider revising procedures for extraclassroom receipts and expenses to be properly approved, receipts be timely deposited and proper supporting documentation be maintained for expenses.

Status - We noted that this recommendation was implemented.

3. Recommendation – It was recommended that the detailed capital asset listings be maintained on a current basis and be periodically reconciled to annual activity. We also recommended the District conduct a full physical inventory of its capital assets during the upcoming year.

Status - We noted that this recommendation is in the process of being implemented.