



FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION WITH  
INDEPENDENT AUDITOR'S REPORTS  
June 30, 2022

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Little Flower Union Free School District  
Wading River, New York

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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 Little Flower Union Free School District (District), as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

## ***Auditor's Responsibility for the Audit of the Financial Statements***

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 14 and 49 through 53, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

The other information on page 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic

financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022 on our consideration of the Little Flower Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Flower Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Little Flower Union Free School District's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

November 23, 2022

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

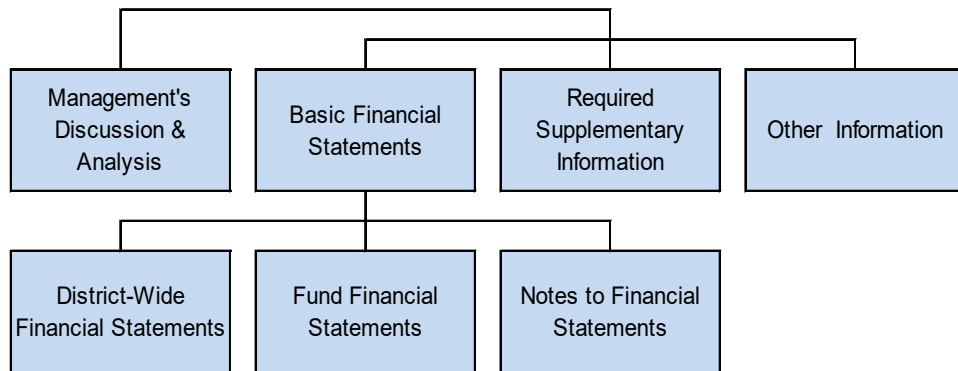
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2022 are as follows:

- The District’s total net position (deficit), as reflected in the district-wide financial statements, increased by \$345,478. This was due to expenses of \$8,756,606 exceeding revenues of \$8,411,128, using the economic resources measurement focus and the accrual basis of accounting.
- The District’s expenses for the year, as reflected in the district-wide financial statements, totaled \$8,756,606. Of this amount, \$8,183,207 was offset by program charges for services and operating grants, which accounted for 97.3% of total revenues.
- The District received \$7,845,596 in charges for services to support instructional programs, a decrease of \$139,701 from the prior year, and \$337,611 in operating grants to support instructional programs, an increase of \$165,364 over the prior year.
- The general fund’s total fund balance, as reflected in the fund financial statements, increased by \$270,033. This was due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting.
- The District was awarded funding under the Coronavirus Aid Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) program in the amount of \$58,804, which the District expended in the 2021-2022 fiscal year. The District was awarded additional funding in the amount of \$231,774 allocated under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and \$520,907 under the American Rescue Plan (ARP) Act.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**2. OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**A. District-Wide Financial Statements**

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

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

The Statement of Net Position

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

The Statement of Activities

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

**B. Fund Financial Statements**

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

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

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**2. OVERVIEW OF THE FINANCIAL STATEMENTS** (continued)

**B. Fund Financial Statements** (continued)

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

The District maintains three individual governmental funds: general fund, special aid fund, and debt service fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

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

**A. Net Position**

The District's total net position deficit increased by \$345,478 between fiscal year 2022 and 2021. The deficit increase is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	6/30/2022	6/30/2021	Increase (Decrease)	Percentage Change
Current and other assets	\$ 3,556,561	\$ 3,348,929	\$ 207,632	6.2%
Capital assets, net	4,403,197	4,814,496	(411,299)	-8.5%
Net pension assets - proportionate share	<u>3,371,270</u>	<u>                    </u>	<u>3,371,270</u>	N/A
Total assets	<u>11,331,028</u>	<u>8,163,425</u>	<u>3,167,603</u>	38.8%
Deferred outflows of resources	<u>6,259,612</u>	<u>7,105,860</u>	<u>(846,248)</u>	-11.9%
Current and other liabilities	2,711,465	2,783,507	(72,042)	-2.6%
Long-term liabilities	5,269,239	5,475,199	(205,960)	-3.8%
Net pension liabilities - proportionate share	<u>                    </u>	562,431	(562,431)	-100.0%
Total OPEB Liability	<u>14,773,515</u>	<u>18,591,926</u>	<u>(3,818,411)</u>	-20.5%
Total liabilities	<u>22,754,219</u>	<u>27,413,063</u>	<u>(4,658,844)</u>	-17.0%
Deferred inflows of resources	<u>10,855,237</u>	<u>3,529,560</u>	<u>7,325,677</u>	207.6%
Net position (deficit):				
Net investment in capital assets	128,197	344,496	(216,299)	-62.8%
Restricted	76,760	1,876	74,884	3991.7%
Unrestricted (deficit)	<u>(16,223,773)</u>	<u>(16,019,710)</u>	<u>(204,063)</u>	-1.3%
Total net position (deficit)	<u>\$ (16,018,816)</u>	<u>\$ (15,673,338)</u>	<u>\$ (345,478)</u>	-2.2%



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE** (continued)

**A. Net Position** (continued)

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

The decrease in capital assets, net is due to depreciation expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 12, "Capital Assets," provides additional information.

Net pension asset – proportionate share represents the District's share of the New York State Teachers' Retirement System's and New York State and Local Employees' Retirement System's collective net pension assets, at the measurement dates of the plan. The District reported a net pension liability – proportionate share for both the New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System in the prior year, as a result of an actuarial valuation provided by the Plan. In the current year the District shares shifted from liabilities to assets. The accompanying Notes to Financial Statements, Note 15, "Pension Plans – New York State," provides additional information.

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

The decrease in current and other liabilities is primarily attributable to a decrease in outstanding RANs and accounts payable, offset by an increase in due to other governments.

This decrease in long-term liabilities is the result of the repayments of the current maturity of bond indebtedness and other long-term liabilities. The accompanying Notes to Financial Statements, Note 14, "Long-Term Liabilities," provides additional information.

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

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

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

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

The restricted amount relates to the District's restricted for debt service, and the District's fiscal stabilization reserve fund. This number increased from the prior year due to funding of the newly established fiscal stabilization reserve fund.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE** (continued)

**A. Net Position** (continued)

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

**B. Changes in Net Position**

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. The District's net position decreased by \$345,478 and \$1,436,234 for the years ended June 30, 2022, and June 30, 2021, respectively. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Program revenues:				
Charges for services	\$ 7,845,596	\$ 7,985,297	\$ (139,701)	-1.7%
Operating grants	337,611	172,247	165,364	96.0%
General revenues:				
State sources	226,030	227,979	(1,949)	-0.9%
Other	<u>1,891</u>	<u>90,769</u>	<u>(88,878)</u>	-97.9%
Total revenues	<u>8,411,128</u>	<u>8,476,292</u>	<u>(65,164)</u>	-0.8%
<b>Expenses</b>				
General support	1,591,358	1,886,082	(294,724)	-15.6%
Instruction	6,942,673	7,762,660	(819,987)	-10.6%
Debt service - interest	<u>222,575</u>	<u>263,784</u>	<u>(41,209)</u>	-15.6%
Total expenses	<u>8,756,606</u>	<u>9,912,526</u>	<u>(1,155,920)</u>	-11.7%
Decrease in net position	<u>\$ (345,478)</u>	<u>\$ (1,436,234)</u>	<u>\$ 1,090,756</u>	-75.9%

The District's total revenues decreased by \$65,164 or 0.8%. The primary reasons for the decrease were the decreases in charges for services, State sources, and other general revenues, offset by an increase in operating grants.

The District's total expenses decreased \$1,155,920 or 11.7%. The primary reasons for the decreases were the decreases in the pension and other postemployment benefits expenses.

As indicated on the graphs that follow, charges for services is the largest component of revenues recognized (i.e., 93.4% and 94.2% of the total for the years 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 79.3% and 78.3% of the total for the years 2022 and 2021, respectively).

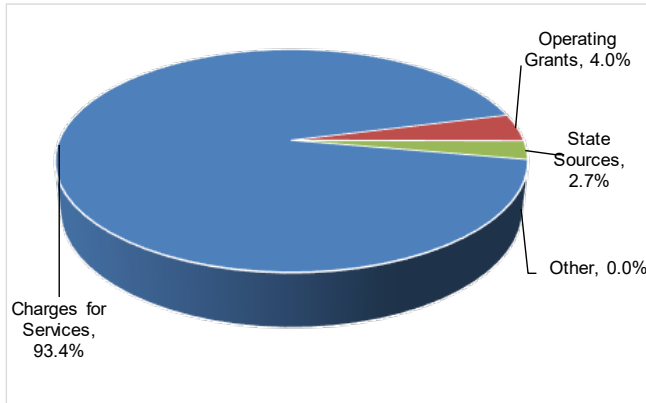
**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE** (continued)

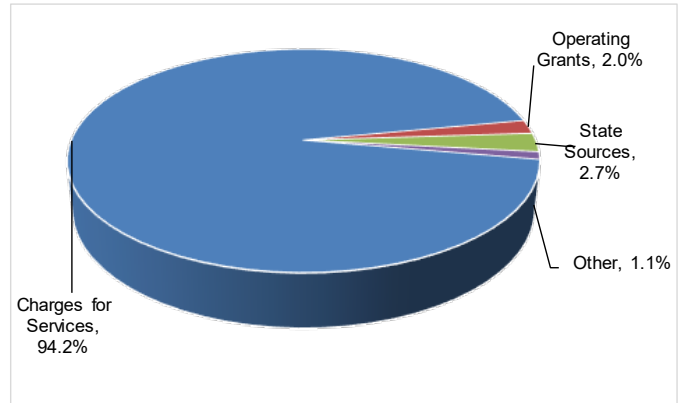
**B. Changes in Net Position** (continued)

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

Fiscal Year Ended June 30, 2022:

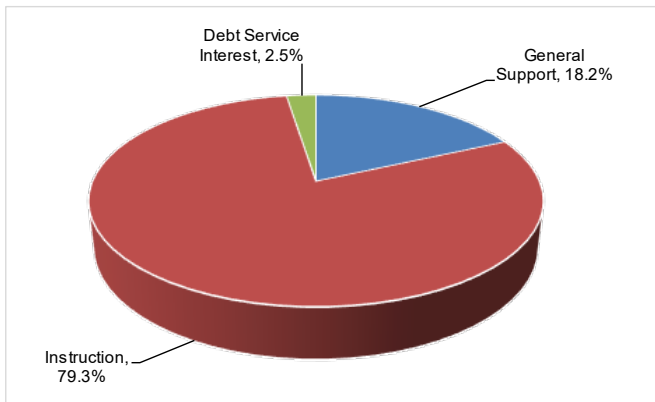


Fiscal Year Ended June 30, 2021:

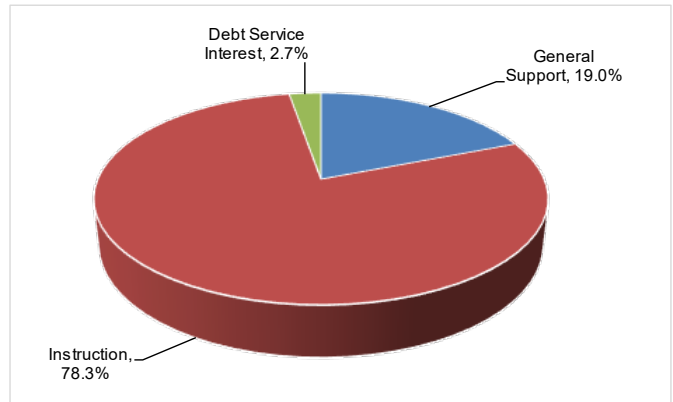


A graphic display of the distribution of expenses for the two years follows:

Fiscal Year Ended June 30, 2022:



Fiscal Year Ended June 30, 2021:



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$641,169, which is an increase in fund balance of \$270,270 over the prior year. This increase in fund balance is due to an excess of revenues over expenditures using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>General Fund</b>				
Nonspendable: Prepaid expenditures	\$ -0-	\$ 2,374	\$ (2,374)	-100.0%
Restricted: Fiscal stabilization reserve	74,647		74,647	100.0%
Assigned	38,767		38,767	100.0%
Unassigned fund balance	<u>525,642</u>	<u>366,649</u>	<u>158,993</u>	43.4%
	639,056	369,023	270,033	73.2%
<b>Debt Service Fund</b>				
Restricted: Debt	<u>2,113</u>	<u>1,876</u>	<u>237</u>	12.6%
Total Fund Balance	<u>\$ 641,169</u>	<u>\$ 370,899</u>	<u>\$ 270,270</u>	72.9%

**A. General Fund**

The net change in the fund balance in the general fund is an increase of \$270,033 compared to an increase of \$599,193 in 2021. This resulted from revenues in excess of expenditures.

The District's general fund revenues decreased by \$173,184 or 2.2%, as compared to the prior year. This decrease is primarily attributable to a decrease in charges for services. There was a decrease in the District's reconciliation billing rate for the prior fiscal year, which resulted in a decrease in tuition revenue.

Expenditures increased by \$155,976 or 2.1% over the prior year. This increase was primarily due increases in instruction and employee benefits, offset by a decrease in general support.

**B. Debt Service Fund**

At June 30, 2022, the fund balance in the debt service fund was \$2,113. The increase of \$237 is the result of interest income.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2021-2022 Budget**

The District's general fund adopted budget for the year ended June 30, 2022 was \$8,329,930. There was one budget revision of \$58,804 for revenues and expenditures relating to grant funding through the CARES Act.

The final budget was primarily funded through \$8,266,880 in estimated charges for services.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**5. GENERAL FUND BUDGETARY HIGHLIGHTS (continued)**

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

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

Opening unassigned fund balance	\$ 366,649
Revenues under budget	(654,025)
Expenditures and encumbrances under budget	885,291
Change in nonspendable	2,374
Transfer to fiscal stabilization reserve	<u>(74,647)</u>
Closing unassigned fund balance	<u>\$ 525,642</u>

i. Opening, Unassigned Fund Balance

The \$366,649 shown in the table is the portion of the District's June 30, 2021 fund balance that was considered unassigned.

ii. Revenues Under Budget

The 2021-2022 final budget for revenues was \$8,388,734. Actual revenues recognized for the year were \$7,734,709. The deficit of actual revenues under estimated or budgeted revenues were \$654,025, primarily in charges for services. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

iii. Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures was \$8,388,734. Actual expenditures as of June 30, 2022 were \$7,464,676, and outstanding encumbrances were \$38,767. Combined, the expenditures plus encumbrances for 2021-2022 were \$7,503,443. The final budget variance was \$885,291, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

iv. Change in Nonspendable

The \$2,374 shown in the table is the decrease in the District's nonspendable fund balance for prepaid expenditures from June 30, 2021 to June 30, 2022.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**5. GENERAL FUND BUDGETARY HIGHLIGHTS** (continued)

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

v. Transfer to Fiscal Stabilization Reserve

Transfers from the District's unassigned fund balance into the District's fiscal stabilization reserve fund do not affect the District's combined fund balance unless, and until, these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the portion of the transfer. The \$74,647 shown in the table is the amount the District elected to transfer to the fiscal stabilization reserve for the fiscal year ended June 30, 2022.

vi. Closing, Unassigned Fund Balance

Based upon the summary changes shown in the table, the unassigned fund balance at June 30, 2022, was \$525,642.

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

**A. Capital Assets**

At June 30, 2022, the District had invested in a broad range of capital assets, as indicated in the following table. The net decrease in capital assets is due to depreciation expense of \$421,244 in excess of capital additions of \$9,945 recorded for the year ended June 30, 2022. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2022 and 2021 is as follows:

Category	6/30/2022	6/30/2021	Increase (Decrease)
Building improvements	\$ 4,211,704	\$ 4,592,555	\$ (380,851)
Equipment	191,493	221,941	(30,448)
Totals	<u>\$ 4,403,197</u>	<u>\$ 4,814,496</u>	<u>\$ (411,299)</u>

**B. Debt Administration**

During the year ended June 30, 2022, the District redeemed \$1,200,000 in revenue anticipation note, and issued a revenue anticipation note in the amount of \$1,000,000. The accompanying Notes to Financial Statements, Note 13, "Short-Term Debt," provides additional information.

At June 30, 2022, the District had total bonds payable of \$4,275,000, which were issued in a prior year through DASNY. The bonds were issued for school building renovations and additions. The other liabilities of \$264,935 includes the outstanding principal balance of a long-term liability to the Agency for the repayment of repairs to the District's lobby, which were paid for by the District's sponsoring agency, the Little Flower Children and Family Services of New York. A summary of the outstanding debt at June 30, 2022 and 2021 is as follows:

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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

**B. Debt Administration**

Issue Date	Interest Rate	6/30/2022	6/31/2021	Increase (Decrease)
<b>Bonds Payable</b>				
7/27/2016	4.500%	<u>\$ 4,275,000</u>	<u>\$ 4,470,000</u>	<u>\$ (195,000)</u>
<b>Other Liabilities</b>				
7/1/2014	2.905%	<u>\$ 264,935</u>	<u>\$ 276,819</u>	<u>\$ (11,884)</u>

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, net pension liability – proportionate share and total other postemployment benefits liability. The compensated absences liability is based on employment contracts. The net pension liability – proportionate share and the total other postemployment benefits liability are based on actuarial valuations. In the current year, the District reported a net pension asset for both the New York State Teachers' Retirement System and the New York State and Local Employees' Retirement System.

Category	6/30/2022	6/30/2021	Increase (Decrease)
Compensated absences payable	\$ 729,304	\$ 728,380	\$ 924
Net pension liability - proportionate share		562,431	(562,431)
Total other postemployment benefits liability	<u>14,773,515</u>	<u>18,591,926</u>	<u>(3,818,411)</u>
Totals	<u>\$ 15,502,819</u>	<u>\$ 19,882,737</u>	<u>\$ (4,379,918)</u>

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

**A. Subsequent Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the Board of Education for the year ending June 30, 2023, is \$9,014,707. This is an increase of \$625,973 or 7.5% over the previous year's budget. The increase is principally in the instructional program (\$143,981), operation and maintenance (\$68,918), and employee benefits (\$318,507) areas of the budget.

The District budgeted revenues at an increase of \$625,973 over the prior year's estimate. Increases in the anticipated budget revenues for 2022-2023 include a tuition growth rate increase of 9.2%, and an anticipated student FTE average of 103 summer and 114 regular school year, both increases over the prior year.

**B. Future Budgets**

Uncertainty in tuition rates and enrollment will impact the District's future budgets.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**8. CONTACTING THE DISTRICT**

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

Mr. Harold J. Dean, Ed. D.  
Superintendent of Schools  
Little Flower Union Free School District  
2460 North Wading River Road  
Wading River, NY 11792



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2022

**ASSETS**

Cash	
Unrestricted	\$ 938,500
Restricted	303,301
Receivables	
Accounts receivable	2,094,356
Due from state and federal	187,608
Due from other governments	32,796
Capital assets:	
Being depreciated, net of accumulated depreciation	4,403,197
Net pension assets - proportionate share	3,371,270
Total Assets	11,331,028

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	2,244,747
Other postemployment benefits	4,014,865
Total Deferred Outflows of Resources	6,259,612

**LIABILITIES**

Payables	
Accounts payable	253,084
Accrued liabilities	614,878
Due to other governments	325,122
Due to teachers' retirement system	367,931
Due to employees' retirement system	27,946
Compensated absences payable	75,802
Unearned revenue - collections in advance	46,702
Notes payable	
Revenue anticipation	1,000,000
Long-term liabilities	
Due and payable within one year	
Bonds payable	205,000
Compensated absences payable	75,802
Other liabilities	12,234
Due and payable after one year	
Bonds payable	4,070,000
Compensated absences payable	653,502
Other liabilities	252,701
Total other postemployment benefits liability	14,773,515
Total Liabilities	22,754,219

**DEFERRED INFLOWS OF RESOURCES**

Pensions	4,227,703
Other postemployment benefits	6,627,534
Total Deferred Inflows of Resources	10,855,237

**NET POSITION (DEFICIT)**

Net investment in capital assets	128,197
Restricted: Debt	
Debt	2,113
Fiscal stabilization reserve	74,647
Unrestricted (deficit)	(16,223,773)
Total Net Position (Deficit)	\$ (16,018,816)

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**

**Statement of Activities**

For The Year Ended June 30, 2022

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 1,591,358	\$	\$	\$ (1,591,358)
Instruction	6,942,673	7,845,596	337,611	1,240,534
Debt service - interest	222,575			(222,575)
	<b>\$ 8,756,606</b>	<b>\$ 7,845,596</b>	<b>\$ 337,611</b>	<b>(573,399)</b>
<b>GENERAL REVENUES</b>				
Use of money and property				840
Miscellaneous				1,051
State sources				226,030
				<b>227,921</b>
Total General Revenues				<b>227,921</b>
Change in Net Position (Deficit)				(345,478)
Total Net Position (Deficit) - Beginning of Year				<b>(15,673,338)</b>
Total Net Position (Deficit) - End of Year				<b>\$ (16,018,816)</b>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2022

	General	Special Aid	Debt Service	Total Governmental Funds
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 858,520	\$ 79,980	\$	\$ 938,500
Restricted			303,301	303,301
Receivables				
Accounts receivable	2,094,356			2,094,356
Due from other funds	200,240			200,240
Due from state and federal	5,881	181,727		187,608
Due from other governments	32,796			32,796
	<u>3,191,793</u>	<u>261,707</u>	<u>303,301</u>	<u>3,756,801</u>
Total Assets	<u>\$ 3,191,793</u>	<u>\$ 261,707</u>	<u>\$ 303,301</u>	<u>\$ 3,756,801</u>
<b>LIABILITIES</b>				
Payables				
Accounts payable	\$ 238,319	\$ 14,765	\$	\$ 253,084
Accrued liabilities	517,617			517,617
Due to other funds		200,240		200,240
Due to other governments	325,122			325,122
Due to teachers' retirement system	367,931			367,931
Due to employees' retirement system	27,946			27,946
Compensated absences payable	75,802			75,802
Unearned revenue - collections in advance		46,702		46,702
Notes payable				
Revenue anticipation	1,000,000			1,000,000
	<u>2,552,737</u>	<u>261,707</u>	<u>-</u>	<u>2,814,444</u>
Total Liabilities	<u>2,552,737</u>	<u>261,707</u>	<u>-</u>	<u>2,814,444</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue			301,188	301,188
			<u>301,188</u>	<u>301,188</u>
<b>FUND BALANCES</b>				
Restricted: Debt				
Debt			2,113	2,113
Fiscal stabilization reserve	74,647			74,647
Assigned: Unappropriated	38,767			38,767
Unassigned: Fund balance	525,642			525,642
	<u>639,056</u>	<u>-</u>	<u>2,113</u>	<u>641,169</u>
Total Fund Balances	<u>639,056</u>	<u>-</u>	<u>2,113</u>	<u>641,169</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,191,793</u>	<u>\$ 261,707</u>	<u>\$ 303,301</u>	<u>\$ 3,756,801</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2022

Total Governmental Fund Balances \$ 641,169

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

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

Original cost of capital assets	\$ 8,491,683	
Less: Accumulated depreciation	<u>(4,088,486)</u>	4,403,197

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

Deferred outflows of resources	2,244,747	
Net pension asset - teachers' retirement system	3,202,007	
Net pension asset - employees' retirement system	169,263	
Deferred inflows of resources	<u>(4,227,703)</u>	1,388,314

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

Deferred outflows of resources	4,014,865	
Total other postemployment benefits liability	(14,773,515)	
Deferred inflows of resources	<u>(6,627,534)</u>	(17,386,184)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position. 301,188

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

Accrued interest on long-term debt	(97,261)	
Bonds payable	(4,275,000)	
Compensated absences payable	(729,304)	
Other liabilities payable	<u>(264,935)</u>	<u>(5,366,500)</u>

Total Net Position (Deficit) \$ (16,018,816)

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances - Governmental Funds**  
For The Year Ended June 30, 2022

	General	Special Aid	Debt Service	Total Governmental Funds
<b>REVENUES</b>				
Charges for services	\$ 7,639,990	\$	\$ 199,995	\$ 7,839,985
Use of money and property	602		237	839
Miscellaneous	1,051			1,051
State sources	34,262		191,768	226,030
Federal sources	58,804	278,807		337,611
	<u>7,734,709</u>	<u>278,807</u>	<u>392,000</u>	<u>8,405,516</u>
Total Revenues				
<b>EXPENDITURES</b>				
General support	1,198,633			1,198,633
Instruction	3,893,741	278,807		4,172,548
Employee benefits	2,330,815			2,330,815
Debt Service				
Principal	11,884		195,000	206,884
Interest	29,603		196,763	226,366
	<u>7,464,676</u>	<u>278,807</u>	<u>391,763</u>	<u>8,135,246</u>
Total Expenditures				
Net Change in Fund Balance	270,033	-	237	270,270
Fund Balances (Deficit) -				
Beginning of Year	369,023	-	1,876	370,899
End of Year	<u>\$ 639,056</u>	<u>\$ -</u>	<u>\$ 2,113</u>	<u>\$ 641,169</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and**  
**Changes in Fund Balances to the Statement of Activities**  
For The Year Ended June 30, 2022

Net Change in Fund Balances \$ 270,270

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

Long-Term Revenue and Expense Differences

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

\$ 5,613

Certain operating expenses do not require the use of current financial resources and, therefore are not reported as expenditures in the governmental funds, but are expenses in the Statement of Activities.

Increase in compensated absences payable

(924)

4,689

Capital Related Differences

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

Capital outlays and other additions  
Depreciation expense

9,945  
(421,244)

(411,299)

Long-Term Debt Transactions Differences

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of bond principal  
Repayment of other long-term liabilities

195,000  
11,884

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2021 to June 30, 2022.

3,791

210,675

Pension and Other Postemployment Benefits Differences

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

Teachers' retirement system  
Employees' retirement system  
Other postemployment benefits

501,782  
96,226  
(1,017,821)

(419,813)

Change in Net Position (Deficit) of Governmental Activities

\$ (345,478)

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The District operates in accordance with the provisions of the Education Law of the State of New York. The District is a special act school district created by a special act of the State Legislature. The District serves populations of students referred through the courts and committees on special education, as well as counties' Departments of Social Services. The Board of Education is responsible for the overall operation of the District and is comprised of nine members; of those nine, seven are appointed by the Board of Directors of Little Flower Children and Family Services of New York (Agency), the District's sponsoring agency, and two members are appointed by the Commissioner of Education (in accordance with Chapters 628 and 629 of the Laws of 2004 regarding boards of special act school districts). The Superintendent serves as the chief executive officer. The District's primary function is to provide education for its students. Services such as administration, finance, and plant maintenance support the primary function.

Special act school districts cannot levy property taxes. Instead these districts rely on tuition paid by the student's home district or county. The tuition rates are set by the New York State Education Department (SED) using a complex set of variables including inflation factors. The calculated tuition rate is subject to the approval of the State's Division of Budget.

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

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

**B. Joint Venture**

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**B. Joint Venture** (continued)

determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

**C. Related Party**

The District's operations are located on the premises of its sponsoring agency, the Little Flower Children and Family Services of New York (Agency), who leases the parcel of land to the District for the annual rent of \$1. The District also contracts for various services from the Agency and pays the Agency for its share of utility costs. See Notes to Financial Statements, Note 19 "Related Party Transactions" for detailed information.

**D. Basis of Presentation**

District-Wide Financial Statements

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

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. The District does not have any fiduciary funds. The District's financial statements present the following fund type:

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

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



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Basis of Presentation** (continued)

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

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

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

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

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

The district-wide 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 state aid, grants and donations. On an accrual basis, revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**F. Restricted Resources**

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

**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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

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

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

**H. Use of Estimates**

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

**I. New Accounting Principle**

GASB Statement No. 87, "Leases", established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the District's fiscal year ended June 30, 2022. The District has completed its evaluation of the financial impact of GASB Statement No. 87 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Cash and Cash Equivalents / Investments**

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

Investments are recorded at fair value, based on quoted market prices. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

**K. Receivables**

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

**L. Prepaid Expenditures**

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Under this method, a current asset for the prepaid item is recorded at the time of receipt or purchase and an expenditure is reported in the year the goods or services are consumed. The District did not report any prepaid expenditures as of June 30, 2022.

**M. Capital Assets**

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Building improvements	\$ 750	20 years
Equipment	750	5-20 years

**N. Deferred Outflows of Resources**

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**O. Collections in Advance**

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in the subsequent periods when the District has legal claim to the resources.

**P. Short-Term Debt**

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

**Q. Employee Benefits – Compensated Absences**

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

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

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

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

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

**R. Other Benefits**

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

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

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**R. Other Benefits** (continued)

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

**S. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net position that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is deferred revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes tuition charges received by DASNY to be used for debt service payments on July 1<sup>st</sup> of the subsequent fiscal year. In subsequent periods, when the availability criterion is met, unavailable revenues are recognized as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total other postemployment benefits liability not included in OPEB expense.

**T. Equity Classifications**

District-Wide Statements

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

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

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

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**T. Equity Classifications** (continued)

Fund Statements

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

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

*Restricted for Debt* - Consists of unexpended balances of proceeds of borrowings for capital projects, interest and earnings from investing proceeds of obligations, and premiums and accrued interest on long-term borrowings are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

*Restricted for Fiscal Stabilization Reserve* - Established under Education Law § 4004.5, is used to retain funds in excess of the District's allowable and reimbursable costs incurred for services and programs provided to school-age students to support fiscal stabilization. These funds may only be expended for a purpose expressly authorized as part of the approved tuition methodology for the year the funds will be expended.

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

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

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law or by formal action of the Board of Education. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

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

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**U. Charges for Services**

The District charges other school districts and counties tuition based on a per diem rate for all students from that district assigned to Little Flower Union Free School District. The preliminary rate charged is set by the New York State Education Department. After the end of the year, the New York State Education Department, based upon actual revenues and expenses for the year, will set an approved rate resulting in adjustments in the tuition rates to participating districts and counties in the ensuing years. This approved rate is subject to review and appeal by the District. Adjustments in tuition revenues for the final rates will be reflected in later years when future rates are adjusted, normally two years after the end of each fiscal year.

**2. FUTURE ACCOUNTING STANDARDS**

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

Statement No. 91, *Conduit Debt Obligations*, as amended by Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", the objective of which are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending June 30, 2023.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for financial statements for the year ending June 30, 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements", this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The requirements of this Statement are for the year ending June 30, 2023.

Statement No. 99, "Omnibus 2022", was issued to enhance comparability in accounting and financial reporting and consistency of authoritative language on various topics. The requirements of this Statement are effective for certain requirements effective for the year ending June 30, 2023. The remaining requirements are effective for the year ending June 30, 2024.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**2. FUTURE ACCOUNTING STANDARDS (continued)**

Statement No. 100, "Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62", this Statement has been issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the year ending June 30, 2024.

Statement No. 101, "Compensated Absences", this Statement has been issued to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for the year ending June 30, 2025.

The District is currently evaluating the impact, if any, of the above pronouncements.

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

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

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

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

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

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

Long-Term Revenue and Expense Differences

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

Capital Related Differences

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



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**3. EXPLANATIONS OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS (continued)**

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

Long-Term Debt Transaction Differences

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

Pension and Other Postemployment Benefits Differences

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

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

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget. Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There was one supplemental appropriation of \$58,804 relating to grant funding through the CARES Act that occurred during the year. Budgets are adopted annually on a basis consistent with GAAP.

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

**B. Encumbrances**

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

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

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

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

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

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

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

**6. DEPOSITS WITH TRUSTEES (RESTRICTED ASSETS DEBT SERVICE FUND)**

Bond proceeds not expended for new construction and used to establish debt service funds and related accumulated investment income are held on deposit with trustees. The District has entered into various financing agreements to finance construction projects and has deposited funds with trustees for such projects. Bond proceeds, including interest income in excess of construction costs, are restricted for future projects or debt service. Additionally, under the financing agreements with the Dormitory Authority of the State of New York (DASNY), deposits with trustees represent required reserves for debt service and building replacement, together with earnings on such funds.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. DEPOSITS WITH TRUSTEES (RESTRICTED ASSETS DEBT SERVICE FUND) (continued)**

Total deposits with trustees consist of:

Cash	<u>\$ 303,301</u>
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The District does not maintain control over these assets. Instead, the assets are governed by the investment policies of the DASNY. Those policies, including interest rate risk, credit risk, and custodial risk, are disclosed within the DASNY's March 31, 2022, financial statement notes.

Financial information is available from the DASNY at 515 Broadway, Albany, New York, 12207-2964.

**7. PARTICIPATION IN BOCES**

During the year ended June 30, 2022, the District was billed \$79,517 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$34,262. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York, 11772.

**8. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022, represents amounts due to the District for tuition charges as follows:

General Fund	
Suffolk County DSS	\$ 344,656
Nassau County DSS	454,500
NYC Department of Education	123,071
Other School Districts	<u>1,172,129</u>
	<u>\$ 2,094,356</u>

District management expects these amounts to be fully collectible.

**9. DUE FROM STATE AND FEDERAL**

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

General Fund	
Federal Grants	\$ 5,881
Special Aid Fund	
Federal Grants	<u>181,727</u>
	<u>\$ 187,608</u>

District management expects these amounts to be fully collectible.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**10. DUE FROM OTHER GOVERNMENTS**

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

General Fund	
BOCES Aid	<u>\$ 32,796</u>

District management expects these amounts to be fully collectible.

**11. INTERFUND TRANSACTIONS**

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

	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 200,240	\$ -
Special Aid Fund		200,240
	<u>\$ 200,240</u>	<u>\$ 200,240</u>

The general fund pays for certain expenditures that are related to grant-funded programs of the special aid fund. The general fund will be reimbursed for these advances when funds become available in the special aid fund. Interfund payables are expected to be repaid within one year.

**12. CAPITAL ASSETS**

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Balance</u> <u>June 30, 2022</u>
Governmental activities:				
Capital assets that are depreciated:				
Building improvements	\$ 7,859,126	\$ -	\$ -	\$ 7,859,126
Equipment	622,612	9,945		632,557
Total depreciable assets	<u>8,481,738</u>	<u>9,945</u>	<u>-</u>	<u>8,491,683</u>
Less accumulated depreciation:				
Building improvements	3,266,571	380,851		3,647,422
Equipment	400,671	40,393		441,064
Total accumulated depreciation	<u>3,667,242</u>	<u>421,244</u>	<u>-</u>	<u>4,088,486</u>
Total capital assets, net	<u>\$ 4,814,496</u>	<u>\$ (411,299)</u>	<u>\$ -</u>	<u>\$ 4,403,197</u>

Depreciation expense, was charged to governmental functions as follows:

General support	\$ 35,024
Instruction	386,220
Total governmental activities depreciation expense	<u>\$ 421,244</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**13. SHORT-TERM DEBT**

A revenue anticipation note (RAN) is a short-term interest bearing note issued by the District in anticipation of revenues to be received at a later date.

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

	Issue Date	Maturity	Interest Rate	Balance July 1, 2021	Issued	Redeemed	Balance June 30, 2022
RAN	6/22/2021	6/21/2022	1.79%	\$ 1,200,000	\$ -	\$(1,200,000)	\$ -
RAN	6/21/2022	6/20/2023	4.29%	-	1,000,000	-	1,000,000
Total				<u>\$ 1,200,000</u>	<u>\$ 1,000,000</u>	<u>\$(1,200,000)</u>	<u>\$ 1,000,000</u>

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

Interest paid	\$ 29,603
Less: interest accrued in the prior year	(477)
Plus: interest accrued in the current year	<u>1,073</u>
Total interest expense on short-term debt	<u>\$ 30,199</u>

**14. LONG-TERM LIABILITIES**

**A. Changes**

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts due within one year	Amounts due in more than one year
Governmental activities:						
Bonds Payable:						
DASNY Construction	\$ 4,470,000	\$ -	\$ (195,000)	\$ 4,275,000	\$ 205,000	\$ 4,070,000
Other liabilities:						
Compensated absences	728,380	146,977	(146,053)	729,304	75,802	653,502
Other liabilities	<u>276,819</u>		<u>(11,884)</u>	<u>264,935</u>	<u>12,234</u>	<u>252,701</u>
Total noncurrent liabilities	<u>\$ 5,475,199</u>	<u>\$ 146,977</u>	<u>\$ (352,937)</u>	<u>\$ 5,269,239</u>	<u>\$ 293,036</u>	<u>\$ 4,976,203</u>

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

**B. Bonds Payable**

Bonds payable is comprised of the following:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
DASNY Construction	07/27/16	7/1/2036	4.50%	<u>\$ 4,275,000</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**14. LONG TERM LIABILITIES** (continued)

**B. Bonds Payable** (continued)

The District, through the Dormitory Authority of the state of New York (DASNY), participated in the issuance of a DASNY private placement bond in July 2016, to finance the repair, renovation and addition of a new wing to the existing school building in order to provide adequate and appropriate instructional space. The private placement bond is secured by an assignment of State building aid that would be received by the District, an assignment of a portion of the tuition payable to the District by local school districts and social service agencies that are financially responsible for the education of the students attending the District, a standby intercept of the District's State operating aid, and leasehold interest and other real property interests.

The State legislation enabling DASNY to finance special act school districts authorizes DASNY to enter into a lease agreement with the District. Under the lease agreement, the District is required to pay, or cause to be paid, DASNY annual rentals which equal the principal and interest on the bond and all fees and expenses of DASNY and the trustee in relation to the issuance of the bond on behalf of the District. The District's building aid and a portion of the tuition from local school districts and social services agencies will be paid directly to the State Comptroller for deposit in the State's School Financing Reserve Fund. The State Comptroller will then make semi-annual debt service payments on behalf of the District from the School Financing Reserve Fund. The State Comptroller is authorized to intercept state aid to the local school districts and social service agencies that fail to pay the assigned tuition.

The debt service payments are recorded as expenditures, while the tuition from local school districts and state aid paid directly to the State Comptroller are recorded as revenues, in the District's fund financial statements.

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

	Principal	Interest	Total
Fiscal year ended June 30, 2023	\$ 205,000	\$ 187,762	\$ 392,762
2024	215,000	178,313	393,313
2025	225,000	168,412	393,412
2026	235,000	158,063	393,063
2027	245,000	147,263	392,263
2028-2032	1,400,000	556,650	1,956,650
2033-2037	1,750,000	203,625	1,953,625
Total	\$ 4,275,000	\$ 1,600,088	\$ 5,875,088

**C. Other Liabilities**

Other liabilities consist of amounts due to the Agency for the repairs and renovations to the lobby of the school building required by the New York State Education Department. The renovations totaled \$351,017. The District executed an agreement with the Agency to pay \$1,647 per month commencing on July 1, 2014 through June 30, 2039 at an interest rate of 2.905%. Total interest paid for the year ended June 30, 2022, was \$7,884.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**14. LONG TERM LIABILITIES** (continued)

**C. Other Liabilities** (continued)

The following is a summary of debt service requirements for other liabilities:

	Principal		Interest		Total
Fiscal year ended June 30, 2023	\$ 12,234		\$ 7,534		\$ 19,768
2024	12,594		7,174		19,768
2025	12,965		6,803		19,768
2026	13,347		6,422		19,769
2027	13,740		6,029		19,769
2028-2032	75,009		23,833		98,842
2033-2037	86,720		12,122		98,842
2038-2039	38,326		1,169		39,495
Total	\$ 264,935		\$ 71,086		\$ 336,021

**D. Interest Expense**

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

Interest paid	\$ 196,763
Less: interest accrued in the prior year	(100,575)
Plus: interest accrued in the current year	96,188
Total interest expense on long-term debt	\$ 192,376

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

**A. General Information**

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. PENSION PLANS – NEW YORK STATE** (continued)

**B. Provisions and Administration**

Teachers' Retirement System

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

Employees' Retirement System

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

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer contributions are deducted from state aid in the subsequent months of September, October and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15.65% of covered payroll for the ERS' fiscal year ended March 31, 2022.



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. PENSION PLANS – NEW YORK STATE** (continued)

**C. Funding Policies** (continued)

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2022 was \$329,899 for TRS at the contribution rate of 9.80% and \$93,577 for ERS at an average contribution rate of 12.56%.

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2020, for TRS and March 31, 2021 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
Net pension asset	\$ 3,202,007	\$ 169,263
District's portion of the Plan's total net pension asset	0.018478%	0.0020706%
Change in proportion since the prior measurement date	(0.0017880%)	(0.0003608%)

For the year ended June 30, 2022, the District recognized pension expense (credit) of (\$171,718) for TRS and (\$3,507) for ERS. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 441,363	\$ 12,819	\$ 16,636	\$ 16,626
Changes of assumptions	1,053,207	282,481	186,507	4,767
Net difference between projected and actual earnings on pension plan investments	-0-	-0-	\$ 3,351,232	554,265
Changes in proportion and differences between the District's contributions and proportionate share of contributions	76,588	20,444	34,009	63,661
District's contributions subsequent to the measurement date	329,899	27,946	-0-	-0-
Total	<u>\$ 1,901,057</u>	<u>\$ 343,690</u>	<u>\$ 3,588,384</u>	<u>\$ 639,319</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. PENSION PLANS – NEW YORK STATE** (continued)

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

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	TRS	ERS
Year ending June 30, 2023	\$ (401,489)	\$ (53,265)
2024	(477,291)	(74,760)
2025	(610,502)	(159,644)
2026	(802,442)	(35,906)
2027	160,369	-0-
Thereafter	114,129	-0-
	\$ (2,017,226)	\$ (323,575)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Investment rate of return	6.95%	5.90%
Salary increase	1.95%-5.18%	4.40%
	June 30, 2020	March 31, 2020
	System's Experience	System's Experience
Inflation rate	2.40%	2.70%
Cost of living adjustment	1.30%	1.40%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 system experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. In the prior year, annuitant mortality rates were based on plan member experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020 for both the current and the prior year.

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. PENSION PLANS – NEW YORK STATE (continued)**

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

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date	<u>June 30, 2021</u>		<u>March 31, 2022</u>	
Asset type				
Domestic equity	33.0%	6.80%	32.0%	3.30%
International equity	16.0%	7.60%	15.0%	5.85%
Global equity	4.0%	7.10%		
Private equity	8.0%	10.00%	10.0%	6.50%
Real estate	11.0%	6.50%	9.0%	5.00%
Absolute return strategies			3.0%	4.10%
Real assets			3.0%	5.58%
Fixed income			23.0%	0.00%
Cash			1.0%	-1.00%
Credit			4.0%	3.78%
Domestic fixed income securities	16.0%	1.30%		
Global fixed income securities	2.0%	0.80%		
High-yield fixed income securities	1.0%	3.80%		
Privat debt	1.0%	5.90%		
Real estate debt	7.00%	3.30%		
Cash equivalents	1.00%	-0.20%		
	100.0%		100.0%	

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. PENSION PLANS – NEW YORK STATE (continued)**

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

Discount Rate

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

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

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

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	<u>\$ 336,004</u>	<u>\$ 3,202,007</u>	<u>\$ 5,610,674</u>
ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	<u>\$ (435,681)</u>	<u>\$ 169,263</u>	<u>\$ 675,269</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**15. PENSION PLANS – NEW YORK STATE (continued)**

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

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022, are paid to the system in September, October and November 2022. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2022 amounted to \$329,899 of employer contributions and \$38,032 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$27,946 of employer contributions. Employee contributions are remitted monthly.

**16. PENSION PLANS – OTHER**

**A. Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$88,439 and \$163,245, respectively.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. No amounts were deferred by eligible employees for the year ended June 30, 2022.

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**17. POSTEMPLOYMENT HEALTHCARE BENEFITS**

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

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

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

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

Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>54</u>
	<u><u>75</u></u>

**B. Total OPEB Liability**

The District’s total OPEB liability of \$14,773,515 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021. Update procedures were used to roll forward the total OPEB liability to the measurement date.

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

Inflation	2.50%
Salary increases	Varied based upon years of service and retirement system membership
Discount rate	3.54%
Healthcare cost trend rates	Known premium rate increases from 2021 to 2022, followed by 5.75% in 2022, decreasing gradually to an ultimate rate of 4.04% by 2075
Retirees' share of benefit related costs	10-50% of projected health insurance premiums for retirees contingent on years of service with the District

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**17. POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)**

**B. Total OPEB Liability (continued)**

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

Mortality rates were updated to Pub-2010 Teachers, General Employees, and Retirees Headcount-Weighted table projected fully generationally based on Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

Balance at June 30, 2021	<u>\$</u>	<u>18,591,926</u>
Changes for the year:		
Service cost		1,097,300
Interest on total OPEB liability		422,591
Differences between expected and actual experience		(580,173)
Changes of assumptions or other inputs		(4,507,117)
Benefit payments		<u>(251,012)</u>
Net Changes		<u>(3,818,411)</u>
 Balance at June 30, 2022	 <u>\$</u>	 <u>14,773,515</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022, and healthcare cost initial trend rate from 5.30% in 2020 to 5.75% in 2021.

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

	One Percent Decrease (2.54%)	Current Discount Rate (3.54%)	One Percent Increase (4.54%)
Total OPEB liability	<u>\$ (17,784,384)</u>	<u>\$ (14,773,515)</u>	<u>\$ (12,409,449)</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.75% decreasing to 3.04%) or 1 percentage point higher (6.75% decreasing to 5.04%) than the current healthcare cost trend rate:

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**17. POSTEMPLOYMENT HEALTHCARE BENEFITS (continued)**

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

	One Percent Decrease <small>(4.75% decreasing to 3.04%)</small>	Healthcare Cost Trend Rates <small>(5.75% decreasing to 4.04%)</small>	One Percent Increase <small>(6.75% decreasing to 5.04%)</small>
Total OPEB liability	<u>\$ (11,950,559)</u>	<u>\$ (14,773,515)</u>	<u>\$ (18,556,314)</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,268,833. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,279,962
Changes of assumptions or other inputs	4,014,865	4,347,572
Total	<u>\$ 4,014,865</u>	<u>\$ 6,627,534</u>

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

For the years ending June 30, 2023	\$ (251,058)
2024	(251,058)
2025	(251,058)
2026	(251,058)
2027	(251,058)
Thereafter	(1,357,379)
	<u>\$ (2,612,669)</u>

**18. RISK MANAGEMENT**

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



**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**19. RELATED PARTY TRANSACTIONS**

The District contracts with Little Flower Children and Family Services of New York (Agency), a related party, for various services including nursing, maintenance, water charges, etc. Total expenditures related to these services for the year ended June 30, 2022 were \$132,000. The Agency also billed the District for monthly electric costs not included in the contract, which totaled \$27,888 for the year ended June 30, 2022.

The District has an agreement with the Agency for the lease of a parcel of land upon which DASNY - financed capital facilities and improvements are constructed by the District. The lease is for a period of fifty years, ending July 17, 2040, and may continue for five-year extension periods upon mutual agreement between the District and the Agency. The District pays the Agency \$1 per year for basic rent.

On July 14, 2014, an amendment to the agreement was made, whereby the District agreed to repay the Agency for repairs to the school building lobby incurred by the Agency in the amount of \$351,017. This amount is to be repaid monthly over twenty-five years at an interest rate of 2.905% per annum. Total principal and interest repaid by the District was \$19,768 for the year ended June 30, 2022. The principal balance outstanding at June 30, 2022 was \$264,935. See Note 14, Long-Term Liabilities for further details.

At June 30, 2022, \$34,362 was due to the Agency for services provided, which was included in accounts payable.

**20. COMMITMENTS AND CONTINGENCIES**

**A. Tuition Rate**

During the year, the District charges other school districts and counties tuition at a rate set at the beginning of the fiscal year by the New York State Education Department (SED). The final tuition rate will be determined by the SED at a future date based on actual revenues and expenditures. The effect of this revised rate is not determinable at this time and is not reflected in the financial statements.

**B. Encumbrances**

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

General Fund	
Instruction	<u>\$      38,767</u>

**C. Grants**

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**20. COMMITMENTS AND CONTINGENCIES** (continued)

**D. Concentrations**

As of June 30, 2022, Nassau County's Department of Social Services, Suffolk County's Department of Social Services and William Floyd Union Free School District comprised approximately 22.5%, 16.5% and 12.0% of accounts receivable, respectively. William Floyd Union Free School District, Suffolk County's Department of Social Services, and New York City's Department of Education comprised 16.5%, 11.1%, and 9.0% of tuition revenue, respectively.

**E. Litigation**

The District may become involved in lawsuits arising from the normal conduct of its affairs. The District maintains insurance coverage and believes that the outcome of any matters will not have a material effect on these financial statements. The District is one of the named defendants in two lawsuits commenced under the Child's Victim Act seeking unspecified damages; it is not possible to predict the outcome of these lawsuits at this time.

**21. SUBSEQUENT EVENTS**

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For The Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Charges for services	\$ 8,266,880	\$ 8,266,880	\$ 7,639,990	\$ (626,890)
Use of money and property	550	550	602	52
Miscellaneous	22,500	22,500	1,051	(21,449)
Total Local Sources	8,289,930	8,289,930	7,641,643	(648,287)
State Sources	40,000	40,000	34,262	(5,738)
Federal Sources		58,804	58,804	
Total Revenues	<u>\$ 8,329,930</u>	<u>\$ 8,388,734</u>	<u>\$ 7,734,709</u>	<u>\$ (654,025)</u>

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For The Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Variance with Final Budget and Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 14,266	\$ 15,383	\$ 14,749	\$ -	\$ 634
Central administration	270,614	268,124	263,926		4,198
Finance	231,822	235,529	209,612		25,917
Staff	36,597	24,381	14,740		9,641
Central services	699,848	706,308	628,300		78,008
Special items	69,147	69,147	67,306		1,841
Total General Support	<u>1,322,294</u>	<u>1,318,872</u>	<u>1,198,633</u>	<u>-</u>	<u>120,239</u>
Instruction					
Administration & improvement	199,699	217,576	217,295		281
Teaching - regular school	2,893,542	2,893,542	2,727,871	38,767	126,904
Programs for students with disabilities	626,700	626,700	337,068		289,632
Teaching - special schools	120,600	110,961	51,021		59,940
Instructional media	25,000	20,184	11,500		8,684
Pupil services	526,353	579,965	548,986		30,979
Total Instruction	<u>4,391,894</u>	<u>4,448,928</u>	<u>3,893,741</u>	<u>38,767</u>	<u>516,420</u>
Employee Benefits	<u>2,572,974</u>	<u>2,578,166</u>	<u>2,330,815</u>		<u>247,351</u>
Debt Service					
Principal	11,884	11,884	11,884		-
Interest	30,884	30,884	29,603		1,281
Total Debt Service	<u>42,768</u>	<u>42,768</u>	<u>41,487</u>	<u>-</u>	<u>1,281</u>
Total Expenditures	<u>\$ 8,329,930</u>	<u>\$ 8,388,734</u>	<u>7,464,676</u>	<u>\$ 38,767</u>	<u>\$ 885,291</u>
Net Change in Fund Balance			270,033		
Fund Balance - Beginning of Year			<u>369,023</u>		
Fund Balance - End of Year			<u>\$ 639,056</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.

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

**Teachers' Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.018478%	0.020266%	0.020209%	0.019855%	0.019347%	0.019936%	0.020423%	0.020900%
District's proportionate share of the net pension asset/(liability)	\$ 3,202,007	\$ (560,010)	\$ 525,034	\$ 359,024	\$ 147,060	\$ (213,522)	\$ 2,121,287	\$ 2,328,087
District's covered payroll	\$ 3,136,257	\$ 3,439,988	\$ 3,373,227	\$ 3,320,538	\$ 3,083,217	\$ 3,115,034	\$ 3,107,525	\$ 3,136,066
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	102.10%	16.28%	15.56%	10.81%	4.77%	6.85%	68.26%	74.24%
Plan fiduciary net position as a percentage of the total pension liability	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

**Employees' Retirement System**

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0020706%	0.0024314%	0.0028380%	0.0022918%	0.0020693%	0.2112500%	0.0024083%	0.0023086%
District's proportionate share of the net pension asset/(liability)	\$ 169,263	\$ (2,421)	\$ (751,522)	\$ (162,382)	\$ (66,784)	\$ (198,493)	\$ (386,536)	\$ (77,990)
District's covered payroll	\$ 707,709	\$ 636,618	\$ 730,162	\$ 686,861	\$ 599,126	\$ 536,510	\$ 543,909	\$ 578,682
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	23.92%	0.38%	102.93%	23.64%	11.15%	37.00%	71.07%	13.48%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
 Last Ten Fiscal Years

***Teachers' Retirement System***

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 329,899	\$ 298,885	\$ 304,783	\$ 358,237	\$ 316,941	\$ 359,327	\$ 407,919	\$ 537,785	\$ 501,670	\$ 342,515
Contributions in relation to the contractually required contribution	<u>329,899</u>	<u>298,885</u>	<u>304,783</u>	<u>358,237</u>	<u>316,941</u>	<u>359,327</u>	<u>407,919</u>	<u>537,785</u>	<u>501,670</u>	<u>342,515</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,366,315	\$ 3,136,257	\$ 3,439,988	\$ 3,373,227	\$ 3,320,538	\$ 3,083,217	\$ 3,115,034	\$ 3,107,525	\$ 3,136,066	\$ 2,922,566
Contributions as a percentage of covered payroll	10%	10%	9%	11%	10%	12%	13%	17%	16%	12%

***Employees' Retirement System***

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 93,577	\$ 107,156	\$ 88,614	\$ 87,741	\$ 78,719	\$ 82,438	\$ 91,963	\$ 109,630	\$ 101,455	\$ 105,967
Contributions in relation to the contractually required contribution	<u>93,577</u>	<u>107,156</u>	<u>88,614</u>	<u>87,741</u>	<u>78,719</u>	<u>82,438</u>	<u>91,963</u>	<u>109,630</u>	<u>101,455</u>	<u>105,967</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 745,022	\$ 690,103	\$ 669,979	\$ 708,525	\$ 635,921	\$ 540,088	\$ 510,325	\$ 603,333	\$ 539,650	\$ 526,851
Contributions as a percentage of covered payroll	13%	16%	13%	12%	12%	15%	18%	18%	19%	20%

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
 Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 1,097,300	\$ 1,071,833	\$ 606,417	\$ 523,171	\$ 550,453
Interest on total OPEB liability	422,591	414,087	502,247	483,640	424,641
Differences between expected and actual experience	(580,173)	(619,727)	(1,923,368)	-	-
Changes of assumptions or other inputs	(4,507,117)	174,584	4,992,584	888,393	(650,206)
Benefit payments	(251,012)	(226,744)	(203,438)	(130,239)	(147,878)
Net change in total OPEB liability	(3,818,411)	814,033	3,974,442	1,764,965	177,010
Total OPEB liability, beginning	18,591,926	17,777,893	13,803,451	12,038,486	11,861,476
Total OPEB liability, ending	<u>\$ 14,773,515</u>	<u>\$ 18,591,926</u>	<u>\$ 17,777,893</u>	<u>\$ 13,803,451</u>	<u>\$ 12,038,486</u>
Covered employee payroll	\$ 3,851,934	\$ 3,459,393	\$ 3,528,838	\$ 3,686,555	\$ 3,621,573
Total OPEB liability as a percentage of covered employee payroll	383.53%	537.43%	503.79%	374.43%	332.41%
Discount rate	3.54%	2.16%	2.21%	3.51%	4.10%
Healthcare trend rates	5.75% to 4.04% by 2075	5.3% to 3.94% by 2075	5.4% to 3.94% by 2075	5.5% to 3.84% by 2075	8.0% to 5.0% by 2021

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

**Notes to Required Supplementary Information**

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

**LITTLE FLOWER UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2022

Capital assets, net	<u>\$ 4,403,197</u>
Deduct:	
Short-term portion of bonds payable	205,000
Long-term portion of bonds payable	<u>4,070,000</u>
	<u>4,275,000</u>
Net Investment in Capital Assets	<u><u>\$ 128,197</u></u>





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

To the Board of Education  
Little Flower Union Free School District  
Wading River, 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 Little Flower Union Free School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 23, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Little Flower Union Free School District in a separate letter dated November 23, 2022.

### **Purpose of this Report**

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

*Cullen & Danowski, LLP*

November 23, 2022

