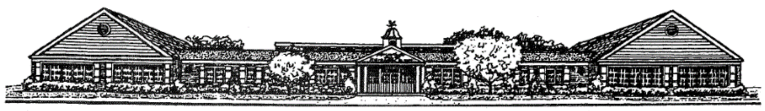


REMSENBURG - SPEONK UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS
June 30, 2023

REMSENBURG - SPEONK UNION FREE SCHOOL DISTRICT
Table of Contents

EFPR GROUP, CPAs PLLC

6390 Main Street, Suite 200
Williamsville, NY 14221

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Remsenburg-Speonk Union Free School District
Remsenburg, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of Remsenburg-Speonk Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to 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, each major fund, and the fiduciary fund of the District, as of June 30, 2023, 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 (GAAP).

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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.

Auditors' Responsibilities 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 auditors' 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 GAAS 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 GAAS 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

GAAP requires that the management's discussion and analysis and the other required supplementary information as listed in the table of contents 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 10, 2023

The Remsenburg-Speonk Union Free School District's (District) discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The District's total net position deficit, as reflected in the district-wide financial statements, decreased by $153,290 (6.36%). This was due to an excess of revenues over expenses using the economic resources measurement focus and the accrual basis of accounting.

- The District's expenses for the year, as reflected in the district-wide financial statements, totaled $14,925,024. Of this amount, $509,092 was offset by program charges for services and operating grants. General revenues of $14,569,222 amount to 96.6% of total revenues, and were adequate to cover the balance of program expenses.

- The District's general fund-fund balance, as reflected in the fund financial statements was $5,092,589 at June 30, 2023. This balance represents a $720,563 increase (16.48%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:

  - Restricted fund balances increased by $211,085 due to funding of reserves and interest allocated to reserves, offset by the use of reserves.

  - Assigned fund balance decreased $19,335, due to the decrease in outstanding encumbrances.

  - Unassigned fund balance increased by $528,813 to $2,430,192.

- The District's 2023 property tax levy, including STAR, of $13,508,082 was a 2.36% increase over the 2022 tax levy, which was equal to the allowable tax cap increase.

- On May 16, 2023, the voters authorized the District to establish a new 2023 capital reserve pursuant to §3651 of the education law commencing July 1, 2023 through June 30, 2033. The reserve is to be used for district-wide improvements, renovations and/or alterations, and other capital improvements. The reserve has a maximum funding amount of $3,000,000.

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:

A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

Governmental Funds

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

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

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

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

Fiduciary Fund

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position deficit decreased by $153,290 between fiscal year 2023 and 2022. The deficit decrease is due to revenues in excess of expenses using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

	2023	2022	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	$ 8,832,643	$ 8,146,629	$ 686,014	8.42 %
Capital Assets, Net	4,035,948	3,848,295	187,653	4.88 %
Net Pension Assets -				
Proportionate Share	-	3,421,134	(3,421,134)	(100.00)%
Total Assets	12,868,591	15,416,058	(2,547,467)	(16.52)%
Deferred Outflows of Resources	7,599,921	8,207,374	(607,453)	(7.40)%
Liabilities				
Current and Other Liabilities	1,648,527	1,367,884	280,643	20.52 %
Long-Term Liabilities	2,717,099	2,884,575	(167,476)	(5.81)%
Net Pension Liabilities -				
Proportionate Share	926,035	-	926,035	100.00 %
Total OPEB Liability	12,952,143	12,027,159	924,984	7.69 %
Total Liabilities	18,243,804	16,279,618	1,964,186	12.07 %
Deferred Inflows of Resources	4,483,382	9,755,778	(5,272,396)	(54.04)%
Net Position (Deficit)				
Net Investment in Capital Assets	1,784,303	1,637,537	146,766	8.96 %
Restricted	3,092,387	2,927,498	164,889	5.63 %
Unrestricted (deficit)	(7,135,364)	(6,976,999)	(158,365)	2.27 %
Total Net Position (Deficit)	$ (2,258,674)	$ (2,411,964)	$ 153,290	(6.36)%

The increase in current and other assets is primarily due to increases in cash and amounts due from state and federal.

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

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employee's Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 13 "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 for the pension and OPEB plans that will be amortized in future years.

The increase in current and other liabilities is primarily due to increases in amounts due to other governments and due to teachers' retirement system.
The decrease in long-term liabilities is due to the repayment of the current maturity of the bond indebtedness and deferred premium on bond, offset by an increase in the termination benefits payable.

Net pension liabilities – proportionate share represents the District's shares of the TRS' and the ERS' collective net pension liabilities, at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year, to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State," provides additional information.

Total OPEB liability increased based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits," provides additional information.

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

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

The restricted amount relates to the District's reserves and restricted amounts, which increased over the prior year as a result of transfers into the reserves and interest earnings.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District'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. In the accompanying financial statements, school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of these statements for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 293,543	$ 141,100	$ 152,443	108.04 %
Operating Grants	215,549	234,825	(19,276)	(8.21)%
General Revenues				
Property Taxes and STAR	13,508,187	13,197,244	310,943	2.36 %
State Sources	647,335	542,010	105,325	19.43 %
Other	413,700	330,547	83,153	25.16 %
Total Revenues	15,078,314	14,445,726	632,588	4.38 %

	2023	2022	Increase (Decrease)	Percentage Change
Expenses				
General Support	$ 1,896,793	$ 1,588,559	$ 308,234	19.40 %
Instruction	12,051,194	10,900,160	1,151,034	10.56 %
Pupil Transportation	798,841	915,576	(116,735)	(12.75)%
Community Services	2,927	2,779	148	5.33 %
Debt Service - Interest	63,403	49,887	13,516	27.09 %
Food Service Program	111,866	92,432	19,434	21.03 %
Total Expenses	14,925,024	13,549,393	1,375,631	10.15 %
Change in Net Position	$ 153,290	$ 896,333	$ (743,043)	(82.90)%

The District's net position deficit decreased by $153,290 and $896,333 for the years ended June 30, 2023 and 2022, respectively.

The District's revenues increased by $632,588 or 4.38%. This increase was primarily due to:

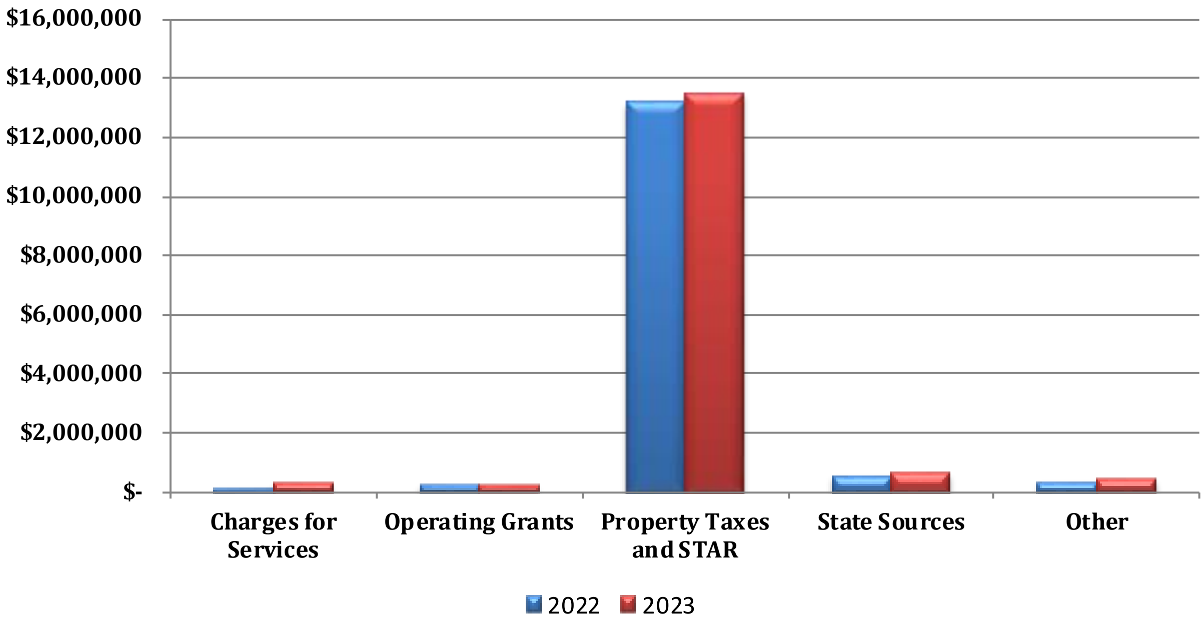
- An increase in property taxes and STAR, which was in accordance with the 2022-2023 voter-approved budget.
- Charges for services increased mainly due to a larger tuition revenue, as a result of greater enrollment, as well as more school food sales.
- The increase in state sources is due to greater state aid for basic formula aid and BOCES aid.
- Operating grants decreased as a result of the District having received less funding on existing grants in the 2022-2023 year.

The District's total expenses for the year increased by $1,375,631 or 10.15%. This increase was primarily due to:

- The increase in general support is due to the District incurring more contractual costs other than the prior year.
- The increase in instruction was due to a rise in salaries.
- In addition, the increases in general support and instruction include the impact of the net change in pension and OPEB costs allocated.
- Pupil transportation expenses decreased due to a drop in need.

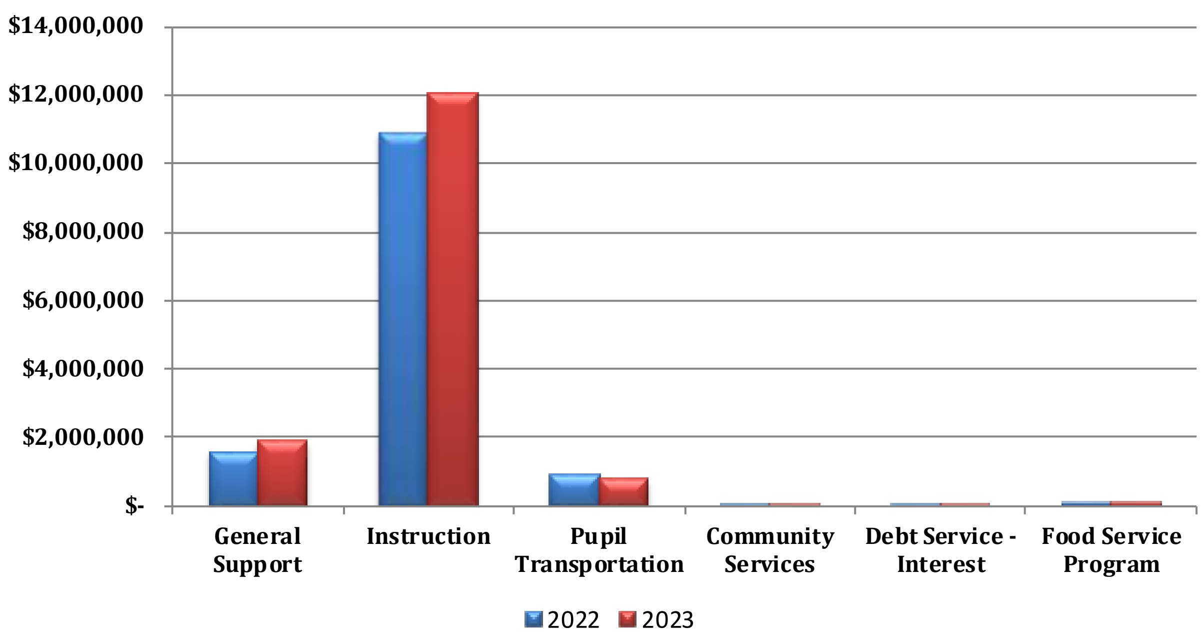
As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 89.6% and 91.4% of the totals for the years 2023 and 2022 respectively). Instruction expenses is the largest category of expenses incurred (i.e., 80.8% and 80.4% of the totals for the years 2023 and 2022 respectively).

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



	Charges for Services	Operating Grants	Property Taxes and STAR	State Sources	Other
2022	1.0%	1.6%	91.4%	3.8%	2.2%
2023	1.9%	1.4%	89.6%	4.3%	2.8%

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



	General Support	Instruction	Pupil Transportation	Community Services	Debt Service - Interest	Food Service Program
2022	11.7%	80.4%	6.8%	0.0%	0.4%	0.7%
2023	12.7%	80.8%	5.4%	0.0%	0.4%	0.7%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of $7,012,830, which is an increase of $394,490 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2023	2022	Increase (Decrease)	Percentage
General Fund				
Restricted:				
Workers' Compensation	$ 308,514	$ 297,690	$ 10,824	3.64 %
Unemployment Insurance	31,189	30,095	1,094	3.64 %
Retirement Contribution:				
Teachers' retirement system	335,493	259,331	76,162	29.37 %
Employees' retirement system	389,791	337,519	52,272	15.49 %
Capital	68,937	2,097	66,840	3187.41 %
Repairs	152,814	148,921	3,893	2.61 %
Debt	65,928	65,928	-	0.00 %
Assigned:				
Appropriated fund balance	1,267,510	1,267,510	-	0.00 %
Unappropriated fund balance	42,221	61,556	(19,335)	(31.41)%
Unassigned: Fund balance	2,430,192	1,901,379	528,813	27.81 %
	5,092,589	4,372,026	720,563	16.48 %
School Food Service Fund				
Nonspendable: Inventories	2,932	2,133	799	37.46 %
Assigned: Unappropriated fund balance	5,977	13,396	(7,419)	(55.38)%
	8,909	15,529	(6,620)	(42.63)%
Capital Projects Fund				
Restricted:				
Capital	1,739,721	1,836,230	(96,509)	(5.26)%
Unspent bond proceeds	171,611	394,555	(222,944)	(56.51)%
	1,911,332	2,230,785	(319,453)	(14.32)%
Total Fund Balance	$ 7,012,830	$ 6,618,340	$ 394,490	5.96 %

A. General Fund

The net change in the general fund – fund balance is an increase of $720,563, compared to a decrease of $1,007,780 in 2022. This resulted from revenues in excess of expenditures and other financing uses.

The following is a summary of the major changes that resulted in revenues increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	$ 13,508,187	$ 13,197,244	$ 310,943	2.36 %
Other Local Sources	676,439	456,642	219,797	48.13 %
State Sources	647,335	542,010	105,325	19.43 %
Other Financing Sources	-	460,300	(460,300)	(100.00)%
	$ 14,831,961	$ 14,656,196	$ 175,765	1.20 %

- The increase in property taxes and STAR is due to a rise in the tax levy in accordance with the 2022-2023 budget.
- The increase in other local sources is primarily due to more day school tuition due to greater enrollment.
- State sources increased as a result of additional state aid for basic formula aid and BOCES aid.

The following is a summary of major changes that resulted in expenditures and other financing uses decreasing from the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
General Support	$ 1,389,110	$ 1,264,755	$ 124,355	9.83 %
Instruction	9,655,808	9,494,018	161,790	1.70 %
Pupil Transportation	775,400	881,604	(106,204)	(12.05)%
Community Services	2,927	2,779	148	5.33 %
Employee Benefits	1,997,300	1,924,570	72,730	3.78 %
Debt Service	245,606	232,590	13,016	5.60 %
Other Financing Uses	45,247	1,863,660	(1,818,413)	(97.57)%
	$ 14,111,398	$ 15,663,976	$ (1,552,578)	(9.91)%

- Pupil transportation expenses decreased due to a drop in need.
- The decrease in other financing uses is due to the 2021-2022 voter-approved proposition to move $1,836,230 from the capital reserves to fund the reconstruction and reconfiguration of interior space.

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

	Balance @ June 30, 2022	Use of Reserve	Interest	Funding	Balance @ June 30, 2023
Workers' Compensation	$ 297,690	$	$ 10,824	$	$ 308,514
Unemployment Insurance	30,095		1,094		31,189
Retirement Contribution:					
TRS	259,331		8,992	67,170	335,493
ERS	337,519		12,272	40,000	389,791
Capital	2,097		66,840		68,937
Repairs	148,921	(75,000)	3,893	75,000	152,814
Debt	65,928				65,928
	$ 1,141,581	$ (75,000)	$ 103,915	$ 182,170	$ 1,352,666

Additional detail regarding capital reserves can be found in Note 18 "Restricted for Capital Reserve."

B. School Food Service Fund

The school food service fund - fund balance net decrease is primarily attributable to equipment purchases made during the year, as the District installed a new dishwasher.

C. Capital Projects Fund

The capital projects fund – fund balance net decrease is the result of expenditures relating to ongoing capital improvement projects.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District's general fund voter-approved budget for the year ended June 30, 2023 was $15,529,761. This amount was increased by encumbrances carried forward from the prior year in the amount of $61,556 and a budget revision in the amount of $75,000, for a total final budget of $15,666,317.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was $13,508,082 in estimated property taxes and STAR.

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

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

Opening, Unassigned Fund Balance	$ 1,901,379
Revenues Over Budget	569,710
Expenditures, Other Financing Uses, and Encumbrances Under Budget	1,512,698
Allocation to Reserves	(286,085)
Appropriated to Fund the June 30, 2024 Budget	(1,267,510)
Closing, Unassigned Fund Balance	$ 2,430,192

Opening, Unassigned Fund Balance

The $1,901,379 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned fund balance.

Revenues Over Budget

The 2022-2023 final budget for revenues was $14,262,251. Actual revenues for the year were $14,831,961. The excess of actual revenues over estimated or budgeted revenues was $569,710. This excess contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses was $15,666,317. Actual expenditures and other financing uses as of June 30, 2023 were $14,111,398 and outstanding encumbrances were $42,221. Combined, expenditures and other financing uses plus encumbrances for 2022-2023 were $14,153,619. The final budget variance was $1,512,698, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

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

Appropriated Fund Balance

The District has chosen to use $1,267,510 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2023 is $2,430,192. This unassigned fund balance portion is in excess of the permissible 4% statutory maximum per §1318 of the New York State Real Property Tax Law.

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

A. Capital Assets

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of $383,884 in excess of depreciation expense of $196,231 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Land	$ 67,500	$ 67,500	$ -
Construction work in progress	96,509	39,330	57,179
Buildings and improvements	3,397,477	3,196,353	201,124
Site improvements	75,885	87,368	(11,483)
Furniture and equipment	398,577	457,744	(59,167)
Capital assets, net	$ 4,035,948	$ 3,848,295	$ 187,653

The District is continuing to make significant capital expenditures resulting from a voter-approved capital reserve authorization of $1,836,230 to reconstruct and reconfigure interior space. As of June 30, 2023, the District has expended approximately 5.26% of the authorization and the construction is ongoing.

B. Debt Administration

At June 30, 2023, the District had total debt of $2,380,000. The decrease in outstanding debt represents principal payments made throughout the year. A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	Issue Date	Interest Rate	2023	2022	Increase (Decrease)
Bonds Payable					
	6/16/2020	2.00%	$ 2,380,000	$ 2,555,000	$ (175,000)

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for termination benefits payable, which are based on employment contracts, and workers' compensation liabilities, net pension liabilities – proportionate share, and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Termination benefits payable	$ 255,950	$ 238,700	$ 17,250
Workers' compensation liabilities	37,893	40,562	(2,669)
Net pension liability - proportionate share	926,035	-	926,035
Total OPEB liability	12,952,143	12,027,159	924,984
	$ 14,172,021	$ 12,306,421	$ 1,865,600

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is $16,003,955. This is an increase of $474,194 or 3.05% over the previous year's budget.

The District estimated its non-tax revenues at a $123,882 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget was $1,267,510, which remained the same as the prior year. As a result, a property tax increase of $350,312 (2.59%), levy-to-levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60 of the votes cast. Based on the law, the District's tax levy cap for 2023-2024 is 2.59%. The District's 2023-2024 property tax increase of 2.59% was equal to the tax cap and did not require an override vote.

8. CONTACTING THE DISTRICT

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

Ms. Denise Lindsay Sullivan - Superintendent/Principal
Remsenburg-Speonk Union Free School District
Mill Road
P.O. Box 900
Remsenburg, New York 11960

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

ASSETS	
Cash	
Unrestricted	$ 5,093,765
Restricted	3,263,998
Receivables	
Accounts receivable	1,112
Due from state and federal	166,968
Due from other governments	130,599
Inventories	2,932
Other assets	173,269
Capital assets:	
Not being depreciated	164,009
Being depreciated, net of accumulated depreciation	3,871,939
Total Assets	12,868,591
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	2,380,863
Other postemployment benefits	5,219,058
Total Deferred Outflows of Resources	7,599,921
LIABILITIES	
Payables	
Accounts payable	338,081
Accrued liabilities	22,294
Due to fiduciary fund	1,534
Due to other governments	880,927
Due to teachers' retirement system	377,549
Due to employees' retirement system	22,661
Other liabilities	1,651
Unearned credits	
Collections in advance	3,830
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	181,556
Due and payable after one year	
Bonds payable, net	2,241,700
Termination benefits payable	255,950
Workers' compensation liabilities	37,893
Net pension liabilities - proportionate share	926,035
Total other postemployment benefits liability	12,952,143
Total Liabilities	18,243,804
DEFERRED INFLOWS OF RESOURCES	
Pensions	220,318
Other postemployment benefits	4,263,064
Total Deferred Inflows of Resources	4,483,382
NET POSITION (DEFICIT)	
Net investment in capital assets	1,784,303
Restricted	
Workers' compensation	308,514
Unemployment insurance	31,189
Retirement contribution	
Teachers' retirement system	335,493
Employees' retirement system	389,791
Capital	1,808,658
Repairs	152,814
Debt	65,928
Total Restricted	3,092,387
Unrestricted (deficit)	(7,135,364)
Total Net Position (Deficit)	$ (2,258,674)

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 1,896,793	$	$	$ (1,896,793)
Instruction	12,051,194	263,377	178,515	(11,609,302)
Pupil transportation	798,841			(798,841)
Community services	2,927			(2,927)
Debt service - interest	63,403			(63,403)
Food service program	111,866	30,166	37,034	(44,666)
Total Functions and Programs	$ 14,925,024	$ 293,543	$ 215,549	(14,415,932)
GENERAL REVENUES				
Real property taxes				13,429,182
Other tax items				141,535
Use of money and property				204,079
Miscellaneous				147,091
State sources				647,335
Total General Revenues				14,569,222
Change in Net Position				153,290
Total Net Position (Deficit) - Beginning of year				(2,411,964)
Total Net Position (Deficit) - End of year				$ (2,258,674)

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Total Governmental Funds
ASSETS					
Cash					
Unrestricted	$ 5,062,286	$ 369	$ 31,110	$	$ 5,093,765
Restricted	3,053,245			210,753	3,263,998
Receivables					
Accounts receivable			1,112		1,112
Due from other funds	117,844			1,836,230	1,954,074
Due from state and federal	62,655	101,844	2,469		166,968
Due from other governments	130,599				130,599
Inventories			2,932		2,932
Total Assets	$ 8,426,629	$ 102,213	$ 37,623	$ 2,046,983	$ 10,613,448
LIABILITIES					
Payables					
Accounts payable	$ 182,898	$	$ 19,532	$ 135,651	$ 338,081
Accrued liabilities	20,311				20,311
Due to other funds	1,849,315	100,633	5,660		1,955,608
Due to other governments	880,778		149		880,927
Due to teachers' retirement system	377,549				377,549
Due to employees' retirement system	21,538		1,123		22,661
Other liabilities	1,651				1,651
Unearned credits					
Collections in advance		1,580	2,250		3,830
Total Liabilities	3,334,040	102,213	28,714	135,651	3,600,618
FUND BALANCES					
Nonspendable: Inventories			2,932		2,932
Restricted:					
Workers' compensation	308,514				308,514
Unemployment insurance	31,189				31,189
Retirement contribution					
Teachers' retirement system	335,493				335,493
Employees' retirement system	389,791				389,791
Capital	68,937			1,739,721	1,808,658
Repairs	152,814				152,814
Debt	65,928				65,928
Unspent bond proceeds				171,611	171,611
Assigned:					
Appropriated fund balance	1,267,510				1,267,510
Unappropriated fund balance	42,221		5,977		48,198
Unassigned: Fund balance	2,430,192				2,430,192
Total Fund Balances	5,092,589	-	8,909	1,911,332	7,012,830
Total Liabilities and Fund Balances	$ 8,426,629	$ 102,213	$ 37,623	$ 2,046,983	$ 10,613,448

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total Governmental Fund Balances		$ 7,012,830
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Cash held by third-party administrator is treated as a long-term asset and included in Net Position.		173,269
The costs of building and acquiring capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annual over their useful lives.		
Original cost of capital assets	$ 7,517,321	
Less: Accumulated depreciation	(3,481,373)	
		4,035,948
Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	2,380,863	
Net pension liability - teachers' retirement system	(363,792)	
Net pension liability - employees' retirement system	(562,243)	
Deferred inflows of resources	(220,318)	
		1,234,510
Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.		
Deferred outflows of resources	5,219,058	
Total other postemployment benefits liability	(12,952,143)	
Deferred inflows of resources	(4,263,064)	
		(11,996,149)
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 debt	(1,983)	
Bonds payable	(2,423,256)	
Termination benefits payable	(255,950)	
Workers' compensation liabilities	(37,893)	
		(2,719,082)
Total Net Position (Deficit)		$ (2,258,674)

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Total Governmental Funds
REVENUES					
Real property taxes	$ 13,429,182	$	$	$	$ 13,429,182
Other tax items	141,535				141,535
Charges for services	263,377				263,377
Use of money and property	204,079				204,079
Miscellaneous	146,453		638		147,091
State sources	647,335	93,691	748		741,774
Federal sources		84,824	36,286		121,110
Sales			30,166		30,166
Total Revenues	14,831,961	178,515	67,838	-	15,078,314
EXPENDITURES					
General support	1,389,110				1,389,110
Instruction	9,655,808	165,936			9,821,744
Pupil transportation	775,400	23,441			798,841
Community services	2,927				2,927
Employee benefits	1,997,300	689	8,311		2,006,300
Debt service -					
Principal	175,000				175,000
Interest	70,606				70,606
Food service program			99,843		99,843
Capital outlay				319,453	319,453
Total Expenditures	14,066,151	190,066	108,154	319,453	14,683,824
Excess (Deficiency) of Revenues Over Expenditures	765,810	(11,551)	(40,316)	(319,453)	394,490
OTHER FINANCING SOURCES AND (USES)					
Operating transfers in		11,551	33,696		45,247
Operating transfers (out)	(45,247)				(45,247)
Total Other Financing Sources and (Uses)	(45,247)	11,551	33,696	-	-
Net Change in Fund Balances	720,563	-	(6,620)	(319,453)	394,490
Fund Balances - Beginning of year	4,372,026	-	15,529	2,230,785	6,618,340
Fund Balances - End of year	$ 5,092,589	$ -	$ 8,909	$ 1,911,332	$ 7,012,830

REMSENBURG-SPEONK 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, 2023

Net Change in Fund Balances		$ 394,490
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) are being held by a third-party administrator. This is the amount by which other assets - cash held by third-party administrator increased in the period.	$ 10,735	
Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.		
Decrease in workers' compensation liabilities	2,669	
Certain operating expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, but are expensed in the Statement of Activities.		
Increase in termination benefits payable	(17,250)	
		(3,846)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation expense in the period.		
Capital outlays and other additions	383,884	
Depreciation expense	(196,231)	
		187,653
Long-Term Debt Transactions Differences		
The amortization of the deferred premium decreases interest expense in the Statement of Activities.	7,057	
The repayment of long-term debt principal 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.		
Bond payable	175,000	
Interest on long-term debt in the Statement of Activities differs rom 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 this is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023.	146	
		182,203
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	(120,161)	
Employees' retirement system	(144,317)	
Other postemployment benefits	(342,732)	
		(607,210)
Change in Net Position of Governmental Activities		$ 153,290

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2023

	Custodial
ASSETS	
Due from governmental funds	$ 1,534
LIABILITIES	
Due to other governments	1,534
NET POSITION	
Restricted for individuals, organizations, and other governments	$ -

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2023

	Custodial
ADDITIONS	
Real property taxes and PILOT collected for the Library	$ 298,076
DEDUCTIONS	
Disbursements of real property taxes and PILOT to the Library	298,076
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	$ -

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of 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 (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

C. Basis of Presentation

District-Wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

E. Real Property Taxes and Other Tax Items

<u>Calendar</u>

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

The District also levies the real property taxes for the Suffolk Cooperative Library System (Library), which are collected by the town and included in the amounts remitted to the District. The District remits the Library's share of the tax levy to the Library in two installments. These pass through amounts are not included in the District's real property tax revenues, however, these amounts are accounted for in the custodial fund.

Enforcement

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

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues, however, the amounts are accounted for in the custodial fund.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Suffolk County. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received $45,814 in LIPA PILOT revenue during the 2022-2023 fiscal year.

G. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted 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.

H. Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables among the funds, with the exception of those due from or to the fiduciary funds.

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

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

I. Use of Estimates

The preparation of financial statements in conformity with GAAP 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, termination benefits, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, and useful lives of capital assets.

J. Cash and Cash Equivalents

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

Investments are reported 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. Inventories

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

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

A portion of fund balance has been classified as nonspendable to indicate that inventories do not constitute an available spendable resource.

M. Capital Assets

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

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

	Capitalization Threshold	Estimated Useful Life
Buildings and other improvements	$ 500	50 years
Site improvements	500	20 years
Furniture and equipment	500	5-20 years

N. Other Assets

Other assets represent amounts on deposit that are being held by a third-party administrator for workers' compensation claims.

O. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets 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 represents the effect of the net change in the District's proportion of the collective net pension asset or liability not included in the collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

P. Short-Term Debt

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

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

Q. Collections in Advance

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

R. Termination Benefits

Termination benefits consist of longevity and increments delayed as specified in collective bargaining agreements. Upon retirement, employees may contractually receive a payment based on this longevity. The liability is calculated in accordance with GASB Statement No. 47 *Accounting for Termination Benefits.* In the fund financial statements, only the amount of matured liabilities is accrued within the general fund.

S. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

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

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

T. Long-Term Debt

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

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

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

U. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

V. Equity Classifications

<u>District-Wide Statements</u>

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 acquisition, construction, and improvements of those assets, net of any unexpended proceeds.

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.

<u>Fund Statements</u>

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

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

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

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

Capital Reserve

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

Repairs Reserve

Repairs Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. The reserve is accounted for in the general fund.

Restricted for Debt

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

Restricted – Unspent Bond Proceeds

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreement. These restricted funds are accounted for in the capital projects fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board. 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, positive amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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

<u>Fund Balance Classification</u>

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

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

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

2. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	**Statement**
June 30, 2024	GASB No. 99 – *Omnibus 2022*
June 30, 2025	GASB No. 101 – *Compensated Absences*

GASB Statement No. 99 provides guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

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

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

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

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

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

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

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 termination benefits.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments 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.

OPEB 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 OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

Repairs to damaged doors and oil tank funded by repair reserve	$ 75,000

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

C. Unassigned Fund Balance

The District's general fund unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater that 4% of the District's budget for the upcoming school year. The District plans to reduce unassigned fund balance to be within the permissible limit by funding the new capital reserve, established at the May 16, 2023 budget vote, during the 2023-2024 school year.

This new capital reserve is a ten year reserve commencing on July 1, 2023 and can be funded to a maximum of $3,000,000.

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.

Investment pool:

The District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to GML Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS portfolio holdings are collateralized in accordance with GML §10.

The District's investments in NYCLASS consisted of repurchanse agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. The carrying amount of these investments is $7,440,266, which is included as cash in the general fund.

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded as cost, which approximates fair value. The Lead Participant of NYCLASS is the Village of Potsdam. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

6. PARTICIPATION IN BOCES

During the year ended June 30, 2023, the District was billed $940,828 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $68,160. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

7. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2023 consists of:

General Fund		
New York State - general and excess cost aid	$	62,655
Special Aid Fund		
State and federal grants		101,844
School Food Service Fund		
State and federal food service program reimbursements		2,469
	$	166,968

District management expects these amounts to be fully collectible.

8. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2023 consisted of:

General Fund		
New York State - BOCES aid	$	68,160
Parentally placed student tuition		62,439
	$	130,599

District management expects these amounts to be fully collectible.

9. CAPITAL ASSETS

A. Changes

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets that are not depreciated:				
Land	$ 67,500	$	$	$ 67,500
Construction work in progress	39,330	96,509	(39,330)	96,509
Total capital assets not being depreciated	106,830	96,509	(39,330)	164,009
Capital assets that are depreciated:				
Buildings and other improvements	5,576,619	319,464		5,896,083
Site improvements	173,523			173,523
Furniture and equipment	1,345,594	7,241	(69,129)	1,283,706
Total capital assets being depreciated	7,095,736	326,705	(69,129)	7,353,312
Less accumulated depreciation for:				
Buildings and other improvements	2,380,266	118,340		2,498,606
Site improvements	86,155	11,483		97,638
Furniture and equipment	887,850	66,408	(69,129)	885,129
Total accumulated depreciation	3,354,271	196,231	(69,129)	3,481,373
Total capital assets being depreciated, net	3,741,465	130,474	-	3,871,939
Capital assets, net	$ 3,848,295	$ 226,983	$ (39,330)	$ 4,035,948

Depreciation expense was charged to governmental functions as follows:

General support	$ 163,279
Instruction	29,240
Food service program	3,712
Total depreciation expense	$ 196,231

B. Impairment Losses

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2023, the District has not recorded any such impairment losses.

10. INTERFUND TRANSACTIONS

Interfund balances and activities at June 30, 2023 are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General fund	$ 117,844	$ 1,849,315	$	$ 45,247
Special aid fund		100,633	11,551	
School food service fund		5,660	33,696	
Capital projects fund	1,836,230			
Total Governmental Funds	1,954,074	1,955,608	$ 45,247	$ 45,247
Custodial Fund	1,534			
	$ 1,955,608	$ 1,955,608		

The District typically transfers from the general fund to the special aid fund and the school food service fund in accordance with the general fund budget. The transfer to the special aid fund from the general fund is to provide the District’s 20% share of the summer program for students with disabilities. The transfer to the school food service fund from the general fund is to provide support for the program per the approved budget, as well as funding for a new dishwasher.

11. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2022	Issued	Redeemed	Balance June 30, 2023
TAN	3/15/2023	4.21%	$ -	$ 1,200,000	$ (1,200,000)	$ -

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town. Interest on short-term debt for the year was $19,506. The effective interest rate was 4.21%.

12. LONG-TERM LIABILITIES

A. Changes

Long-term liability balances and activity, excluding pension and total OPEB liabilities, for the year are summarized below:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Bonds payable	$ 2,555,000	$	$ (175,000)	$ 2,380,000	$ 175,000
Premium on obligation	50,313		(7,057)	43,256	6,556
	2,605,313	-	(182,057)	2,423,256	181,556
Other long-term liabilities:					
Termination benefits payable	238,700	17,250		255,950	
Workers' compensation	40,562	21,443	(24,112)	37,893	
Total long-term liabilities	$ 2,884,575	$ 38,693	$ (206,169)	$ 2,717,099	$ 181,556

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

Additions and reductions to termination benefits are shown net since it is impractical to separately determine these amounts. The maturity of termination benefits is not determinable.

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
School District Serial Bonds	6/16/2020	6/15/2035	2.00%	$ 2,380,000

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

Year Ending June 30,	Principal	Interest	Total
2024	$ 175,000	$ 47,600	$ 222,600
2025	175,000	44,100	219,100
2026	175,000	40,600	215,600
2027	175,000	37,100	212,100
2028	175,000	33,600	208,600
2029-2033	1,055,000	109,800	1,164,800
2034-2035	450,000	13,500	463,500
Total	$ 2,380,000	$ 326,300	$ 2,706,300

C. Premium on Obligation

In the District-wide statements, the District is amortizing the premium received on bonds as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Premium
2024	$ 6,556
2025	6,056
2026	5,555
2027	5,055
2028	4,554
2029-2033	14,192
2034-2035	1,288
Total	$ 43,256

D. Interest Expense

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

Interest paid	$ 51,100
Less interest accrued in the prior year	(2,129)
Plus interest accrued in the current year	1,983
Less amortization of premium	(7,057)
Total interest expense on long-term debt	$ 43,897

13. 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.

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 at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found on 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, New York 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 the ERS or 3.5% of their salary to the TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 10.90% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023, was $358,809 for TRS at the contribution rate of 10.29% and $73,892 for ERS at an average contribution rate of 10.97%.

D. Retirement Incentive

The District has a retirement incentive that is offered to teachers having achieved a minimum of 15 years of service. Teachers who have attained 15 to 19 years of service are eligible to receive a $10,000 incentive upon retiring. Teachers who have attained 20+ years of service at the District receive an incentive equal to $1,000 times their number of years of service. The total maximum retirement incentive payout is $30,000. The current estimated value of the incentive is $255,950, and is recorded as a long-term liability in the Statement of Net Position.

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

At June 30, 2023, 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) were measured as of June 30, 2022, for TRS and March 31, 2023 for ERS. The total pension 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 systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	$ (363,792)	$ (562,243)
District's portion of the Plan's total pension liability	0.018958%	0.0026219%
Change in proportion since the prior measurement date	0.000351	0.0002160

For the year ended June 30, 2023, the District recognized a pension expense of $478,810 for TRS and $219,453 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	$ 381,208	$ 59,883	$ 7,290	$ 15,790
Changes of assumptions	705,695	273,062	146,546	3,018
Net difference between projected and actual earnings on pension plan investments	470,054			3,303
Changes in proportion and differences between the District's contributions and proportionate share of contributions	56,254	53,237	37,339	7,032
District contributions subsequent to the measurement date	358,809	22,661		
Total	$ 1,972,020	$ 408,843	$ 191,175	$ 29,143

District contributions, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2024	$ 282,480	$ 92,775
2025	148,815	(13,155)
2026	(51,440)	123,207
2027	921,599	154,212
2028	117,012	-
Thereafter	3,570	-
	$ 1,422,036	$ 357,039

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, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2022 and MP-2020 for June 30, 2021, applied on a generational basis. 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-2021. The previous actuarial valuation as of April 1, 2020, used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2021 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equity	8.0%	9.90%	10.0%	7.50%
Alternative investments			10.0%	5.38-5.84%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0.00 %
	100.0%		100.0%	

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS. 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%
District's proportionate share of the net pension asset/(liability)	$ (3,354,333)	$ (363,792)	$ 2,151,233

ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset/(liability)	$ (1,358,700)	$ (562,243)	$ 103,290

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:

	TRS	ERS
	(Dollars in Thousands)	
Measurement date	June 30, 2022	March 31, 2023
Employers' total pension liability	$ (133,883,474)	$ (232,627,259)
Plan fiduciary net position	131,964,582	211,183,223
Employers' net pension liability	$ (1,918,892)	$ (21,444,036)
Ratio of plan fiduciary net position to the employers' total pension liability	98.57%	90.78%

Payables to the Pension Plan

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, 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, 2023 amounted to $358,809 of employer contributions and $18,740 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to $22,661 of employer contributions. Employee contributions are remitted monthly.

14. 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 based on collectively bargained agreements. Contributions made by employees for the year ended June 30, 2023, totaled $247,973.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled $13,005.

15. 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 Empire Blue Cross Blue Shield. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 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 July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	-
Active employees	29
	58

B. Total OPEB Liability

The District's total OPEB liability of $12,952,143 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 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	2.40%	
Salary increases	2.40%	average, including inflation
Discount rate	3.65%	
Healthcare cost trend rates	6.40%	to 3.80% over 54 years
Retirees' share of benefit-related costs	5 - 40%	of projected health insurance premiums for retirees

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

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity. The July 1, 2019 valuation used mortality rates that were based on the results of the actuarial study done by the Office of the Actuary of New York State Teachers' Retirement System (TRS) and used for the TRS valuation as of June 30, 2018.

The plan has not had a formal actuarial experience study performed.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	$ 12,027,159
Changes for the year	
Service cost	394,174
Interest on total OPEB liability	433,456
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	454,084
Benefit payments	(356,730)
	924,984
Balance at June 30, 2023	$ 12,952,143

As of the June 30, 2023 measurement date, the following actuarial assumption was changed:

- The discount rate used for the valuation was changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

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 (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

OPEB	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total OPEB liability	$ (15,243,702)	$ (12,952,143)	$ (11,122,810)

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 (5.40 to 2.80%) or 1 percentage point higher (7.40 to 4.80%) than the current healthcare cost trend rate:

OPEB	1% Decrease 5.40% decreasing to 2.80%	Healthcare Cost Trend Rates 6.40% decreasing to 3.80%	1% Increase 7.40% decreasing to 4.80%
Total OPEB liability	$ (10,704,431)	$ (12,952,143)	$ (15,893,971)

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

For the year June 30, 2023, the District recognized OPEB expense of $699,462. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	$ 3,758,992	$
Changes of assumptions or other inputs	1,460,066	4,263,064
Total	$ 5,219,058	$ 4,263,064

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

Year Ending June 30,	Amount
2024	$ (128,168)
2025	(95,679)
2026	205,245
2027	452,005
2028	276,311
Thereafter	246,280
	$ 955,994

16. RISK MANAGEMENT

A. General Information

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

B. Public Entity Risk Pool – Risk Retained

The District participates in a risk sharing pool, the East End Workers' Compensation Consortium (EEWCC), to insure workers' compensation claims. This public entity risk pool was created under Article 5 of Workers' Compensation Law, to evaluate, process, administer, and pay workers' compensation claims. The District retains the risk of loss.

The District pays an annual assessment to the pool for its workers' compensation claims coverage and related expenses. The EEWCC has obtained an excess compensation insurance policy to buffer the effect that a single large claim may have on the District's loss experience. The EEWCC established a non-discounted liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

The District's liability for incurred but unpaid claims and incurred but not reported claims at June 30, 2023, as processed by the EEWCC, is $37,893. Claims activity is summarized as follows:

	June 30, 2022	June 30, 2023
Claims at beginning of year	$ 39,772	$ 40,562
Incurred claims and claim adjustment expenses	23,299	21,443
Claims payments and expenses	(22,509)	(24,112)
Claims liabilities at end of year	$ 40,562	$ 37,893

The EEWCC is holding $173,269 of cash on account for the District to satisfy these liabilities at June 30, 2023. In addition, the District has reserved $308,514 in the general fund for potential supplemental assessments due to catastrophic losses and future claims.

The EEWCC has issued financial statements for the year ended June 30, 2023. Copies of these statements can be obtained from the District's Business Office.

C. Public Entity Risk Pool – Risk Sharing

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

D. Health Benefit Program

The District participates in a health benefit program for its employees through the East End Health Plan, a consortium of school districts from the east end of Long Island. The benefit program's administrator is responsible for the approval, processing, and payment of claims. This is billed to the District at an established rate based on the number of participants. The District is responsible for monthly contributions, based on participant coverage at a rate established by the Plan's Board of Directors, to cover the Plan's anticipated benefits and administrative costs. The plan reports on a June 30th year-end. In the event the plan experiences a shortfall, a special assessment against participating districts may be imposed. The District is not aware of any additional assessments related to claims incurred through June 30, 2023.

17. ASSIGNED APPROPRIATED FUND BALANCE

The amount of $1,267,510 has been appropriated to reduce taxes for the year ending June 30, 2024.

18. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2004	May 2017	
Number of Years to Fund	10	10	
Maximum Funding	$ 500,000	$ 1,500,000	
			Total
General Fund			
Funding Provided	$ 500,000	$ 1,500,000	$ 2,000,000
Interest Earnings	58,963	60,285	119,248
Use of Reserve	(546,853)	(1,503,458)	(2,050,311)
Total General Fund	12,110	56,827	68,937
Capital Projects Fund			
Funding Provided	546,853	1,503,458	2,050,311
Use of Reserve	(310,590)		(310,590)
Total Capital Projects Fund	236,263	1,503,458	1,739,721
Balance as of June 30, 2023	$ 248,373	$ 1,560,285	$ 1,808,658

19. TAX ABATEMENTS

The Town of Southampton enters into various property tax abatement programs for the purpose of economic development. The District received PILOT payments totaling $16,716. The amount by which the Districts property taxes were reduced is unavailable

20. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2023, the District encumbered the following amounts:

Restricted Fund Balance:	
Capital Projects Fund	
Capital Projects	$ 120,356
Assigned: Unappropriated Fund Balance	
General Fund	
General Support	39,400
Instruction	2,821
	42,221
	$ 162,577

B. Grants

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

C. Litigation

The District is not aware of any material pending or threatened litigation claims against the District. The District is also unaware of any unasserted claims or assessments that would require financial statement disclosure.

21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditors' 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.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	$ 13,406,771	$ 13,406,771	$ 13,429,182	$ 22,411
Other tax items	153,991	153,991	141,535	(12,456)
Charges for services	80,395	80,395	263,377	182,982
Use of money and property	3,300	3,300	204,079	200,779
Miscellaneous			146,453	146,453
Total Local Sources	13,644,457	13,644,457	14,184,626	540,169
State Sources	617,794	617,794	647,335	29,541
Total Revenues	14,262,251	14,262,251	14,831,961	$ 569,710
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	1,267,510	1,267,510		
Prior Year's Encumbrances	61,556	61,556		
Appropriated reserves	-	75,000		
Total Appropriated Fund Balance	1,329,066	1,404,066		
Total Revenues and Appropriated Fund Balance	$ 15,591,317	$ 15,666,317		

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.

REMSENBURG-SPEONK 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, 2023

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 25,547	$ 29,047	$ 26,148	$	$ 2,899
Central administration	315,594	315,194	311,680		3,514
Finance	298,460	347,657	301,123	39,400	7,134
Staff	60,291	75,346	75,346		-
Central services	580,005	651,014	567,319		83,695
Special items	110,135	110,135	107,494		2,641
Total General Support	1,390,032	1,528,393	1,389,110	39,400	99,883
Instruction					
Administration & improvement	251,873	262,610	248,790		13,820
Teaching - regular school	5,167,689	5,122,310	4,976,711	513	145,086
Programs for students with disabilities	4,618,487	4,516,247	3,644,035		872,212
Occupational education	58,118	132,781	131,562		1,219
Teaching - special schools	5,000	6,066	893		5,173
Instructional media	447,854	451,023	435,094	2,308	13,621
Pupil services	239,345	245,654	218,723		26,931
Total Instruction	10,788,366	10,736,691	9,655,808	2,821	1,078,062
Pupil Transportation	908,898	908,898	775,400		133,498
Community Services	3,022	3,147	2,927		220
Employee Benefits	2,214,575	2,194,268	1,997,300		196,968
Debt Service					
Principal	175,000	175,000	175,000		-
Interest	81,100	70,900	70,606		294
Total Debt Service	256,100	245,900	245,606	-	294
Total Expenditures	15,560,993	15,617,297	14,066,151	42,221	1,508,925
OTHER FINANCING USES					
Operating Transfers Out	30,324	49,020	45,247		3,773
Total Expenditures and Other Uses	$ 15,591,317	$ 15,666,317	14,111,398	$ 42,221	$ 1,512,698
Net Change in Fund Balance			720,563		
Fund Balance - Beginning of Year			4,372,026		
Fund Balance - End of Year			$ 5,092,589		

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.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Nine Fiscal Years

Teachers' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.018958%	0.018607%	0.019090%	0.018594%	0.019787%	0.019824%	0.020171%	0.020908%	0.020464%
District's proportionate share of the net pension asset/(liability)	$ (363,792)	$ 3,224,459	$ (527,510)	$ 483,065	$ 357,808	$ 150,682	$ (216,041)	$ 2,171,723	$ 2,279,587
District's covered payroll	$ 3,358,540	$ 3,158,247	$ 3,240,190	$ 3,103,584	$ 3,222,857	$ 3,141,442	$ 3,239,597	$ 3,266,591	$ 3,119,184
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83 %	102.10 %	16.28 %	15.56 %	11.10 %	4.80 %	6.67 %	66.48 %	73.08 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0026219%	0.0024059%	0.0019774%	0.0016782%	0.0017031%	0.0017643%	0.0018399%	0.0019466%	0.0020191%
District's proportionate share of the net pension asset/(liability)	$ (562,243)	$ 196,675	$ (1,969)	$ (444,395)	$ (120,666)	$ (56,942)	$ (172,885)	$ (312,440)	$ (68,211)
District's covered payroll	$ 744,065	$ 681,341	$ 615,936	$ 534,128	$ 592,328	$ 616,191	$ 618,151	$ 595,206	$ 616,060
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	75.56 %	28.87 %	0.32 %	83.20 %	20.37 %	9.24 %	27.97 %	52.49 %	11.07 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

Note to Required supplementary Information

The amounts presented for each fiscal year were determined as of each system's measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten year trend is compiled, the District is presenting information for those years for which information is available.

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 358,809	$ 329,137	$ 300,981	$ 287,081	$ 329,600	$ 315,840	$ 368,177	$ 412,731	$ 550,337	$ 491,959
Contributions in relation to the contractually required contribution	358,809	329,137	300,981	287,081	329,600	315,840	368,177	412,731	550,337	491,959
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,486,973	$ 3,358,540	$ 3,158,247	$ 3,240,190	$ 3,103,584	$ 3,222,857	$ 3,141,442	$ 3,239,597	$ 3,266,591	$ 3,119,184
Contributions as a percentage of covered payroll	10%	10%	10%	9%	11%	10%	12%	13%	17%	16%

Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 73,892	$ 97,833	$ 97,204	$ 76,360	$ 92,995	$ 89,482	$ 95,761	$ 98,928	$ 113,193	$ 118,564
Contributions in relation to the contractually required contribution	73,892	97,833	97,204	76,360	92,995	89,482	95,761	98,928	113,193	118,564
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 673,457	$ 775,921	$ 718,572	$ 641,219	$ 539,588	$ 568,610	$ 623,516	$ 596,043	$ 616,190	$ 602,546
Contributions as a percentage of covered payroll	11%	13%	14%	12%	17%	16%	15%	17%	18%	20%

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	$ 394,174	$ 588,744	$ 264,888	$ 352,195	$ 407,638	$ 474,185
Interest on total OPEB liability	433,456	222,809	271,895	411,922	381,411	304,234
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	4,830,128	-	15,497	-	785,527
Changes of assumptions or other inputs	454,084	(3,166,822)	1,962,404	(3,690,987)	(546,142)	(1,330,558)
Benefit payments	(356,730)	(346,558)	(205,945)	(253,993)	(249,522)	(259,521)
Net change in total OPEB liability	924,984	2,128,301	2,293,242	(3,165,366)	(6,615)	(26,133)
Total OPEB liability, beginning	12,027,159	9,898,858	7,605,616	10,770,982	10,777,597	10,803,730
Total OPEB liability, ending	$ 12,952,143	$ 12,027,159	$ 9,898,858	$ 7,605,616	$ 10,770,982	$ 10,777,597
Covered employee payroll	$ 3,140,537	$ 3,140,537	$ 2,706,124	$ 2,745,978	$ 2,637,595	$ 2,554,399
Total OPEB liability as a percentage of covered employee payroll	412.42%	382.97%	365.79%	276.97%	408.36%	421.92%
Discount rate	3.65%	3.54%	2.21%	3.50%	3.87%	3.58%
Healthcare trend rates	6.4% to 3.8% over 54 years	5.1% to 4.1% over 54 years	5.5% to 4.5%	6.0% to 4.5%	6.5% to 4.5%	7.0% to 4.5%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten year trend is compiled, the District is presenting information for those years for which information is available.

Note to Required supplementary Information

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

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		$ 15,529,761
Additions:		
Prior year's encumbrances		61,556
Original Budget		15,591,317
Budget Revisions		75,000
Final Budget		$ 15,666,317

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget		$ 16,003,955
Maximum allowed (4% of 2023-2024 budget)		$ 640,158
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,309,731	
Unassigned fund balance	2,430,192	
		$ 3,739,923
Less:		
Appropriated fund balance	1,267,510	
Encumbrances	42,221	
Total adjustments		1,309,731
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		$ 2,430,192
Actual Percentage		15.18%

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2023

			Expenditures				Methods of Financing				Fund
PROJECT TITLE	Budget June 30, 2022	Budget June 30, 2023	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance June 30, 2023
Roof replacement	$ 1,252,888	$ 792,588	$ 792,588	$	$ 792,588	$ -	$ 792,588	$	$	$ 792,588	$ -
Parking lot/millwork	428,300	266,679	222,609		222,609	44,070	266,679			266,679	44,070
Interior renovations	513,500	513,500	468,335		468,335	45,165	513,500			513,500	45,165
HVAC improvements	523,379	462,055	393,636		393,636	68,419	462,055			462,055	68,419
Plumbing improvements	33,000	33,000	19,044		19,044	13,956	33,000			33,000	13,956
Electrical improvements	148,465	148,465	148,465		148,465	-	148,465			148,465	-
Doors/Lockdown function	175,996	175,996	175,996		175,996	-	175,996			175,996	-
Architect & other soft cost	289,772	512,717	289,772	222,944	512,716	1	512,717			512,717	1
Capital reserve											
Interior and Garage Renovations	1,836,230	1,836,230		96,509	96,509	1,739,721			1,836,230	1,836,230	1,739,721
	$ 5,201,530	$ 4,741,230	$ 2,510,445	$ 319,453	$ 2,829,898	$ 1,911,332	$ 2,905,000	$ -	$ 1,836,230	$ 4,741,230	$ 1,911,332

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2023

Capital assets, net	$ 4,035,948
Deduct:	
Short-term portion of bonds payable	175,000
Long-term portion of bonds payable	2,205,000
Premium on bonds payable	43,256
Less: Unspent Bond proceeds	(171,611)
	2,251,645
Net investment in capital assets	$ 1,784,303

EFPR GROUP, CPAs PLLC

6390 Main Street, Suite 200
Williamsville, NY 14221

P 716.634.0700
TF 800.546.7556
F 716.634.0764
W EFPRgroup.com

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

The Board of Education
Remsenburg-Speonk Union Free School District
Remsenburg, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of Remsenburg-Speonk Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 10, 2023

REMSENBURG-SPEONK UNION FREE SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2023

Reference: (2023-001) General Fund Fund Balance in Excess of the 4% Limit

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

Condition - The District's unrestricted fund balance at June 30, 2023 after excluding amounts assigned for the subsequent year and encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the year ended June 30, 2023, this portion of the District's unrestricted fund balance is $2,430,192, which is 15.18% of the 2023-24 voter approved General Fund budget.

Cause - Funding of reserves and appropriation of unassigned fund balance for the 2023-24 budget was insufficient to be in compliance with NYS Real Property Tax Law §1318.

Effect - The District is not in compliance with NYS Real Property Tax Law §1318.

Recommendation - We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

Management Response - The District is in the process of formulating a plan to reduce the unassigned fund balance to be within the permissible limit. This plan will address funding reserves to a fiscally prudent level and the capital needs of the District.