



FREEPORT UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION WITH
INDEPENDENT AUDITOR'S REPORTS

June 30, 2023

FREEPORT UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Freeport Union Free School District
Freeport, 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 the Freeport Union Free School District (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 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 Freeport Union Free School 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information on pages 62 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 on our consideration of the Freeport Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Freeport Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Freeport Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP
October 10, 2023

FREEPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Freeport Union Free School District's (District) discussion and analysis of the 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:

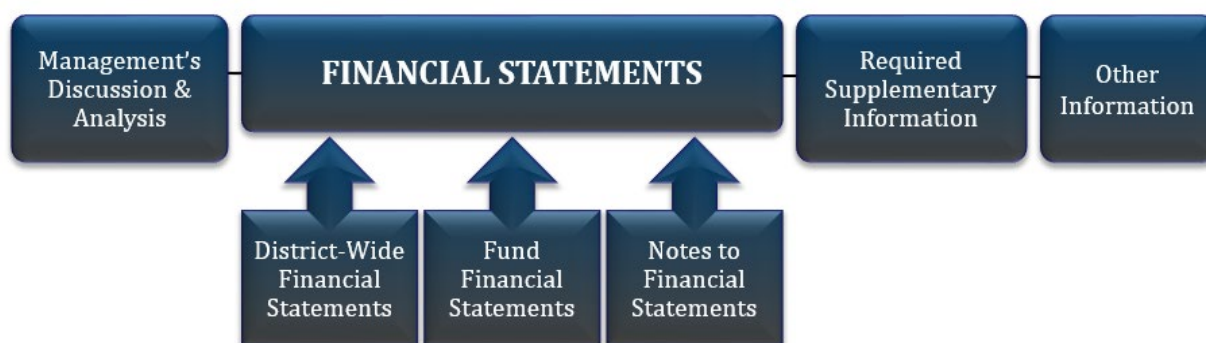
- Based on a consistently strong and stable profile, low direct debt, and highly rated fiscal management, the District continues to enjoy a bond rating of AA. This puts the District among the top few districts rated by Standard & Poor's.
- The District received the highest fiscal stress monitoring rating of "No Designation" with a fiscal score of 0.0 (best rating) on the last available report from the New York State Comptroller's Office.
- The District's per-pupil spending is one of the lowest in Nassau County when compared to other K-12 school districts; the District's per-pupil tax levy is also among the lowest of all Nassau County school districts.
- The community demonstrated its continuing support by approving the 2023-2024 school budget. The 2023-2024 property tax levy is a 0.12% decrease from the prior fiscal year; the District has had no tax levy increase for the last eight out of nine fiscal years.
- The District's total net position was a deficit of \$18,423,091 in the district-wide financial statements at June 30, 2023, compared to a deficit of \$37,325,625 at June 30, 2022. The deficit decreased by \$18,902,534 over the prior year 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 \$209,159,618. Of this amount, \$24,114,879 was offset by program charges for services, and operating grants and contributions. General revenues of \$203,947,273 amount to 89.43% 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 \$93,495,120 at June 30, 2023. This balance represents a \$11,988,370 increase (14.71%) over the prior year 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, as follows:
 - Nonspendable fund balance increased by \$119,076, which represents the change in prepaids.
 - Restricted fund balance increased by \$10,758,908 due to funding of reserves and interest allocated to the reserves, offset by the use of the capital reserve.
 - Assigned fund balance decreased by \$452,573, as the District decreased the fund balance appropriated to fund the 2023 budget. This decrease was partially offset by an increase in encumbrances outstanding at year end.
 - Unassigned fund balance increased by \$1,562,959 to \$20,606,375.

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

- On May 16, 2023, the District's residents voted and authorized the District to expend \$2,500,000 from the capital reserve established on May 16, 2017 for the purpose of district-wide facilities improvements.
- The 2023-2024 budget carried a 0.12% decrease in the tax levy, which, combined with an increase in state aid, allowed the District to not only maintain current programs and services, but also enhance programs offered to the community and provide significant funding for capital upgrades and improvements.

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.

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

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. 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, lease liabilities, workers' compensation, compensated absences, 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 seven individual governmental funds: general fund, special aid fund, school food service fund, debt service fund, capital projects fund, extraclassroom activity funds, and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and payments in lieu of taxes (PILOT) and payments in lieu of taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources

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

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 increased by \$18,902,534 between fiscal year 2023 and 2022. The increase 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:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Asset				
Current and Other Assets	\$ 140,251,639	\$ 120,099,901	\$ 20,151,738	16.78 %
Capital Assets, Net	97,387,416	97,924,464	(537,048)	(0.55)%
Net Pension Assets - Proportionate Share	<u>-</u>	<u>75,884,336</u>	<u>(75,884,336)</u>	(100.00)%
Total Assets	<u>237,639,055</u>	<u>293,908,701</u>	<u>(56,269,646)</u>	(19.15)%
Deferred Outflows of Resources	<u>92,717,830</u>	<u>74,355,213</u>	<u>18,362,617</u>	24.70 %
Liabilities				
Current and Other Liabilities	21,402,775	23,011,146	(1,608,371)	(6.99)%
Long-Term Liabilities	27,724,375	30,043,558	(2,319,183)	(7.72)%
Net Pension Liabilities - Proportionate Share	15,783,646	-	15,783,646	N/A
Total OPEB Liability	<u>190,558,994</u>	<u>174,774,667</u>	<u>15,784,327</u>	9.03 %
Total Liabilities	<u>255,469,790</u>	<u>227,829,371</u>	<u>27,640,419</u>	12.13 %
Deferred Inflows of Resources	<u>93,310,186</u>	<u>177,760,168</u>	<u>(84,449,982)</u>	(47.51)%
Net Position (Deficit)				
Net investment in capital assets	86,447,600	83,586,615	2,860,985	3.42 %
Restricted	73,750,002	61,670,992	12,079,010	19.59 %
Unrestricted (Deficit)	<u>(178,620,693)</u>	<u>(182,583,232)</u>	<u>3,962,539</u>	2.17 %
Total Net Position (Deficit)	<u>\$ (18,423,091)</u>	<u>\$ (37,325,625)</u>	<u>\$ 18,902,534</u>	50.64 %

The increase in current and other assets is related to increases in the District's cash position and due from state and federal.

The decrease in capital assets, net is due to depreciation/amortization expense in excess of capital asset additions. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

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

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 Employees' 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 of the pension and OPEB plans that will be amortized in future years, and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds.

The decrease in current and other liabilities is primarily the result of decreases in accounts payable and accrued liabilities, offset partially by an increase in due to teachers' retirement system.

The decrease in long-term liabilities can be attributed to the repayment of the long-term maturity of the bond and energy performance contract debt, lease liabilities, and a drop in the workers' compensation liability, offset partially by an increase in compensated absences payable. The accompanying Notes to Financial Statements, Note 12 "Long-Term Liabilities" provides additional information.

Net pension liabilities – proportionate share represents the District's share 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 of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation/amortization 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, which increased compared to the prior year mainly due to transfers into the reserves.

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.

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

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 this statement for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 1,468,175	\$ 1,099,917	\$ 368,258	33.48 %
Operating Grants & Contributions	22,646,704	19,899,689	2,747,015	13.80 %
Capital Grants	-	114,202	(114,202)	(100.00)%
General Revenues				
Property Taxes & STAR	89,327,249	89,296,811	30,438	0.03 %
State Sources	109,624,914	93,095,065	16,529,849	17.76 %
Other	4,995,110	3,424,879	1,570,231	45.85 %
Total Revenues	<u>228,062,152</u>	<u>206,930,563</u>	<u>21,131,589</u>	10.21 %
Expenses				
General Support	19,638,721	19,084,152	554,569	2.91 %
Instruction	173,098,407	145,920,027	27,178,380	18.63 %
Pupil Transportation	11,315,091	9,553,129	1,761,962	18.44 %
Debt Service - Interest	364,635	475,320	(110,685)	(23.29)%
Food Service Program	4,742,764	4,080,216	662,548	16.24 %
Total Expenses	<u>209,159,618</u>	<u>179,112,844</u>	<u>30,046,774</u>	16.78 %
Change in Net Position	<u>\$ 18,902,534</u>	<u>\$ 27,817,719</u>	<u>\$ (8,915,185)</u>	(32.05)%

The District's net position increased by \$18,902,534 and \$27,817,719 for the years ended June 30, 2023 and 2022, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- The increase in state sources is chiefly due to the District receiving more in foundation aid, excess cost aid, lottery aid, and BOCES aid.
- Operating grants primarily increased as the District received additional funding for the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program under the Coronavirus Response and relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act.
- Other revenue increased primarily due to an increase in interest rates and earnings.

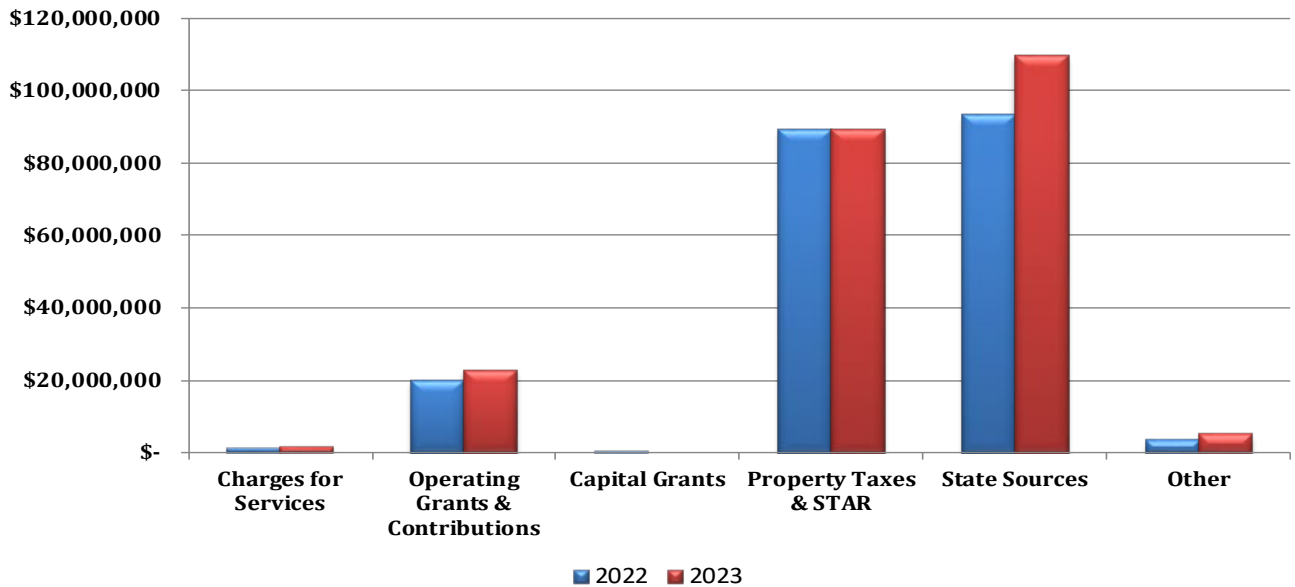
FREEPORT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- Instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, as well as an increase in salaries.
- Pupil transportation expenses increased due to a rise in contract bus expenses.
- Food service program expenses increased as a result of higher participation during the year.

As indicated on the graphs that follow, state sources is the largest component of revenues recognized (i.e., 48.1% and 45.0% of the total for the years 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.7% and 81.4% of the total for the years 2023 and 2022, respectively).

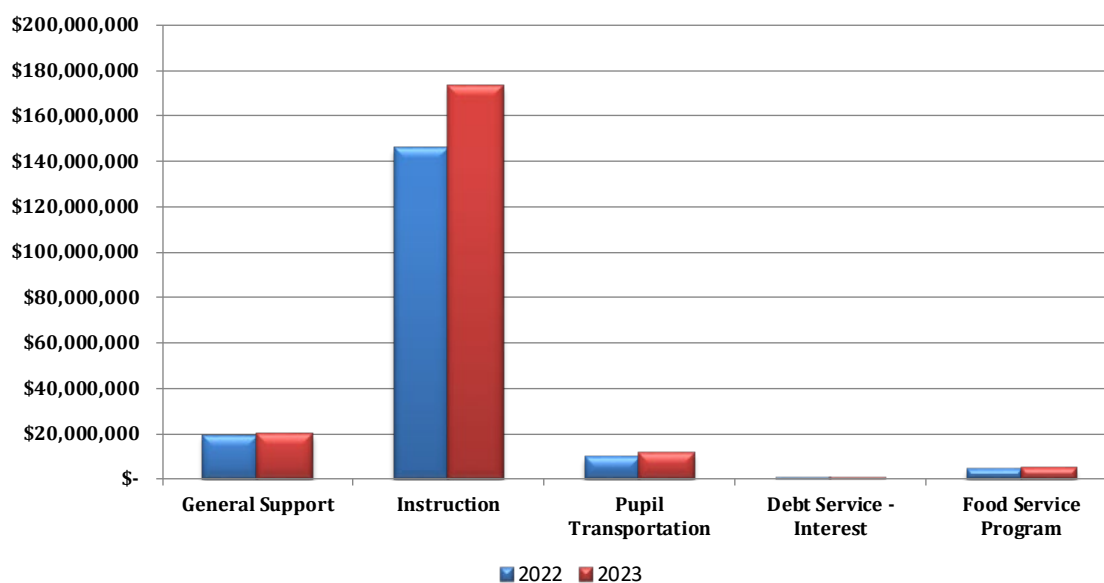
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes & STAR	State Sources	Other
2022	0.5%	9.6%	0.1%	43.2%	45.0%	1.6%
2023	0.6%	9.9%	0.0%	39.2%	48.1%	2.2%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2022	10.7%	81.4%	5.3%	0.3%	2.3%
2023	9.4%	82.7%	5.4%	0.2%	2.3%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$118,688,394, which is an increase of \$21,838,967 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 Change
General Fund				
Nonspendable: Prepaids	\$ 1,929,785	\$ 1,810,709	\$ 119,076	6.58 %
Restricted				
Workers' compensation	14,598,799	11,246,975	3,351,824	29.80 %
Unemployment insurance	3,669,991	2,104,170	1,565,821	74.42 %
Retirement contribution				
Teachers' retirement system	7,272,279	5,597,190	1,675,089	29.93 %
Employees' retirement system	18,920,571	15,437,656	3,482,915	22.56 %
Employee benefit accrued liability	14,880,880	14,429,502	451,378	3.13 %
Capital	4,969,538	4,737,657	231,881	4.89 %
Assigned:				
Appropriated fund balance	5,600,000	6,600,000	(1,000,000)	(15.15)%
Unappropriated fund balance	1,046,902	499,475	547,427	109.60 %
Unassigned: Fund balance	20,606,375	19,043,416	1,562,959	8.21 %
	<u>93,495,120</u>	<u>81,506,750</u>	<u>11,988,370</u>	<u>14.71 %</u>

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

	2023	2022	Increase (Decrease)	Percentage Change
School Food Service Fund				
Nonspendable: Inventory	\$ 159,510	\$ 128,562	\$ 30,948	24.07 %
Assigned: Unappropriated fund balance	3,294,220	3,019,078	275,142	9.11 %
	<u>3,453,730</u>	<u>3,147,640</u>	<u>306,090</u>	<u>9.72 %</u>
Debt Service Fund				
Restricted: Debt	<u>400,479</u>	<u>395,448</u>	<u>5,031</u>	<u>1.27 %</u>
Capital Projects Fund				
Restricted:				
Capital	8,761,390	7,443,460	1,317,930	17.71 %
Unspent bond proceeds	396,741	396,741	-	0.00 %
Assigned: Unappropriated fund balance	11,758,663	3,570,782	8,187,881	229.30 %
	<u>20,916,794</u>	<u>11,410,983</u>	<u>9,505,811</u>	<u>83.30 %</u>
Extracurricular Activity Funds				
Assigned: Unappropriated fund balance	<u>146,196</u>	<u>109,672</u>	<u>36,524</u>	<u>33.30 %</u>
Scholarships Fund				
Restricted: Scholarships	<u>276,075</u>	<u>278,934</u>	<u>(2,859)</u>	<u>(1.02)%</u>
Total Fund Balance	<u>\$ 118,688,394</u>	<u>\$ 96,849,427</u>	<u>\$ 21,838,967</u>	<u>22.55 %</u>

A. General Fund

The general fund - fund balance is a net increase of \$11,988,370, compared to an increase of \$10,767,739 in 2022. This resulted from revenues and other financing sources of \$204,982,231 exceeding expenditures and other financing uses of \$192,993,861 in 2023.

The following is a summary of the major changes that resulted in revenues and other financing sources increasing over the prior year.

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 89,327,249	\$ 89,296,811	\$ 30,438	0.03 %
Other Local Sources	5,744,782	3,951,313	1,793,469	45.39 %
State Sources	109,624,914	93,095,065	16,529,849	17.76 %
Medicaid Reimbursement	103,404	141,870	(38,466)	(27.11)%
Federal Sources	103,165	242,888	(139,723)	(57.53)%
Other Financing Sources	78,717	-	78,717	N/A
	<u>\$ 204,982,231</u>	<u>\$ 186,727,947</u>	<u>\$ 18,254,284</u>	<u>9.78 %</u>

- State sources increased mainly due to more general state aid and lottery aid received.
- Other local sources increased as the District earned more interest in the District's bank accounts.

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

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

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 15,090,690	\$ 14,834,109	\$ 256,581	1.73 %
Instruction	114,838,552	107,303,497	7,535,055	7.02 %
Pupil Transportation	11,315,091	9,500,040	1,815,051	19.11 %
Employee Benefits	35,917,579	35,139,682	777,897	2.21 %
Debt Service	81,823	101,788	(19,965)	(19.61)%
Other Financing Uses	15,750,126	9,081,092	6,669,034	73.44 %
	<u>\$ 192,993,861</u>	<u>\$ 175,960,208</u>	<u>\$ 17,033,653</u>	9.68 %

- General support and instruction increased due to routine salary and step increases.
- Instruction also increased from additional enrollment resulting in more program costs for programs for students with disabilities, and BOCES services for computer-assisted instruction.
- Other financing uses increase due to a budgeted increase in amounts transferred to the capital projects fund, and a transfer to the school food service fund to reimburse the fund for negative student accounts balances as required by State regulations.
- Pupil transportation increased due to higher contractual transportation rates.
- Employee benefits increased due to higher pension contribution rates for the District's liability to the TRS.

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

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Workers' compensation	\$ 11,246,975	\$	\$ 351,824	\$ 3,000,000	\$ 14,598,799
Unemployment insurance	2,104,170		65,821	1,500,000	3,669,991
Retirement contribution					
TRS	5,597,190		175,089	1,500,000	7,272,279
ERS	15,437,656		482,915	3,000,000	18,920,571
EBALR	14,429,502		451,378		14,880,880
Capital	4,737,657	(2,500,000)	231,881	2,500,000	4,969,538
	<u>\$ 53,553,150</u>	<u>\$ (2,500,000)</u>	<u>\$ 1,758,908</u>	<u>\$ 11,500,000</u>	<u>\$ 64,312,058</u>

Additional detail regarding capital reserves can be found in Note 19 "Restricted for Capital Reserve."

B. School Food Service Fund

The school food service fund - fund balance net increase can be attributed to greater federal reimbursements.

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

C. Debt Service Fund

The debt service fund – fund balance net increase is the result of interest earnings.

D. Capital Projects Fund

The capital projects fund – fund balance net increase is the result of general fund budgeted transfers and a voter-authorized transfer from the capital reserves exceeding capital expenditures.

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

	Balance @ June 30, 2022	Use of Reserves	Funding	Balance @ June 30, 2023
May 2009	\$ 318,124	\$ (79,258)	\$	\$ 238,866
May 2017	7,125,336	(1,102,812)	2,500,000	8,522,524
	<u>\$ 7,443,460</u>	<u>\$ (1,182,070)</u>	<u>\$ 2,500,000</u>	<u>\$ 8,761,390</u>

E. Extraclassroom Activity Funds

The extraclassroom activity funds – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

F. Scholarships Fund

The scholarships fund – fund balance net decrease is the result of scholarships awarded exceeding scholarship donations and interest.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District's general fund adopted budget for the year ended June 30, 2023 was \$209,727,110. This amount was increased by encumbrances carried forward from the prior year in the amount of \$499,475 and a budget revision of \$2,500,000 for a voter-authorized transfer from the capital reserve for a total final budget of \$212,726,585.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$107,370,049 in estimated state aid.

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

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

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

Opening, Unassigned Fund Balance	\$ 19,043,416
Revenues and Other Financing Sources Over Budget	6,455,121
Expenditures, Other Financing Uses, and Encumbrances Under Budget	18,685,822
Net Change in Nonspendable Fund Balance	(119,076)
Unused Appropriated Reserves	(4,600,000)
Allocation to Reserves	(13,258,908)
Appropriated to Fund the June 30, 2024 Budget	<u>(5,600,000)</u>
Closing, Unassigned Fund Balance	<u>\$ 20,606,375</u>

Opening, Unassigned Fund Balance

The \$19,043,416 shown in the table is the portion of the District's June 30, 2022 fund balance retained as unassigned. This amount was 9.08% of the 2022-2023 budget.

Revenues and Other Financing Sources Over Budget

The 2022-2023 final budget for revenues was \$198,527,110. Actual revenues and other financing sources recognized for the year were \$204,982,231. The difference of actual revenues over estimated or budgeted revenues was \$6,455,121, 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.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses was \$212,726,585. Actual expenditures and other financing uses as of June 30, 2023 were \$192,993,861 and outstanding encumbrances were \$1,046,902. Combined, the expenditures and other financing uses plus encumbrances for 2022-2023 were \$194,040,763. The final budget variance was \$18,685,822, 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.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of various prepaid insurance premiums and the long-term portion of loans receivable. The resulting balance sheet asset cannot be spend because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

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

Unused Appropriated Reserves

In the 2022-2023 budget, \$4,600,000 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, this funding was not needed and remained in the reserves and is available for future use.

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 \$5,600,000 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget and help reduce the property tax levy. 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 table, the unassigned fund balance at June 30, 2023 was \$20,606,375. This amount equals 8.63% of the 2023-2024 budget and is greater than the 4% statutory limit.

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 decrease in capital assets is due to depreciation/amortization expense of \$3,261,487 in excess of capital additions of \$2,724,439 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>
Land	\$ 800,000	\$ 800,000	\$ -
Construction in progress	5,840,435	13,486,765	(7,646,330)
Buildings and improvements	82,975,539	75,844,644	7,130,895
Site improvements	3,482,236	3,780,360	(298,124)
Furniture and equipment	4,169,861	3,867,143	302,718
Leased equipment	119,345	145,552	(26,207)
	<u> </u>	<u> </u>	<u> </u>
Capital assets, net	<u>\$ 97,387,416</u>	<u>\$ 97,924,464</u>	<u>\$ (537,048)</u>

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

B. Debt Administration

At June 30, 2023, the District had combined total debt of \$11,059,211. The decreases in outstanding debt represent principal payments made throughout the year, while the increase indicates a new issuance. A summary of the outstanding long-term debt at June 30, 2023 and 2022 is as follows:

Issue/Commencement Date	Interest Rate	2023	2022	Increase (Decrease)
Bonds Payable				
9/19/2012	0.8 - 4.0%	\$ 1,550,000	\$ 1,905,000	\$ (355,000)
7/19/2016	5.00%	585,000	1,155,000	(570,000)
2/23/2017	5.00%	3,205,000	4,495,000	(1,290,000)
		<u>\$ 5,340,000</u>	<u>\$ 7,555,000</u>	<u>\$ (2,215,000)</u>
Energy Performance Contract Payable				
7/16/2012	1.83%	\$ 375,211	\$ 1,115,473	\$ (740,262)
9/4/2019	2.52%	5,228,587	5,615,970	(387,383)
		<u>\$ 5,603,798</u>	<u>\$ 6,731,443</u>	<u>\$ (1,127,645)</u>
Lease Liabilities				
1/23/2018	2.50%	\$ -	\$ 392	\$ (392)
8/16/2018	2.50%	-	2,329	(2,329)
12/27/2018	2.50%	-	20,125	(20,125)
7/3/2019	2.50%	-	8,972	(8,972)
12/26/2019	2.50%	11,425	18,806	(7,381)
2/26/2020	2.50%	4,355	6,883	(2,528)
4/22/2020	2.50%	1,868	2,852	(984)
11/12/2020	2.50%	3,024	4,223	(1,199)
3/19/2021	2.50%	3,183	4,941	(1,758)
6/29/2021	2.50%	43,266	64,102	(20,836)
5/1/2022	2.50%	10,172	13,593	(3,421)
10/1/2022	2.50%	38,120		38,120
		<u>\$ 115,413</u>	<u>\$ 147,218</u>	<u>\$ (31,805)</u>

The District's latest underlying, long-term credit rating from Standard & Poor's, Inc. is AA.

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and 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:

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

	2023	2022	Increase (Decrease)
Compensated absences payable	\$ 12,897,237	\$ 11,196,925	\$ 1,700,312
Workers' compensation liabilities	3,528,339	4,043,947	(515,608)
Net pension liabilities - proportionate share	15,783,646		15,783,646
Total OPEB liability	190,558,994	174,774,667	15,784,327
	<u>\$ 222,768,216</u>	<u>\$ 190,015,539</u>	<u>\$ 32,752,677</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$238,750,337. This is an increase of \$29,023,227 or 13.84% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$30,930,218 increase over the prior year's estimate, which is principally due to a significant, estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$5,600,000 is a decrease of \$1,000,000 from the previous year. Additionally, the District has elected to appropriate \$3,800,000 from its restricted reserves towards the next year's budget, a decrease of \$800,000. The 2023-2024 property tax levy of \$89,052,558 was a decrease of \$106,991 (0.12%), levy to levy.

B. Future Budgets

The end of 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 health insurance costs, 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 calculated tax levy cap for 2023-2024 is \$104,624,610, or an increase of 17.35%. The District's 2023-2024 property tax levy was a 0.12% decrease 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:

Dr. Kishore Kuncham
Superintendent of Schools
Freeport Union Free School District
235 N. Ocean Avenue
Freeport, New York 11520

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

ASSETS

Cash	
Unrestricted	\$ 41,757,507
Restricted	74,146,743
Receivables	
Accounts receivable	521,425
Taxes receivable	3,658,188
Due from state and federal	14,920,756
Due from other governments	3,157,725
Inventories	159,510
Prepays	1,929,785
Capital assets:	
Not being depreciated/amortized	6,640,435
Being depreciated/amortized, net of accumulated depreciation/amortization	90,746,981
Total Assets	<u>237,639,055</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding, net	35,471
Pensions	49,747,460
Other postemployment benefits	42,934,899
Total Deferred Outflows of Resources	<u>92,717,830</u>

LIABILITIES

Payables	
Accounts payable	10,105,680
Accrued liabilities	338,870
Due to other governments	8,344
Due to teachers' retirement system	9,109,581
Due to employees' retirement system	340,241
Compensated absences payable	491,101
Other liabilities	787,339
Unearned credits	
Collections in advance	221,619
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	1,511,270
Energy performance contract payable	772,429
Lease liabilities	50,472
Compensated absences payable	500,000
Due and payable after one year	
Bonds payable, net	4,068,318
Energy performance contract payable	4,831,369
Lease liabilities	64,941
Compensated absences payable	12,397,237
Workers' compensation liabilities	3,528,339
Net pension liabilities - proportionate share	15,783,646
Total other postemployment benefits liability	190,558,994
Total Liabilities	<u>255,469,790</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	4,591,444
Other postemployment benefits	88,718,742
Total Deferred Inflows of Resources	<u>93,310,186</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>86,447,600</u>
Restricted	
Workers' compensation	14,598,799
Unemployment insurance	3,669,991
Retirement contribution	
Teachers' retirement system	7,272,279
Employees' retirement system	18,920,571
Employee benefit accrued liability	14,880,880
Capital	13,730,928
Debt	400,479
Scholarships	276,075
	<u>73,750,002</u>
Unrestricted (Deficit)	<u>(178,620,693)</u>
Total Net Position (Deficit)	<u>\$ (18,423,091)</u>

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Activities
For The Year Ended June 30, 2023

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants & Contributions	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 19,638,721	\$	\$	\$ (19,638,721)
Instruction	173,098,407	976,170	18,064,768	(154,057,469)
Pupil transportation	11,315,091			(11,315,091)
Debt service - interest	364,635			(364,635)
Food service program	4,742,764	492,005	4,581,936	331,177
Total Functions and Programs	<u>\$ 209,159,618</u>	<u>\$ 1,468,175</u>	<u>\$ 22,646,704</u>	<u>(185,044,739)</u>
GENERAL REVENUES				
Real property taxes				82,359,830
Other tax items				7,700,690
Use of money and property				1,916,300
Sale of property and compensation for loss				251,117
Miscellaneous				1,991,018
State sources				109,624,914
Medicaid reimbursement				103,404
Total General Revenues				<u>203,947,273</u>
Change in Net Position				18,902,534
Total Net Position (Deficit) - Beginning of Year				<u>(37,325,625)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (18,423,091)</u>

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

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Extracurricular Activity	Scholarships	Total Governmental Funds
ASSETS								
Cash								
Unrestricted	\$ 28,101,250	\$ 532,591	\$ 3,442,544	\$	\$ 9,534,926	\$ 146,196	\$	\$ 41,757,507
Restricted	64,312,058			396,716	9,161,894		276,075	74,146,743
Receivables								
Accounts receivable	504,610		16,815					521,425
Taxes receivable	3,658,188							3,658,188
Due from other funds	12,449,594	865,097	42,681	3,763	2,500,000			15,861,135
Due from state and federal	2,721,597	11,707,104	274,797		217,258			14,920,756
Due from other governments	3,157,725							3,157,725
Inventories			159,510					159,510
Prepays	1,929,785							1,929,785
Total Assets	<u>\$ 116,834,807</u>	<u>\$ 13,104,792</u>	<u>\$ 3,936,347</u>	<u>\$ 400,479</u>	<u>\$ 21,414,078</u>	<u>\$ 146,196</u>	<u>\$ 276,075</u>	<u>\$ 156,112,774</u>
LIABILITIES								
Payables								
Accounts payable	\$ 5,951,397	\$ 4,028,230	\$ 52,824	\$	\$ 73,229	\$	\$	\$ 10,105,680
Accrued liabilities	235,922	35,704	10,456					282,082
Due to other funds	6,423,828	9,019,510	211,000		206,797			15,861,135
Due to other governments	8,344							8,344
Due to teachers' retirement system	9,109,581							9,109,581
Due to employees' retirement system	340,241							340,241
Compensated absences payable	483,035		8,066					491,101
Other liabilities	787,339							787,339
Unearned credits								
Collections in advance		21,348	200,271					221,619
Total Liabilities	<u>23,339,687</u>	<u>13,104,792</u>	<u>482,617</u>	<u>-</u>	<u>280,026</u>	<u>-</u>	<u>-</u>	<u>37,207,122</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue					217,258			217,258
FUND BALANCES								
Nonspendable:								
Inventories			159,510					159,510
Prepays	1,929,785							1,929,785
Restricted:								
Workers' compensation	14,598,799							14,598,799
Unemployment insurance	3,669,991							3,669,991
Retirement contribution								
Teachers' retirement system	7,272,279							7,272,279
Employees' retirement system	18,920,571							18,920,571
Employee benefit accrued liability	14,880,880							14,880,880
Capital	4,969,538				8,761,390			13,730,928
Unspent bond proceeds					396,741			396,741
Debt				400,479				400,479
Scholarships							276,075	276,075
Assigned:								
Appropriated fund balance	5,600,000							5,600,000
Unappropriated fund balance	1,046,902		3,294,220		11,758,663	146,196		16,245,981
Unassigned: Fund balance	<u>20,606,375</u>							<u>20,606,375</u>
Total Fund Balances	<u>93,495,120</u>	<u>-</u>	<u>3,453,730</u>	<u>400,479</u>	<u>20,916,794</u>	<u>146,196</u>	<u>276,075</u>	<u>118,688,394</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 116,834,807</u>	<u>\$ 13,104,792</u>	<u>\$ 3,936,347</u>	<u>\$ 400,479</u>	<u>\$ 21,414,078</u>	<u>\$ 146,196</u>	<u>\$ 276,075</u>	<u>\$ 156,112,774</u>

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

Total Governmental Fund Balances \$ 118,688,394

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

The costs of building, acquiring, and the right-to-use 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 annually over their useful lives.

Original cost of capital assets	\$ 160,613,328	
Less: Accumulated depreciation	<u>(63,225,912)</u>	
		97,387,416

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.

35,471

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	49,747,460	
Net pension liability - teachers' retirement system	(8,318,641)	
Net pension liability - employees' retirement system	(7,465,005)	
Deferred inflows of resources	<u>(4,591,444)</u>	
		29,372,370

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	42,934,899	
Total other postemployment benefits liability	(190,558,994)	
Deferred inflows of resources	<u>(88,718,742)</u>	
		(236,342,837)

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

217,258

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	(56,788)	
Bonds payable	(5,579,588)	
Energy performance contract payable	(5,603,798)	
Lease liabilities	(115,413)	
Compensated absences payable	(12,897,237)	
Workers' compensation liabilities	<u>(3,528,339)</u>	
		(27,781,163)

Total Net Position (Deficit)		<u><u>\$ (18,423,091)</u></u>
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FREEPORT 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	Debt Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
REVENUES								
Real property taxes	\$ 82,359,830	\$	\$	\$	\$	\$	\$	\$ 82,359,830
Other tax items	7,700,690							7,700,690
Charges for services	695,502							695,502
Use of money and property	1,911,269			5,031		1,237	2,136	1,919,673
Sale of property and compensation for loss	251,117							251,117
Miscellaneous	1,991,018	22,103	3,419			279,431	56,825	2,352,796
Interfund revenue	162,605							162,605
State sources	109,624,914	4,331,023	86,839		100,000			114,142,776
Medicaid reimbursement	103,404							103,404
Federal sources	103,165	13,549,516	4,495,097					18,147,778
Sales			488,586					488,586
Total Revenues	204,903,514	17,902,642	5,073,941	5,031	100,000	280,668	58,961	228,324,757
EXPENDITURES								
General support	15,090,690	174,911						15,265,601
Instruction	114,838,552	18,186,757			46,486	244,144	61,820	133,377,759
Pupil transportation	11,315,091							11,315,091
Employee benefits	35,917,579		780,258					36,697,837
Debt service								
Principal	78,291			3,342,645				3,420,936
Interest	3,532			479,057				482,589
Food service program			4,028,274					4,028,274
Capital outlay					1,944,189			1,944,189
Total Expenditures	177,243,735	18,361,668	4,808,532	3,821,702	1,990,675	244,144	61,820	206,532,276
Excess (Deficiency) of Revenues Over Expenditures	27,659,779	(459,026)	265,409	(3,816,671)	(1,890,675)	36,524	(2,859)	21,792,481
OTHER FINANCING SOURCES AND (USES)								
Proceeds of obligations					46,486			46,486
Operating transfers in	78,717	537,743	40,681	3,821,702	11,350,000			15,828,843
Operating transfers (out)	(15,750,126)	(78,717)						(15,828,843)
Total Other Financing Sources and (Uses)	(15,671,409)	459,026	40,681	3,821,702	11,396,486	-	-	46,486
Net Change in Fund Balances	11,988,370	-	306,090	5,031	9,505,811	36,524	(2,859)	21,838,967
Fund Balances -								
Beginning of Year	81,506,750	-	3,147,640	395,448	11,410,983	109,672	278,934	96,849,427
End of Year	\$ 93,495,120	\$ -	\$ 3,453,730	\$ 400,479	\$ 20,916,794	\$ 146,196	\$ 276,075	\$ 118,688,394

FREEPORT 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 \$ 21,838,967

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

Long-Term Revenue and Expense Differences

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

\$ (100,000)

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 compensated absences	(1,700,312)	
Decrease in workers' compensation claims liability	515,608	
	515,608	

(1,284,704)

Capital Related Differences

Capital outlays to purchase, build, or the right-to-use 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/amortization expense in the Statement of Activities. This is the amount by which depreciation/amortization expense exceeded capital outlays and other additions in the period.

Capital outlays and other additions	2,724,439	
Depreciation/amortization expense	(3,261,487)	
	(3,261,487)	

(537,048)

Long-Term Debt Transactions Differences

Proceeds from the issuance of the lease obligation are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities.

(46,486)

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities.

96,812

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.

Bonds payable	2,215,000	
Energy performance contract payable	1,127,645	
Lease liabilities	78,291	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023.

21,142

3,492,404

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	(2,358,574)	
Employees' retirement system	(1,611,885)	
Other postemployment benefits	(636,626)	
	(4,607,085)	

(4,607,085)

Change in Net Position of Governmental Activities

\$ 18,902,534

FREEPORT UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position -
Fiduciary Funds
June 30, 2023

	<u>Custodial</u>
ASSETS	
Due from other governments	\$
LIABILITIES	
Due to other governments	<u> </u>
NET POSITION	
Restricted for individuals, organizations, and other governments	<u><u>\$ -</u></u>

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

	<u>Custodial</u>
ADDITIONS	
Real property taxes and PILOT collected for the Library	\$ 6,457,266
DEDUCTIONS	
Distributions of real property taxes and PILOT to the Library	<u>6,457,266</u>
Change in Net Position	-
Net Position - Beginning of Year	<u> </u>
Net Position - End of Year	<u><u>\$ -</u></u>

FREEPORT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Freeport 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 Nassau (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law (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.

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

C. Basis of Presentation

District-Wide Financial Statements

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

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

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

Extraclassroom Activity Funds - is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

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

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

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 collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

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

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

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, workers' compensation, compensated absences, 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.

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

E. Real Property Taxes and Other Items

Calendar

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

Enforcement

Uncollected real property taxes are subsequently enforced by Nassau 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.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Nassau County. Beginning in the 2015-16 fiscal year, the Nassau County Legislature removed properties owned by LIPA from the assessment and tax rolls and, instead, allowed LIPA to make payments in lieu of taxes in response to the New York State Public Authorities Law §1020-q (the "LIPA Reform Act") enacted by the state in 2013. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$464,768 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 net resources are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

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

H. Interfund Transactions

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

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

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

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

I. Use of Estimates

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

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. Inventory and Prepaid Items

Inventory of food in the school food service fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method.

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

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

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets on the Statement of Net Position and Balance Sheet using the consumption method. Prepaids in the financial statements are for prepayment of the District's July 2023 insurance premiums.

Under the consumption method, a current asset for the inventory and prepaid items is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

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

M. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 1,000	50 years
Site improvements	1,000	20-50 years
Furniture and equipment	500	5-10 years
Intangible assets - Leased equipment	N/A	Lease Term

N. 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 three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a prior year's refunding of bonds that is being amortized as a component of interest expense on weighted average basis over the remaining life of the new debt. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

O. Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts, or when grant monies are received before the District met the eligibility requirement, such as the federal supply chain assistance monies. 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.

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

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.

No short-term debt was issued during the year ended June 30, 2023.

Q. Employee Benefits – Compensated Absences

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

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

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

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

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

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

R. Other Benefits

Eligible District employees participate in the 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.

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

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

S. 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 three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes amounts due from New York State for Smart Schools Bond Act expenditures incurred. In subsequent periods, when the availability criterion is met, unavailable revenue will be reclassified as revenue. In the District-wide financial statements, unavailable revenues are reclassified as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension asset or liability not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in total OPEB liability not included in OPEB expense.

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 will be in the general fund and debt service 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. Equity Classifications

District-Wide Statements

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

Net investment in capital assets – Consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements, and leasing of those assets, net of any unspent proceeds.

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

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

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

Fund Statements

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

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

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

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. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Capital Reserve

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

Restricted – Unspent Debt Proceeds

Unspent long-term bond and energy performance debt proceeds are recorded as restricted fund balance because they are subject to external constraints contained in the debt agreements. These restricted funds are accounted for in the capital projects 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 debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted for Scholarships

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

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

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

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

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board 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 Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

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 – <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides additional 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.

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

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 compensated absences.

Capital Related Differences

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

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

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:

Capital reserve appropriated for transfer to the capital projects fund, as approved by the voters	<u>\$ 2,500,000</u>
--	---------------------

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. Interfund Transfers

The District's operating transfers to the special aid fund for its required contributions of program costs and to the school food service fund for the reimbursement of negative student account balances exceeded the amounts provided in the general fund's budget.

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

D. 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 than 4% of the District's budget for the upcoming school year. 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 its reserves to a fiscally prudent level and the capital needs of the District.

5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

6. PARTICIPATION IN BOCES

During the year ended June 30, 2023, the District was billed \$21,964,698 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$5,358,135. Financial statements for the BOCES are available from the BOCES administrative offices at 71 Clinton Road, P.O. Box 9195, Garden City, New York 11530-9195.

7. TAXES RECEIVABLE

The District has outstanding taxes receivable from the Town of Hempstead in the amount of \$3,658,188 at June 30, 2023.

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

8. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State - General Aid	\$ 266,880
New York State - Excess cost aid	2,367,390
US Treasury - QSCB interest subsidy	<u>87,327</u>
	2,721,597
Special Aid Fund	
Federal and state grants	11,707,104
School Food Service	
Federal and state food service program reimbursement	274,797
Capital Projects Fund	
New York State - Smart Schools Bond Act grant	<u>217,258</u>
	<u>\$ 14,920,756</u>

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
Nassau BOCES - BOCES aid	\$ 3,021,159
Town of Hempstead - PILOT	<u>136,566</u>
	<u>\$ 3,157,725</u>

District management expects these amounts to be fully collectible.

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

10. CAPITAL ASSETS

A. Changes

Capital assets balances and activities for the year ended June 30, 2023, were as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 800,000	\$	\$	\$ 800,000
Construction in progress	13,486,765	1,892,843	(9,539,173)	5,840,435
Total capital assets not being depreciated/amortized	14,286,765	1,892,843	(9,539,173)	6,640,435
Capital assets being depreciated/amortized:				
Buildings and improvements	122,229,487	9,502,147		131,731,634
Site improvements	8,323,412	23,041		8,346,453
Furniture and equipment	13,602,408	799,095	(797,478)	13,604,025
Leased equipment	244,295	46,486		290,781
Total capital assets being depreciated/amortized	144,399,602	10,370,769	(797,478)	153,972,893
Less accumulated depreciation/amortization for:				
Buildings and improvements	46,384,843	2,371,252		48,756,095
Site improvements	4,543,052	321,165		4,864,217
Furniture and equipment	9,735,265	496,377	(797,478)	9,434,164
Leased equipment	98,743	72,693		171,436
Total accumulated depreciation/amortization	60,761,903	3,261,487	(797,478)	63,225,912
Total capital assets, being depreciated/amortized, net	83,637,699	7,109,282	-	90,746,981
Capital assets, net	\$ 97,924,464	\$ 9,002,125	\$ (9,539,173)	\$ 97,387,416

Depreciation/amortization expense was charged to governmental functions as follows:

General support	\$ 1,436,443
Instruction	1,794,642
Food service program	30,402
Total depreciation/amortization expense	\$ 3,261,487

B. Lease Assets

The District has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases vary between 4 and 5 years, at an interest rate of 2.5%. These leases are included in leased equipment as indicated in the previous table. The District has not provided any residual value guarantees related to these leased capital assets.

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

C. 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.

11. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 12,449,594	\$ 6,423,828	\$ 78,717	\$ 15,750,126
Special Aid Fund	865,097	9,019,510	537,743	78,717
School Food Service Fund	42,681	211,000	40,681	
Debt Service Fund	3,763		3,821,702	
Capital Projects Fund	2,500,000	206,797	11,350,000	
	<u>\$ 15,861,135</u>	<u>\$ 15,861,135</u>	<u>\$ 15,828,843</u>	<u>\$ 15,828,843</u>

The District typically transfers from the general fund to the special aid fund, debt service fund, and capital projects fund. The transfer to the special aid fund was for the District's share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the debt service fund was for the payment of principal and interest on outstanding long-term indebtedness. The transfers to the capital projects fund included voter-authorized transfers of the capital reserves totaling \$2,500,000, as well as a budgeted transfer of \$8,850,000 for various school improvements. The general fund also transferred to the school food service fund to reimburse the fund for negative student accounts balances as required by State regulations. The transfer from the special aid fund to the general fund was for the reimbursement of federally-funded grant costs incurred by the general fund in the prior year. Interfund balances are expected to be repaid within one year.

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

12. LONG-TERM LIABILITIES

A. Changes

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
<u>Long-term debt:</u>					
Bonds payable	\$ 5,650,000	\$	\$ (1,860,000)	\$ 3,790,000	\$ 1,055,000
Add: Premium on refunding	369,025		(129,437)	239,588	91,270
Qualified School					
Construction Bond payable	1,905,000		(355,000)	1,550,000	365,000
	7,924,025	-	(2,344,437)	5,579,588	1,511,270
Energy performance contracts payable	6,731,443		(1,127,645)	5,603,798	772,429
Lease liabilities	147,218	46,486	(78,291)	115,413	50,472
	14,802,686	46,486	(3,550,373)	11,298,799	2,334,171
<u>Other long-term liabilities:</u>					
Compensated absences	11,196,925	2,446,735	(746,423)	12,897,237	500,000
Workers' compensation	4,043,947	841,570	(1,357,178)	3,528,339	-
	15,240,872	3,288,305	(2,103,601)	16,425,576	500,000
	<u>\$ 30,043,558</u>	<u>\$ 3,334,791</u>	<u>\$ (5,653,974)</u>	<u>\$ 27,724,375</u>	<u>\$ 2,834,171</u>

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Qualified School				
Construction Bond	9/19/2012	6/15/2027	0.8 - 4.0%	\$ 1,550,000
Refunding bond	7/19/2016	4/1/2024	5.00%	585,000
Refunding bond	2/23/2017	12/1/2028	5.00%	3,205,000
				<u>\$ 5,340,000</u>

In September 2012, the District issued \$5,000,000 of Qualified School Construction Bonds (QSCB) at interest rates between 0.8% and 4.0%. The QSCB program was approved by the Federal government as part of the American Recovery and Reinvestment Act of 2009 (ARRA). The District elected to receive periodic direct interest subsidy payments from the United States Treasury in amounts equal to the lesser of: (i) 100% of the interest on the QSCB at the Qualified Tax Credit Bonds Rate; or (ii) 100% of the amount of interest payable on the QSCB. The District is obligated to make all payments of principal and interest on the bonds whether or not the direct subsidy payments are received. For the year ended June 30, 2023, the District has a receivable of \$87,327 in interest subsidy from the United States Treasury.

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

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,420,000	\$ 237,700	\$ 1,657,700
2025	870,000	170,745	1,040,745
2026	910,000	131,180	1,041,180
2027	960,000	89,150	1,049,150
2028	580,000	44,500	624,500
2029	600,000	15,000	615,000
Total	<u>\$ 5,340,000</u>	<u>\$ 688,275</u>	<u>\$ 6,028,275</u>

C. Advance Bond Refunding

In the district-wide statements, the District is amortizing deferred charges and bond premiums on prior year advance refunding as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase / (Decrease)
2024	\$ 16,935	\$ (91,270)	\$ (74,335)
2025	7,953	(63,633)	(55,680)
2026	5,822	(46,584)	(40,762)
2027	3,561	(28,495)	(24,934)
2028	1,200	(9,606)	(8,406)
Total	<u>\$ 35,471</u>	<u>\$ (239,588)</u>	<u>\$ (204,117)</u>

D. Energy Performance Contract Payable

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	7/16/2012	7/15/2023	1.827%	\$ 375,211
Energy performance contract	9/4/2019	9/4/2034	2.523%	<u>5,228,587</u>
				<u>\$ 5,603,798</u>

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

The following is a summary of debt service requirements for energy performance contracts payable:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 772,429	\$ 132,855	\$ 905,284
2025	407,303	119,342	526,645
2026	417,644	109,001	526,645
2027	428,248	98,398	526,646
2028	439,120	87,525	526,645
2029-2033	2,368,606	264,621	2,633,227
2034-2035	<u>770,448</u>	<u>19,520</u>	<u>789,968</u>
Total	<u>\$ 5,603,798</u>	<u>\$ 831,262</u>	<u>\$ 6,435,060</u>

E. Lease Liabilities

Lease liabilities are comprised of the following:

<u>Description</u>	<u>Commencement Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2023</u>
Leased copiers	12/26/2019	12/26/2024	2.50%	11,425
Leased copiers	2/26/2020	2/26/2025	2.50%	4,355
Leased copiers	4/22/2020	4/22/2025	2.50%	1,868
Leased copiers	11/12/2020	11/12/2025	2.50%	3,024
Leased copiers	3/19/2021	3/19/2025	2.50%	3,183
Leased copiers	6/29/2021	6/29/2025	2.50%	43,266
Leased copiers	5/1/2022	4/30/2026	2.50%	10,172
Leased copiers	10/1/2022	9/30/2026	2.50%	<u>38,120</u>
				<u>\$ 115,413</u>

The following is a summary of principal and interest requirements for lease liabilities:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 50,472	\$ 2,310	\$ 52,782
2025	46,311	1,057	47,368
2026	15,587	278	15,865
2027	<u>3,043</u>	<u>13</u>	<u>3,056</u>
Total	<u>\$ 115,413</u>	<u>\$ 3,658</u>	<u>\$ 119,071</u>

There were no additional lease commitments entered into by the District after June 30, 2023.

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

F. Interest Expense

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

Interest paid	\$ 482,589
Less interest accrued in the prior year	(77,930)
Plus interest accrued in the current year	56,788
Less net amortization of premium and deferred charge on refunding bonds	<u>(96,812)</u>
Total interest expense on long-term debt	<u>\$ 364,635</u>

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 on the TRS website 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 the NYS Comptroller's website or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12244.

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

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer 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 10.68% 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 \$8,254,388 for TRS at the contribution rate of 10.29% and \$1,296,675 for ERS at an average contribution rate of 9.97%.

D. Pension Asset/(Liability), Pension Expense, and 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 liability was 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 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	\$ (8,318,641)	\$ (7,465,005)
District's portion of the Plan's total pension liability	0.433513%	0.0348116%
Change in proportion since the prior measurement date	0.011471	0.0011894

For the year ended June 30, 2023, the District recognized a pension expense \$10,609,313 for TRS and \$2,906,483 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 8,716,882	\$ 795,081	\$ 166,691	\$ 209,646
Changes of assumptions	16,136,756	3,625,488	3,350,984	40,068
Net difference between projected and actual earnings on pension plan investments	10,748,473			43,857
Changes in proportion and differences between the District's contributions and proportionate share of contributions	363,512	766,639	663,656	116,542
District contributions subsequent to the measurement date	8,254,388	340,241		
Total	<u>\$ 44,220,011</u>	<u>\$ 5,527,449</u>	<u>\$ 4,181,331</u>	<u>\$ 410,113</u>

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

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 6,189,791	\$ 1,231,461
2025	3,238,190	(227,285)
2026	(1,372,026)	1,681,621
2027	21,061,607	2,091,298
2028	2,604,422	
Thereafter	62,308	
	<u>\$ 31,784,292</u>	<u>\$ 4,777,095</u>

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:

	<u>TRS</u>	<u>ERS</u>
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%

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

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, 2022 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 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%
Alternatives 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 a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

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

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)	\$ (76,701,767)	\$ (8,318,641)	\$ 49,191,120

ERS	1% Decrease 4.90 %	Current Assumption 5.90 %	1% Increase 6.90 %
District's proportionate share of the net pension asset (liability)	\$ (18,039,716)	\$ (7,465,005)	\$ 1,371,396

Pension Plan Fiduciary Net Position

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 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%

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

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 \$8,254,388 of employer contributions and \$855,193 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 \$340,241 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 of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$4,332,239 and \$557,361, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. Contributions made by eligible employees for the year ended June 30, 2023 totaled \$302,225.

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 the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 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 the July 1, 2022 valuation date, the following employees were covered by the benefit terms:

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

Inactive employees or beneficiaries currently receiving benefits	712
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>945</u>
	<u><u>1,657</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$190,558,994 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Input – 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% decreasing to an ultimate rate of 3.8% over 50 years
Retirees' share of benefit-related costs	50-100% of projected health insurance premiums for retirees

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

Mortality rates were based on the Pub-2010 Mortality Table with generational projection of future improvements per the MP-2021 Ultimate Scale.

The actuarial assumptions used in the July 1, 2022 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 174,774,667</u>
Changes for the year	
Service cost	6,742,977
Interest on total OPEB liability	6,354,647
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	6,737,576
Benefit payments	<u>(4,050,873)</u>
	<u>15,784,327</u>
Balance at June 30, 2023	<u><u>\$ 190,558,994</u></u>

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

Changes of assumptions and other inputs reflect changes in demographic gains and losses, the use of updated medical trend, salary scale, mortality rates, retirement, and turnover rates, and a change in the discount rate from 3.54% in 2022 to 3.65% in 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:

	1% Decrease 2.65 %	Discount Rate 3.65 %	1% Increase 4.65 %
OPEB			
Total OPEB liability	<u>\$ 223,917,696</u>	<u>\$ 190,558,994</u>	<u>\$ 163,794,139</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.40%) or 1 percentage point higher (7.40%) than the current healthcare cost trend rate:

	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 %
OPEB			
Total OPEB liability	<u>\$ 158,675,071</u>	<u>\$ 190,558,994</u>	<u>\$ 231,873,529</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$4,687,499. 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	\$ 2,503,766	\$ 43,503,412
Changes of assumptions or other inputs	<u>40,431,133</u>	<u>45,215,330</u>
Total	<u>\$ 42,934,899</u>	<u>\$ 88,718,742</u>

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

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (8,410,125)
2025	(8,410,125)
2026	(8,019,740)
2027	(9,162,363)
2028	(10,238,873)
Thereafter	<u>(1,542,617)</u>
	<u><u>\$ (45,783,843)</u></u>

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 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. Risk Retention

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unreported claims which were incurred on or before year-end but not reported (IBNR). Claims activity is summarized below:

	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Unpaid claims at beginning of year	\$ 2,966,975	\$ 4,043,947
Incurred claims and claim adjustment expenses	2,248,067	841,570
Claim payments	<u>(1,171,095)</u>	<u>(1,357,178)</u>
Unpaid claims at year-end	<u>\$ 4,043,947</u>	<u>\$ 3,528,339</u>

At June 30, 2023, the District has \$14,598,799 of funds in the workers' compensation reserve.

C. Public Entity Risk Pool

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

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

17. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District estimates to appropriate \$3,800,000 from the reserves, which are reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024.

18. ASSIGNED – APPROPRIATED FUND BALANCE

The amount of \$5,600,000 has been appropriated to fund the budget and reduce taxes for the year ending June 30, 2024.

19. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2009	May 2017	
Number of Years to Fund	10	10	
Maximum Funding	<u>\$ 15,000,000</u>	<u>\$ 25,000,000</u>	<u>Total</u>
General Fund			
Funding Provided	\$ 13,975,000	\$ 17,500,000	\$ 31,475,000
Interest Earnings	243,434	151,104	394,538
Use of Reserve	<u>(11,900,000)</u>	<u>(15,000,000)</u>	<u>(26,900,000)</u>
Total General Fund	<u>2,318,434</u>	<u>2,651,104</u>	<u>4,969,538</u>
Capital Projects Fund			
Funding Provided	11,900,000	15,000,000	26,900,000
Use of Reserve	<u>(11,661,134)</u>	<u>(6,477,476)</u>	<u>(18,138,610)</u>
Total Capital Projects Fund	<u>238,866</u>	<u>8,522,524</u>	<u>8,761,390</u>
Balance as of June 30, 2023	<u>\$ 2,557,300</u>	<u>\$ 11,173,628</u>	<u>\$ 13,730,928</u>

20. TAX ABATEMENTS

The Nassau County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. As a result of those programs, the District's 2022-2023 property taxes were abated by \$319,552; the District received payment in lieu of taxes (PILOT) payments totaling \$257,991.

21. 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:

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

Restricted:

Capital Projects Fund

Capital projects	<u>\$ 878,816</u>
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Assigned: Unappropriated Fund Balance

General Fund

General Support	645,757
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Instruction	<u>401,145</u>
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	<u>1,046,902</u>
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Capital Projects Fund

Capital projects	<u>1,350,231</u>
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	<u><u>\$ 3,275,949</u></u>
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B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District's management believes the outcome of those matters will not have a material effect on these financial statements. Two lawsuits have also been commenced against the District under the Child Victim's Act. The District denies all allegations and liability in the lawsuits and is exploring whether there is insurance coverage from the insurance carrier for each claim.

23. SUBSEQUENT EVENTS

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

FREEPORT 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	\$ 82,192,130	\$ 82,192,130	\$ 82,359,830	\$ 167,700
Other tax items	7,586,631	7,586,631	7,700,690	114,059
Charges for services	405,000	405,000	695,502	290,502
Use of money and property	182,300	182,300	1,911,269	1,728,969
Sale of property and compensation for loss	135,000	135,000	251,117	116,117
Miscellaneous	656,000	656,000	1,991,018	1,335,018
Interfund revenues			162,605	162,605
Total Local Sources	91,157,061	91,157,061	95,072,031	3,914,970
State Sources	107,370,049	107,370,049	109,624,914	2,254,865
Medicaid Reimbursement			103,404	103,404
Federal Sources			103,165	103,165
Total Revenues	198,527,110	198,527,110	204,903,514	6,376,404
OTHER SOURCES				
Operating Transfers In			78,717	78,717
Total Revenues and Other Sources	198,527,110	198,527,110	204,982,231	\$ 6,455,121
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	6,600,000	6,600,000		
Prior Year's Encumbrances	499,475	499,475		
Appropriated Reserves	4,600,000	7,100,000		
Total Appropriated Fund Balance	11,699,475	14,199,475		
Total Revenues, Other Sources, and Appropriated Fund Balance	\$ 210,226,585	\$ 212,726,585		

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.

FREEPORT 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	\$ 78,671	\$ 75,656	\$ 58,643	\$	\$ 17,013
Central administration	503,654	503,654	472,174		31,480
Finance	1,006,321	992,386	954,798	31,955	5,633
Staff	884,697	1,019,672	862,507		157,165
Central services	13,216,623	13,142,106	10,934,220	613,802	1,594,084
Special items	1,906,919	1,822,883	1,808,348		14,535
Total General Support	17,596,885	17,556,357	15,090,690	645,757	1,819,910
Instruction					
Administration & improvement	11,162,304	11,122,737	10,698,675	6,617	417,445
Teaching - regular school	68,285,393	67,964,755	62,599,988	101,423	5,263,344
Programs for students with disabilities	31,128,458	30,695,603	28,727,940	38,561	1,929,102
Teaching - special school	1,271,881	1,276,157	817,353	392	458,412
Instructional media	3,908,475	5,054,303	4,566,917	209,655	277,731
Pupil services	8,968,775	8,820,555	7,427,679	44,497	1,348,379
Total Instruction	124,725,286	124,934,110	114,838,552	401,145	9,694,413
Pupil Transportation	11,443,058	11,380,653	11,315,091		65,562
Employee Benefits	43,339,654	43,133,604	35,917,579		7,216,025
Debt Service					
Principal		95,023	78,291		16,732
Interest		5,136	3,532		1,604
Debt Service	-	100,159	81,823		18,336
Total Expenditures	197,104,883	197,104,883	177,243,735	1,046,902	18,814,246
OTHER USES					
Operating Transfers Out	13,121,702	15,621,702	15,750,126		(128,424)
Total Expenditures and Other Uses	\$ 210,226,585	\$ 212,726,585	192,993,861	\$ 1,046,902	\$ 18,685,822
Net Change in Fund Balance			11,988,370		
Fund Balances - Beginning of Year			81,506,750		
Fund Balances - End of Year			\$ 93,495,120		

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.

FREEPORT 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)	0.433513%	0.422042%	0.421355%	0.422561%	0.429438%	0.433753%	0.431283%	0.43993%	0.43682%
District's proportionate share of the net pension asset/(liability)	\$ (8,318,641)	\$ 73,135,864	\$ (11,643,187)	\$ 10,978,171	\$ 7,765,371	\$ 3,296,953	\$ (4,619,219)	\$ 45,694,752	\$ 48,658,441
District's covered payroll	\$ 76,797,973	\$ 73,367,879	\$ 73,128,663	\$ 72,344,665	\$ 69,926,598	\$ 68,735,179	\$ 66,551,271	\$ 66,083,521	\$ 64,524,342
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83%	99.68%	15.92%	15.17%	11.11%	4.80%	6.94%	69.15%	75.41%
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)	0.0348116%	0.0336222%	0.0325184%	0.0351027%	0.0343986%	0.0384430%	0.4000000%	0.0369805%	0.0360605%
District's proportionate share of the net pension asset/(liability)	\$ (7,465,005)	\$ 2,748,472	\$ (32,380)	\$ (9,295,402)	\$ (2,437,246)	\$ (1,240,727)	\$ (3,360,154)	\$ (5,935,480)	\$ (1,218,212)
District's covered payroll	\$ 12,999,728	\$ 12,411,873	\$ 11,934,424	\$ 11,853,628	\$ 12,356,166	\$ 12,177,644	\$ 12,977,410	\$ 11,521,488	\$ 11,479,147
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	57.42%	22.14%	0.27%	78.42%	19.72%	10.19%	25.89%	51.52%	10.61%
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%	10.61%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

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

Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 8,254,388	\$ 7,526,201	\$ 6,826,729	\$ 6,336,437	\$ 7,490,536	\$ 6,852,807	\$ 8,055,763	\$ 8,824,699	\$ 11,584,441	\$ 10,590,655
Contributions in relation to the contractually required contribution	<u>8,254,388</u>	<u>7,526,201</u>	<u>6,826,729</u>	<u>6,336,437</u>	<u>7,490,536</u>	<u>6,852,807</u>	<u>8,055,763</u>	<u>8,824,699</u>	<u>11,584,441</u>	<u>10,590,655</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$82,226,515	\$76,797,973	\$73,367,879	\$73,128,663	\$72,344,665	\$69,926,598	\$68,735,179	\$66,551,271	\$66,083,521	\$64,524,342
Contributions as a percentage of covered payroll	10%	10%	9%	9%	10%	10%	12%	13%	18%	16%

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,296,675	\$ 1,813,331	\$ 1,676,258	\$ 1,754,171	\$ 1,761,227	\$ 1,922,944	\$ 1,707,906	\$ 2,097,478	\$ 2,036,533	\$ 2,140,908
Contributions in relation to the contractually required contribution	<u>1,296,675</u>	<u>1,813,331</u>	<u>1,676,258</u>	<u>1,754,171</u>	<u>1,761,227</u>	<u>1,922,944</u>	<u>1,707,906</u>	<u>2,097,478</u>	<u>2,036,533</u>	<u>2,140,908</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$12,999,728	\$12,918,251	\$11,981,271	\$12,173,221	\$12,318,681	\$12,176,977	\$12,721,486	\$11,521,217	\$11,515,860	\$11,524,591
Contributions as a percentage of covered payroll	10%	14%	14%	14%	14%	16%	13%	18%	18%	19%

FREEPORT 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	\$ 6,742,977	\$ 10,994,265	\$ 11,304,442	\$ 9,054,166	\$ 11,434,404	\$ 9,890,048
Interest on total OPEB liability	6,354,647	4,669,465	5,442,800	6,781,430	6,282,296	5,902,789
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(40,759,062)	-	6,820,606	(1,522,808)
Changes of assumptions or other inputs	6,737,576	(43,818,350)	(1,489,052)	38,754,451	(33,512,968)	-
Benefit payments	<u>(4,050,873)</u>	<u>(4,486,826)</u>	<u>(4,095,878)</u>	<u>(4,517,457)</u>	<u>(4,088,855)</u>	<u>(2,253,036)</u>
Net change in total OPEB liability	15,784,327	(32,641,446)	(29,596,750)	50,072,590	(13,064,517)	12,016,993
Total OPEB liability, beginning	<u>174,774,667</u>	<u>207,416,113</u>	<u>237,012,863</u>	<u>186,940,273</u>	<u>200,004,790</u>	<u>187,987,797</u>
Total OPEB liability, ending	<u>\$ 190,558,994</u>	<u>\$ 174,774,667</u>	<u>\$ 207,416,113</u>	<u>\$ 237,012,863</u>	<u>\$ 186,940,273</u>	<u>\$ 200,004,790</u>
Covered employee payroll	\$ 81,741,682	\$ 78,611,176	\$ 78,611,176	\$ 77,276,377	\$ 77,276,377	\$ 88,951,122
Total OPEB liability as a percentage of covered employee payroll	233.12%	222.33%	263.85%	306.71%	241.91%	224.85%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	6.4% to 3.8% over 50 years	5.3% to 4.1% by 2075	5.3% to 4.1% by 2075	6.1% to 4.1% by 2075	6.1% to 4.1% by 2075	7.5% to 4.5% by 2022

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

Notes to Required Supplementary Information

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

FREEPORT 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	\$ 209,727,110
Additions:	
Prior year's encumbrances	<u>499,475</u>
Original Budget	210,226,585
Budget revisions	<u>2,500,000</u>
Final Budget	<u><u>\$ 212,726,585</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	<u><u>\$ 238,750,337</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 9,550,013</u></u>

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

Unrestricted fund balance:		
Assigned fund balance	\$ 6,646,902	
Unassigned fund balance	<u>20,606,375</u>	
		\$ 27,253,277
Less:		
Appropriated fund balance	5,600,000	
Encumbrances	<u>1,046,902</u>	
Total adjustments		<u>6,646,902</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 20,606,375</u></u>
Actual Percentage		8.63%

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

PROJECT TITLE	Budget June 30, 2022	Budget June 30, 2023	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2023
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Building Additions & Alterations	\$ 39,615,237	\$ 39,615,237	\$ 39,551,926	\$	\$ 39,551,926	\$ 63,311	\$ 35,600,000	\$	\$ 4,015,237	\$ 39,615,237	\$ 63,311
Transfer to Capital 05/06	1,707,953	1,707,953	1,700,839		1,700,839	7,114			1,707,953	1,707,953	7,114
Transfer to Capital 07/08	861,764	861,764	861,758		861,758	6			861,764	861,764	6
Transfer to Capital 08/09	1,228,895	1,228,895	1,225,277		1,225,277	3,618			1,228,895	1,228,895	3,618
Transfer to Capital 09/10	980,996	980,996	1,002,667		1,002,667	(21,671)			980,996	980,996	(21,671)
Transfer to Capital 10/11	256,584	256,584	247,880		247,880	8,704			256,584	256,584	8,704
Transfer to Capital 11/12	337,814	337,814	337,814		337,814	-			337,814	337,814	-
Transfer to Capital 17/18	2,000,000	2,000,000	1,945,694	18,153	1,963,847	36,153			2,000,000	2,000,000	36,153
Transfer to Capital 18/19	2,000,000	2,000,000	1,880,023	96,892	1,976,915	23,085			2,000,000	2,000,000	23,085
Transfer to Capital 19/20	1,950,000	1,950,000	977,749	417,005	1,394,754	555,246		100,000	1,850,000	1,950,000	555,246
Transfer to Capital 20/21	1,250,000	1,250,000	56,266	1,008	57,274	1,192,726			1,250,000	1,250,000	1,192,726
Transfer to Capital 21/22	1,550,000	1,550,000	-	31,098	31,098	1,518,902			1,550,000	1,550,000	1,518,902
Transfer to Capital 22/23	-	8,850,000	-	197,279	197,279	8,652,721			8,850,000	8,850,000	8,652,721
EXCEL Projects	16,993,003	16,993,003	16,634,470		16,634,470	358,533	11,910,000	5,083,003		16,993,003	358,533
Qualified School Construction Bond	5,000,000	5,000,000	5,025,102		5,025,102	(25,102)	5,000,000			5,000,000	(25,102)
Capital Reserve 10/11	1,500,001	1,500,001	1,494,127		1,494,127	5,874			1,500,001	1,500,001	5,874
Capital Reserve 11/12	1,900,000	1,900,000	1,806,511		1,806,511	93,489			1,900,000	1,900,000	93,489
Capital Reserve 12/13	1,300,000	1,300,000	1,300,000		1,300,000	-			1,300,000	1,300,000	-
Capital Reserve 13/14	1,200,000	1,200,000	1,200,000		1,200,000	-			1,200,000	1,200,000	-
Capital Reserve 14/15	1,500,000	1,500,000	1,489,468		1,489,468	10,532			1,500,000	1,500,000	10,532
Capital Reserve 15/16	1,500,000	1,500,000	1,500,000		1,500,000	-			1,500,000	1,500,000	-
Capital Reserve 17/18	1,500,000	1,500,000	1,498,439		1,498,439	1,561			1,500,000	1,500,000	1,561
Capital Reserve 17/18	2,500,000	2,500,000	2,500,000		2,500,000	-			2,500,000	2,500,000	-
Capital Reserve 18/19	1,500,000	1,500,000	1,292,647	79,943	1,372,590	127,410			1,500,000	1,500,000	127,410
Capital Reserve 18/19	2,500,000	2,500,000	1,607,101		1,607,101	892,899			2,500,000	2,500,000	892,899
Capital Reserve 19/20	2,500,000	2,500,000	109,837	43,389	153,226	2,346,774			2,500,000	2,500,000	2,346,774
Capital Reserve 20/21	2,500,000	2,500,000	1,150,725	1,029,326	2,180,051	319,949			2,500,000	2,500,000	319,949
Capital Reserve 21/22	2,500,000	2,500,000	7,001	30,096	37,097	2,462,903			2,500,000	2,500,000	2,462,903
Capital Reserve 22/23	-	2,500,000	-		-	2,500,000			2,500,000	2,500,000	2,500,000
Smart Schools Bond Act Projects	5,944,521	5,944,521	5,944,403		5,944,403	118		5,944,521		5,944,521	118
Energy Performance Contract	6,283,913	6,283,229	6,283,913		6,283,913	(684)	6,283,229			6,283,229	(684)
Leased Copiers	14,155	60,641	14,155	46,486	60,641	-	60,641			60,641	-
	<u>\$ 112,374,836</u>	<u>\$ 123,770,638</u>	<u>\$ 100,645,792</u>	<u>\$ 1,990,675</u>	<u>\$ 102,636,467</u>	<u>\$ 21,134,171</u>	<u>\$ 58,853,870</u>	<u>\$ 11,127,524</u>	<u>\$ 53,789,244</u>	<u>\$ 123,770,638</u>	21,134,171
Unrealized Smart Schools Bond Act Funding											(217,377)
Fund Balance											<u>\$ 20,916,794</u>

FREEPORT UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2023

Capital assets, net		<u>\$ 97,387,416</u>
Add:		
Deferred charges on advance refunding		<u>35,471</u>
Deduct:		
Capital related liabilities		
Accounts payable	\$ 73,229	
Short-term portion of bonds payable	1,420,000	
Long-term portion of bonds payable	3,920,000	
Unamortized bond premium	239,588	
Less: Unspent bond proceeds	(396,741)	
Short-term portion of energy performance contract payable	772,429	
Long-term portion of energy performance contract payable	4,831,369	
Short-term portion of leases liabilities	50,472	
Long-term portion of leases liabilities	<u>64,941</u>	
		<u>10,975,287</u>
Net Investment in Capital Assets		<u><u>\$ 86,447,600</u></u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Freeport Union Free School District (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 Freeport Union Free School District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Freeport Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Freeport Union Free School District's internal control.

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we have reported to the Board of Education, Audit Committee, and management of the Freeport Union Free School District in a separate letter dated October 10, 2023.

Purpose of this Report

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

Cullen & Danowski, LLP

October 10, 2023

