



**COPIAGUE UNION FREE
SCHOOL DISTRICT**

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS

June 30, 2022

COPIAGUE UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

OPINION UNIT	TYPE OF OPINION	OPINION UNIT	TYPE OF OPINION
Governmental Activities	<i>Unmodified</i>	Capital Projects Fund	<i>Unmodified</i>
General Fund	<i>Unmodified</i>	Extraclassroom Activities Fund	<i>Qualified</i>
Special Aid Fund	<i>Unmodified</i>	Scholarships Fund	<i>Unmodified</i>
School Food Service Fund	<i>Unmodified</i>	Fiduciary Fund	<i>Unmodified</i>

Qualified Opinion

In our opinion, except for the effect of any adjustments that might have been necessary had we been able to perform adequate auditing procedures in regard to the cash receipts referred to in the "Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activities Fund" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activities fund of the Copiague Union Free School District, as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activities fund, and the fiduciary fund of the Copiague Union Free School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United State of America.

Basis for Qualified Opinion and Unmodified 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 Copiague Union Free School 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activities Fund

The cash receipts records of the extraclassroom activities fund of the Copiague Union Free School District were not adequate to permit the application of sufficient adequate auditing procedures to indicate whether all receipts were recorded.

Change in Accounting Principle

As described in Note 2 to the financial statements, "Change in Accounting Principle," the District has adopted the provisions of GASB Statement No. 87, *Leases*, as of June 30, 2022. Our opinion is not modified with respect to this matter.

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 56 through 60, 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 61 through 63 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022 on our consideration of the Copiague Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Copiague 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 Copiague Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

October 4, 2022

**COPIAGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022 are as follows:

- The District's total net position was a deficit of \$88,051,164 in the district-wide financial statements at June 30, 2022 compared to a deficit of \$110,711,556 at June 30, 2021. The deficit decreased by \$22,660,392 from the prior year, as a result of revenues exceeding expenses using the economic resources measurement focus and the accrual basis of accounting. The primary cause of this deficit was the \$131,837,414 adjustment for total other postemployment benefits as required by Governmental Accounting Standards Board (GASB) Statement 75. These rules drastically changed how state and local governments treat other postemployment (OPEBs), moving from a cash basis to an accrual basis. As a result of these national standards, it is common for state and local governments (including school districts) to reflect a significant deficit on the Statement of Net Position. See page 22 of these financial statements to see how the GASB Statement 75 treatment converted the \$36,112,223 total governmental fund balance to a \$88,051,164 net position (deficit).
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$139,415,958. Of this amount, \$20,981,008 was offset by charges for services, operating grants and contributions, and capital grants. General revenues of \$141,095,342 amount to 87.1% of total revenues.
- The District received \$15,092,823 in operating grants and contributions to support instructional programs. Additionally, the District received \$3,977,904 in operating grants and contributions to support the food service program.
- The District's general fund fund balance, as reflected in the fund financial statements was \$34,378,801 at June 30, 2022. This balance represents a \$9,979,642 increase (40.90%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Restricted fund balances increased by \$5,920,879 mainly due to the funding of \$5,000,000 to new capital reserve, and interest allocated to the reserves.
 - Assigned fund balance increased \$9,911,071, as the District increased the fund balance appropriated to fund the 2023 budget, but decreased encumbrances.
 - Unassigned fund balance decreased by \$5,852,308 to \$2,886,583.
- The 2021-2022 budget in the amount of \$141,972,939 was authorized by the District's residents by a 63% passing margin.
- The District's 2021-2022 property tax levy of \$65,969,331 was a 1.11% increase over the 2021 tax levy, which was less than the District's property tax cap.
- On May 17, 2022, the voters of the District approved the establishment of a capital reserve in the amount of \$15,000,000 to be funded over a period of ten years for the purpose of financing district-wide repairs, renovations, and improvements.

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

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

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

B. Fund Financial Statements

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

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, retirement incentive, 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 six individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, extraclassroom activities fund, and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in 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

Certain balances at June 30, 2021, were adjusted as a result of the implementation of GASB Statement No. 87, *Leases*, which required the District to record both a capital asset and the related liability of \$1,322,088. However, these changes had no impact on total net position.

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

The District's total net position increased by \$22,660,392 between fiscal year 2022 and 2021. 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:

	2022	As Restated 2021	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 48,669,237	\$ 37,162,419	\$ 11,506,818	30.96 %
Capital Assets, Net	57,684,509	57,443,447	241,062	0.42 %
Net Pension Assets - Proportionate Share	48,979,502		48,979,502	0.00 %
Total Assets	155,333,248	94,605,866	60,727,382	64.19 %
Deferred Outflows of Resources	32,453,732	33,259,117	(805,385)	(2.42)%
Liabilities				
Current and Other Liabilities	11,300,320	12,124,877	(824,557)	(6.80)%
Long-Term Liabilities	48,239,491	50,872,676	(2,633,185)	(5.18)%
Net Pension Liabilities - Proportionate Share		8,098,347	(8,098,347)	(100.00)%
Total OPEB Liability	131,837,414	146,132,781	(14,295,367)	(9.78)%
Total Liabilities	191,377,225	217,228,681	(25,851,456)	(11.90)%
Deferred Inflows of Resources	84,460,919	21,347,858	63,113,061	295.64 %
Net Position (Deficit)				
Net Investment in Capital Assets	23,817,267	20,446,210	3,371,057	16.49 %
Restricted	21,001,899	15,081,520	5,920,379	39.26 %
Unrestricted (Deficit)	(132,870,330)	(146,239,286)	13,368,956	(9.14)%
Total Net Position (Deficit)	\$ (88,051,164)	\$ (110,711,556)	\$ 22,660,392	(20.47)%

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

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

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

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

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

The decrease in current and other liabilities is predominantly due to a decrease in the District's accounts payable, as a result of the timing of when invoices were received and paid, offset by an increase in due to teachers' retirement system.

The decrease in long-term liabilities is mainly due to scheduled bond indebtedness payments and the amortization of deferred bond premiums, offset by an increase in compensated absences payable.

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

Total OPEB liability decreased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 16 "Postemployment Healthcare Benefits," provides additional information.

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

The net investment in capital assets is the investment in capital assets at cost, net of accumulated depreciation/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 over the prior year due to transfers into, and interest earned on 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 liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements STAR (school tax relief) and PILOT (payments in lieu of taxes) revenue are included in the other tax items line. However, in this MD&A, STAR and PILOT revenue have been listed individually. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 830,693	\$ 97,573	\$ 733,120	751.36 %
Operating Grants & Contributions	19,070,727	9,330,922	9,739,805	104.38 %
Capital Grants	1,079,588	424,798	654,790	154.14 %
General Revenues				
Property Taxes	60,435,773	59,165,180	1,270,593	2.15 %
STAR	5,533,589	6,079,501	(545,912)	(8.98)%
PILOT	1,289,800	1,132,838	156,962	13.86 %
State Sources	72,089,856	59,520,449	12,569,407	21.12 %
Other	1,746,324	1,692,076	54,248	3.21 %
Total Revenues	<u>162,076,350</u>	<u>137,443,337</u>	<u>24,633,013</u>	17.92 %
Expenses				
General Support	13,715,337	13,171,659	543,678	4.13 %
Instruction	108,270,676	109,211,096	(940,420)	(0.86)%
Pupil Transportation	12,713,029	11,331,334	1,381,695	12.19 %
Debt Service - Interest	1,315,041	1,548,863	(233,822)	(15.10)%
Food Service Program	3,401,875	2,993,584	408,291	13.64 %
Total Expenses	<u>139,415,958</u>	<u>138,256,536</u>	<u>1,159,422</u>	0.84 %
Increase / (Decrease) in Net Position	<u>\$ 22,660,392</u>	<u>\$ (813,199)</u>	<u>\$ 23,473,591</u>	2886.57 %

The District's net position increased by \$22,660,392 and decreased by \$813,199 for the years ended June 30, 2022 and June 30, 2021, 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 general aid, offset by decreases in lottery and BOCES aid.
- Operating grants increased as the District was awarded funding under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act through the Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) program and the American Rescue Plan (ARP) Act.
- Real property taxes were increased to fund anticipated increases in appropriations in the voter-approved 2021-2022 budget.

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

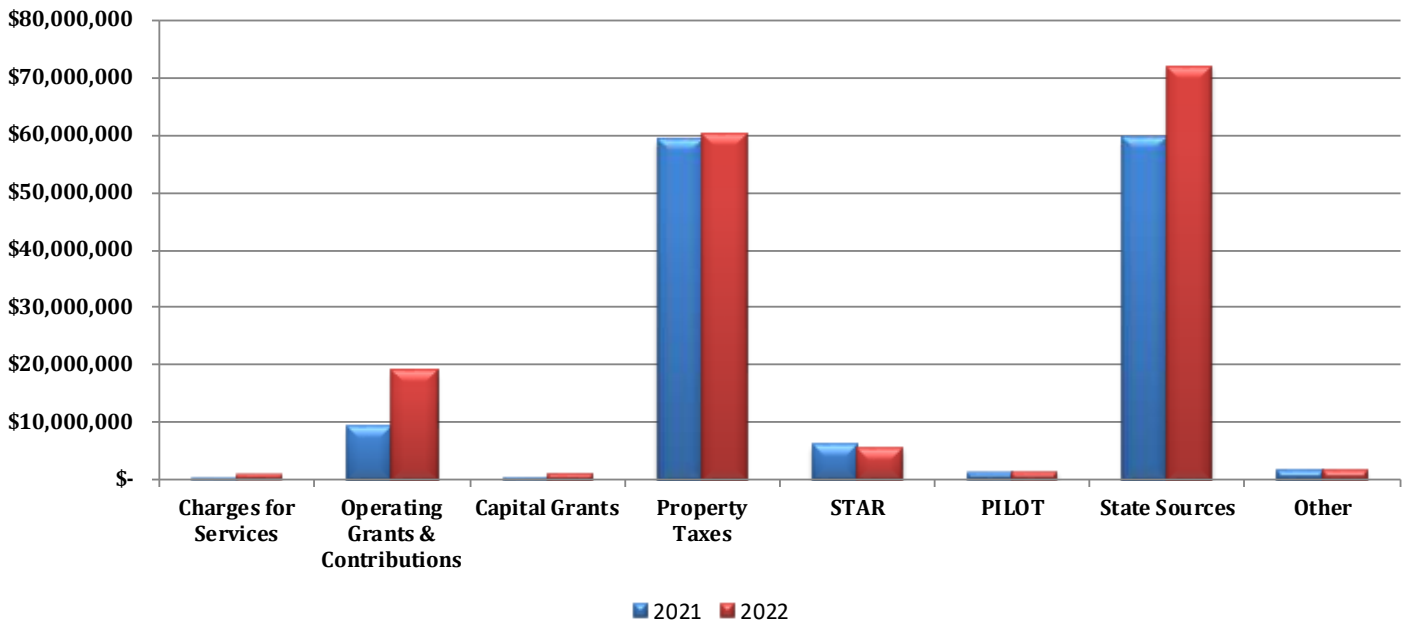
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- Pupil transportation expenses increased due to a rise in contract bus expenses.
- General support – central services increased because of additional custodial time required, as school days and extraclassroom activities returned to their regular schedules post COVID.
- Instruction decreased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and other postemployment benefits costs. However, this was offset by an increase in expenses as a result of the increased funding received from the CRRSA Act and ARP Act.

As indicated on the graphs that follow, state sources is the largest component of revenues recognized (i.e., 44.5% and 43.3% of the total for the years 2022 and 2021, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 77.8% and 79.0% of the total for the years 2022 and 2021, respectively). The graphs demonstrate that the components of revenues and expenses are relatively consistent for both years.

The graphs demonstrate that the components of revenues and expenses are relatively consistent for both years.

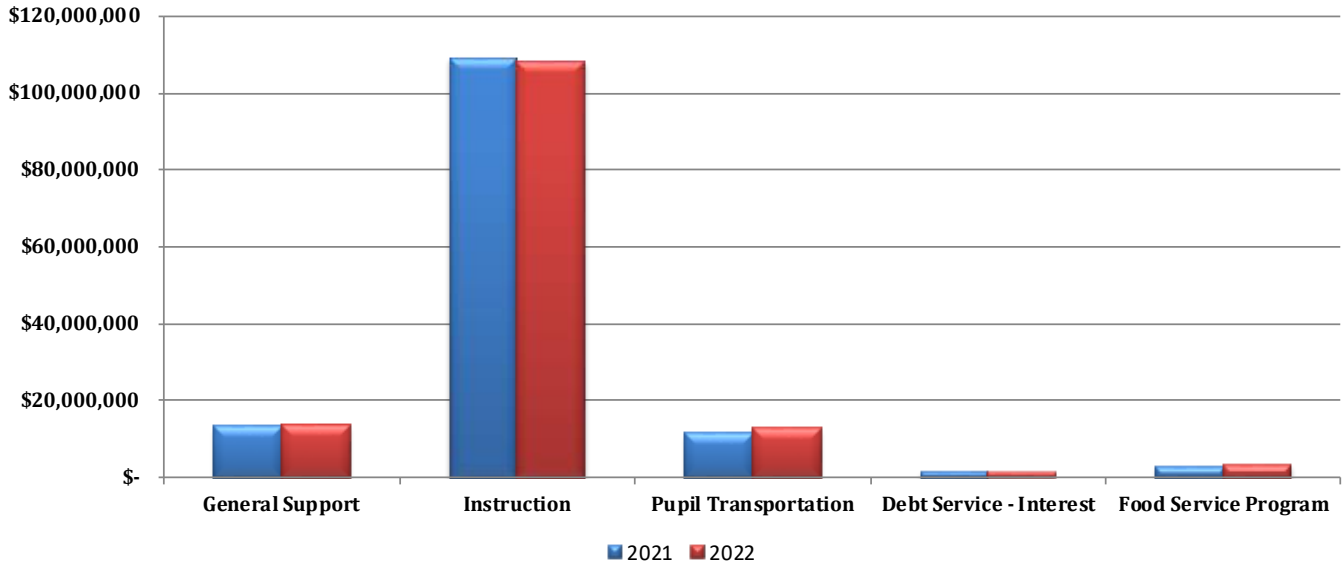
A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Capital Grants	Property Taxes	STAR	PILOT	State Sources	Other
2021	0.1%	6.8%	0.3%	43.0%	4.4%	0.8%	43.3%	1.3%
2022	0.5%	11.8%	0.7%	37.3%	3.4%	0.8%	44.5%	1.0%

COPIAGUE UNION FREE SCHOOL DISTRICT
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
2021	9.5%	79.0%	8.2%	1.1%	2.2%
2022	9.8%	77.8%	9.1%	0.9%	2.4%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of \$36,112,223, which is an increase of \$11,184,818 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using 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:

	2022	2021	Increase (Decrease)	Percentage Change
General Fund				
Restricted:				
Workers' compensation	\$ 1,200,600	\$ 1,198,940	\$ 1,660	0.14 %
Retirement contribution -				
Teachers' retirement system	2,277,072	1,375,168	901,904	65.59 %
Employees' retirement system	4,006,696	4,001,156	5,540	0.14 %
Employee benefit accrued liability	8,515,491	8,503,716	11,775	0.14 %
Capital	5,000,000		5,000,000	0.00 %
Assigned:				
Appropriated fund balance	10,000,000		10,000,000	0.00 %
Unappropriated fund balance	492,359	581,288	(88,929)	(15.30)%
Unassigned: Fund balance	2,886,583	8,738,891	(5,852,308)	(66.97)%
	<u>34,378,801</u>	<u>24,399,159</u>	<u>9,979,642</u>	40.90 %

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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
School Food Service Fund				
Nonspendable: Inventory	\$ 57,419	\$ 45,223	\$ 12,196	26.97 %
Assigned: Unappropriated fund balance	1,313,053	600,682	712,371	118.59 %
	<u>1,370,472</u>	<u>645,905</u>	<u>724,567</u>	112.18 %
Capital Projects Fund				
Restricted: Unspent bond proceeds	4,626	19,851	(15,225)	(76.70)%
Assigned: Unappropriated fund balance	306,746		306,746	0.00 %
Unassigned: Fund balance (deficit)		<u>(190,350)</u>	<u>190,350</u>	(100.00)%
	<u>311,372</u>	<u>(170,499)</u>	<u>481,871</u>	(282.62)%
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>49,538</u>	<u>50,300</u>	<u>(762)</u>	(1.51)%
Scholarships Fund				
Restricted: Scholarships	<u>2,040</u>	<u>2,540</u>	<u>(500)</u>	(19.69)%
Total Fund Balance	<u>\$ 36,112,223</u>	<u>\$ 24,927,405</u>	<u>\$ 11,184,818</u>	44.87 %

A. General Fund

The general fund – fund balance is a net increase of \$9,979,642, compared to an increase of \$7,807,611 in 2021. This resulted from revenues in excess of expenditures and other financing uses.

Revenues increased by \$11,214,918, or 8.62%. The following is a summary of the major changes:

- State sources increased mainly due to more general aid received.
- Property taxes increased due to an increase in the tax levy in accordance with the 2021-2022 voter-approved budget.
- Federal sources decreased as the District received funding for COVID-19 relief under the Coronavirus Aid, Relief and Economic Security (CARES) Act through the Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) Program in the prior year, but not in the current year.

Expenditures and other financing uses increased by \$9,042,887, or 7.39%. The following is a summary of the major changes:

- Instruction increased by \$2,082,422 over the prior year. This was primarily due to the following:
 - Pupil services increased as a result of there being a full year of programs in co-curricular and inter-scholastic activities.
 - Administration and improvement increased due to expenditures recognized in the general fund that, in the prior year, were paid for using federal grant money in the special aid fund.

COPIAGUE UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
(Continued)

- General support increased by \$2,078,478 over the prior year. This was mainly due to the following:
 - There were various construction projects, including new windows at one building, and office modifications at two buildings.
 - Security salaries increased due to activities returning to normal compared to decreased activity in the prior year due to COVID-19.
 - Utility costs increased compared to the prior year due to increased cost and services used.
- Other financing uses increased in accordance with the voter-approved transfer to the capital projects fund in the amount of \$2,200,000.
- Employee benefits increased due to higher pension contribution rates for the District’s liabilities to the New York State Teachers’ Retirement System. In addition, health insurance costs increased as a result of the addition of more staff.

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

	Balance @ June 30, 2021	Use of Reserves	Interest	Funding	Balance @ June 30, 2022
Workers' compensation	\$ 1,198,940	\$	\$ 1,660	\$	\$ 1,200,600
Retirement contribution -					
TRS	1,375,168		1,904	900,000	2,277,072
ERS	4,001,156		5,540		4,006,696
EBALR	8,503,716		11,775		8,515,491
Capital				5,000,000	5,000,000
	<u>\$ 15,078,980</u>	<u>\$ -</u>	<u>\$ 20,879</u>	<u>\$ 5,900,000</u>	<u>\$ 20,999,859</u>

B. School Food Service Fund

The school food service fund - fund balance net increase can be attributed to greater state and federal reimbursements, the result of on an Executive Order, granting school districts waivers, which authorized the distribution of free meals to all students, regardless of their eligibility status.

C. Capital Projects Fund

The capital projects fund – fund balance net increase is the result of general fund budgeted transfers exceeding capital expenditures.

D. Extraclassroom Activities Fund

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

E. Scholarships Fund

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

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's general fund adopted budget for the year ended June 30, 2022 was \$141,972,939. This amount was increased by encumbrances carried forward from the prior year in the amount of \$581,288, and a budget revision in the amount of \$24,995 for a total final budget of \$142,579,222.

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$65,969,331 in estimated property taxes and STAR, and \$73,494,746 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, and appropriations to fund the subsequent year's budget, and encumbrances. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned: Fund Balance	\$ 8,738,891
Revenues Under Budget	(675,944)
Expenditures and Encumbrances Under Budget	10,744,515
Allocation to Reserves	(5,920,879)
Appropriated for the 2022-2023 Budget	<u>(10,000,000)</u>
Closing, Unassigned: Fund Balance	<u><u>\$ 2,886,583</u></u>

Opening, Unassigned Fund Balance

The \$8,738,891 shown in the table is the portion of the District's June 30, 2021 fund balance that was retained as unassigned.

Revenues Under Budget

The 2021-2022 final budget for revenues was \$141,997,934. Actual revenues recognized for the year were \$141,321,990. Actual revenues were less than estimated or budgeted revenues by \$675,944, which contributes directly to the general fund unassigned fund balance from June 30, 2020 to June 30, 2021. The revenue variance is the result of the reduction in state aid after the budget was adopted. This was offset by unanticipated Medicaid reimbursement and miscellaneous revenues. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

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

Expenditures and Encumbrances Under Budget

The 2021-2022 final budget for expenditures and other financing uses, including prior year open encumbrances as of June 30, 2020, was \$142,579,222. Actual expenditures as of June 30, 2022 were \$131,342,348 and outstanding encumbrances were \$492,359. Combined, the expenditures plus encumbrances for 2021-2022 were \$131,834,707. The final budget variance was \$10,744,515, which contributes to the change to the unassigned portion of the general fund unassigned fund balance from June 30, 2021 to June 30, 2022. The expenditure variance largely resulted from instruction costs being recognized in the special aid fund which were funded using federal grant sources. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Allocation to Reserves

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

Appropriated Fund Balance

The District has chosen to use \$10,000,000 of the available June 30, 2022 unassigned fund balance to partially fund the 2022-2023 approved operating budget. As such, the June 30, 2022 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2022 was \$2,886,583. This amount equals 1.78% of the 2022-2023 budget and is less than the 4% statutory limit.

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

A. Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$2,202,640 in excess of depreciation/amortization expense of \$1,961,578. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2022 and 2021 is as follows:

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

	2022	As Restated 2021	Increase (Decrease)
Land	\$ 5,427,300	\$ 5,427,300	\$ -
Construction in progress	2,701,972	820,731	1,881,241
Buildings and improvements	47,436,378	48,859,395	(1,423,017)
Site improvements	422,191	468,981	(46,790)
Furniture and equipment	736,629	544,952	191,677
Leased equipment and fixtures	960,039	1,322,088	(362,049)
Capital assets, net	<u>\$ 57,684,509</u>	<u>\$ 57,443,447</u>	<u>\$ 241,062</u>

The District implemented GASB Statement No. 87 during the year June 30, 2022; the June 30, 2021 balances have been restated to reflect the addition of leased equipment and fixtures.

B. Debt Administration

At June 30, 2022, the District had combined total debt of \$33,871,868. The decreases in outstanding debt represent principal payments made throughout the year. A summary of the outstanding debts at June 30, 2022 and 2021 is as follows:

Issue/ Commencement Date	Interest Rate	2022	As Restated 2021	Increase (Decrease)
Bonds Payable				
2008	3.25-4.00%	\$ 695,000	\$ 1,360,000	\$ (665,000)
2010	3.00-4.00%	500,000	615,000	(115,000)
2019	3.00-5.00%	31,705,000	33,720,000	(2,015,000)
		<u>\$ 32,900,000</u>	<u>\$ 35,695,000</u>	<u>\$ (2,795,000)</u>
Lease Liabilities				
2018	3.00%	81,531	161,051	(79,520)
2019	3.00%	42,775	\$ 63,376	(20,601)
2020	3.00%	620,544	817,321	(196,777)
2021	3.00%	\$ 227,018	\$ 280,340	\$ (53,322)
		<u>\$ 971,868</u>	<u>\$ 1,322,088</u>	<u>\$ (350,220)</u>

The District implemented GASB No. 87 during the June 30, 2022 year; the June 30, 2021 balances have been restated to reflect the addition of lease liabilities.

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is A1. The District's outstanding serial bonds at June 30, 2022 are approximately 9.73% of the District's available debt limit.

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

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, and retirement incentive which are based on employment contracts, and workers' compensation, net pension liabilities – proportionate share and total other postemployment benefits liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2022 and 2021 is as follows:

	2022	2021	Increase (Decrease)
Compensated absences	\$ 10,554,267	\$ 9,367,059	\$ 1,187,208
Workers' compensation	1,003,716	977,036	26,680
Retirement incentive	565,740	877,541	(311,801)
Net pension liabilities - proportionate share		8,098,347	(8,098,347)
Total OPEB liability	131,837,414	146,132,781	(14,295,367)
	<u>\$ 143,961,137</u>	<u>\$ 165,452,764</u>	<u>\$ (21,491,627)</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 17, 2022, for the year ending June 30, 2023, is \$162,431,470. This is an increase of \$20,458,531 or 14.41% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$10,458,531 increase over the prior year's estimate. This increase is principally due to an estimated increase in state aid. The assigned, appropriated fund balance applied to the budget in the amount of \$10,000,000, the District did not appropriate fund balance in the prior year. The property tax levy of \$65,969,331 is equal to the prior year levy.

The District has established a committee, which is charged with the goal of reducing transportation costs. The District also initiated changes in the budget process that are expected to result in enhanced cost accountability and limited budget increases.

B. Future Budgets

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

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for 2022-2023 is 3.61%. The District's 2022-2023 property tax levy of \$65,969,331, the same as the prior year, was less than the tax cap and did not require an override vote.

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

8. CONTACTING THE DISTRICT

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

Ms. Susan Kanuika
Assistant Superintendent for Finance and Operations
Copiague Union Free School District
2650 Great Neck Road
Copiague, New York 11726

COPIAGUE UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

ASSETS

Cash		
Unrestricted	\$	13,946,070
Restricted		21,006,525
Receivables		
Accounts receivable		189,648
Due from state and federal		9,659,328
Due from other governments		3,810,247
Inventory		57,419
Capital assets:		
Not being depreciated/amortized		8,129,272
Being depreciated/amortized, net of accumulated depreciation/amortization		49,555,237
Net pension assets - proportionate share		<u>48,979,502</u>
 Total Assets		 <u>155,333,248</u>

DEFERRED OUTFLOWS OF RESOURCES

Pensions		31,481,056
Other post employment benefits		<u>972,676</u>
 Total Deferred Outflows of Resources		 <u>32,453,732</u>

LIABILITIES

Payables		
Accounts payable		2,382,131
Accrued liabilities		2,197,486
Due to other governments		3,259
Due to teachers' retirement system		5,692,340
Due to employees' retirement system		203,612
Compensated absences payable		313,386
Other liabilities		6,757
Unearned credits		
Collections in advance		501,349
Long-term liabilities		
Due and payable within one year		
Bonds payable, net		3,296,998
Lease liabilities		357,521
Compensated absences payable		363,371
Retirement incentive payable		232,640
Due and payable after one year		
Bonds payable, net		31,846,902
Lease liabilities		614,347
Compensated absences payable		10,190,896
Workers' compensation liabilities		1,003,716
Retirement incentive payable		333,100
Total other postemployment benefits liability		<u>131,837,414</u>
 Total Liabilities		 <u>191,377,225</u>

DEFERRED INFLOWS OF RESOURCES

Pensions		59,081,461
Other postemployment benefits		<u>25,379,458</u>
 Total Deferred Inflows of Resources		 <u>84,460,919</u>

NET POSITION (DEFICIT)

Net investment in capital assets		<u>23,817,267</u>
Restricted		
Workers' compensation		1,200,600
Retirement contribution		
Teachers' retirement system		2,277,072
Employees' retirement system		4,006,696
Employee benefit accrued liability		8,515,491
Capital		5,000,000
Scholarships		<u>2,040</u>
		<u>21,001,899</u>
Unrestricted (Deficit)		<u>(132,870,330)</u>
 Net Position (Deficit)		 <u>\$ (88,051,164)</u>

COPIAGUE UNION FREE SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 13,715,337	\$	\$	\$	\$ (13,715,337)
Instruction	108,270,676	556,446	15,092,823	1,079,588	(91,541,819)
Pupil transportation	12,713,029				(12,713,029)
Debt service - interest	1,315,041				(1,315,041)
Food service program	3,401,875	274,247	3,977,904		850,276
	<u>\$ 139,415,958</u>	<u>\$ 830,693</u>	<u>\$ 19,070,727</u>	<u>\$ 1,079,588</u>	<u>(118,434,950)</u>
GENERAL REVENUES					
Real property taxes					60,435,773
Other tax items					6,823,389
Use of money and property					52,862
Sale of property and compensation for loss					22,430
Miscellaneous					983,288
State sources					72,089,856
Medicaid reimbursement					687,744
					<u>141,095,342</u>
Total General Revenues					<u>141,095,342</u>
Change in Net Position					22,660,392
Total Net Position (Deficit) - Beginning of Year					<u>(110,711,556)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (88,051,164)</u>

COPIAGUE UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2022

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 9,762,149	\$ 3,063,599	\$ 1,054,457	\$ 13,345	\$ 52,520		\$ 13,946,070
Restricted	21,001,899			4,626			21,006,525
Receivables							
Accounts receivable	189,648						189,648
Due from other funds	8,040,055		2,982	859,272		3,540	8,905,849
Due from state and federal	2,757,761	5,144,337	699,326	1,057,904			9,659,328
Due from other governments	3,810,247						3,810,247
Inventory			57,419				57,419
Total Assets	<u>\$ 45,561,759</u>	<u>\$ 8,207,936</u>	<u>\$ 1,814,184</u>	<u>\$ 1,935,147</u>	<u>\$ 52,520</u>	<u>\$ 3,540</u>	<u>\$ 57,575,086</u>
LIABILITIES							
Payables							
Accounts payable	\$ 1,726,368	\$ 127,806	\$ 541	\$ 525,916		\$ 1,500	\$ 2,382,131
Accrued liabilities	1,668,766	20,503	17,561				1,706,830
Due to other funds	882,283	7,700,704	319,880		2,982		8,905,849
Due to other governments			3,259				3,259
Due to teachers' retirement system	5,692,340						5,692,340
Due to employees' retirement system	203,612						203,612
Compensated absences payable	313,386						313,386
Other liabilities	6,757						6,757
Unearned credits							
Collections in advance		358,923	102,471	39,955			501,349
Total Liabilities	<u>10,493,512</u>	<u>8,207,936</u>	<u>443,712</u>	<u>565,871</u>	<u>2,982</u>	<u>1,500</u>	<u>19,715,513</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>689,446</u>			<u>1,057,904</u>			<u>1,747,350</u>
FUND BALANCES							
Nonspendable: Inventory			57,419				57,419
Restricted:							
Workers' compensation	1,200,600						1,200,600
Retirement contribution -							
Teachers' retirement system	2,277,072						2,277,072
Employees' retirement system	4,006,696						4,006,696
Employee benefit accrued liability	8,515,491						8,515,491
Capital	5,000,000						5,000,000
Unspent bond proceeds				4,626			4,626
Scholarships						2,040	2,040
Assigned:							
Appropriated fund balance	10,000,000						10,000,000
Unappropriated fund balance	492,359		1,313,053	306,746	49,538		2,161,696
Unassigned: Fund balance	<u>2,886,583</u>						<u>2,886,583</u>
Total Fund Balances	<u>34,378,801</u>	<u>-</u>	<u>1,370,472</u>	<u>311,372</u>	<u>49,538</u>	<u>2,040</u>	<u>36,112,223</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 45,561,759</u>	<u>\$ 8,207,936</u>	<u>\$ 1,814,184</u>	<u>\$ 1,935,147</u>	<u>\$ 52,520</u>	<u>\$ 3,540</u>	<u>\$ 57,575,086</u>

COPIAGUE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2022

Total Governmental Fund Balances \$ 36,112,223

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

The costs of building, acquiring, and leasing 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	\$ 99,425,996	
Less: Accumulated depreciation/amortization	<u>(41,741,487)</u>	57,684,509

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

Net pension asset - teachers' retirement system	47,152,515	
Net pension asset - employees' retirement system	1,826,987	
Deferred outflows of resources	31,481,056	
Deferred inflows of resources	<u>(59,081,461)</u>	21,379,097

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

Deferred outflows of resources	972,676	
Total other postemployment benefits liability	(131,837,414)	
Deferred inflows of resources	<u>(25,379,458)</u>	(156,244,196)

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

1,747,350

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 bonds payable	(490,656)	
Bonds payable, net	(35,143,900)	
Lease liabilities	(971,868)	
Compensated absences payable	(10,554,267)	
Workers' compensation liabilities	(1,003,716)	
Retirement incentive payable	<u>(565,740)</u>	(48,730,147)

Total Net Position (Deficit) \$ (88,051,164)

COPIAGUE UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activities	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 60,435,773	\$	\$	\$	\$	\$	\$ 60,435,773
Other tax items	6,869,473						6,869,473
Charges for services	281,465						281,465
Use of money and property	52,762		100				52,862
Sale of property and compensation for loss	22,430						22,430
Miscellaneous	738,447		4,578		109,333	1,000	853,358
Intergovernmental revenue	136,728						136,728
State sources	72,089,856	2,311,039	78,102	200,874			74,679,871
Medicaid reimbursement	687,744						687,744
Federal sources	7,312	12,773,472	3,899,802				16,680,586
Sales			269,669				269,669
Total Revenues	141,321,990	15,084,511	4,252,251	200,874	109,333	1,000	160,969,959
EXPENDITURES							
General support	11,959,504	104,999					12,064,503
Instruction	75,851,271	14,910,545			110,095	1,500	90,873,411
Pupil transportation	12,104,798	540,391					12,645,189
Employee benefits	23,864,872		427,685				24,292,557
Debt service							
Principal	3,145,220						3,145,220
Interest	1,745,259						1,745,259
Food service program			3,099,999				3,099,999
Capital outlay				1,919,003			1,919,003
Total Expenditures	128,670,924	15,555,935	3,527,684	1,919,003	110,095	1,500	149,785,141
Excess (Deficiency) of Revenues Over Expenditures	<u>12,651,066</u>	<u>(471,424)</u>	<u>724,567</u>	<u>(1,718,129)</u>	<u>(762)</u>	<u>(500)</u>	<u>11,184,818</u>
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in		471,424		2,200,000			2,671,424
Operating transfers (out)	<u>(2,671,424)</u>						<u>(2,671,424)</u>
Total Other Financing Sources and (Uses)	<u>(2,671,424)</u>	<u>471,424</u>	<u>-</u>	<u>2,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	9,979,642	-	724,567	481,871	(762)	(500)	11,184,818
Fund Balances (Deficit) - Beginning of Year	<u>24,399,159</u>		<u>645,905</u>	<u>(170,499)</u>	<u>50,300</u>	<u>2,540</u>	<u>24,927,405</u>
Fund Balances - End of Year	<u>\$ 34,378,801</u>	<u>\$ -</u>	<u>\$ 1,370,472</u>	<u>\$ 311,372</u>	<u>\$ 49,538</u>	<u>\$ 2,040</u>	<u>\$ 36,112,223</u>

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

Net Change in Fund Balances \$ 11,184,818

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).

Change in unavailable revenues \$ 1,106,391

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

Decrease in retirement incentive payable 311,801

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 payable (1,187,208)
Increase in workers' compensation liability (26,680)

204,304

Capital Related Differences

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

Capital outlays and other additions 2,202,640
Depreciation/amortization expense (1,961,578)

241,062

Long-Term Debt Transactions Differences

The amortization of the deferred premium on bonds decreases interest expense in the Statement of Activities.

390,052

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

Repayment of bond principal 2,795,000
Repayment of lease liabilities 350,220

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 interest decreased from June 30, 2021 to June 30, 2022.

40,166

3,575,438

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 7,952,775
Employees' Retirement System 873,032
Other postemployment benefits (1,371,037)

7,454,770

Change in Net Position of Governmental Activities

\$ 22,660,392

COPIAGUE UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2022

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

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2022

	Custodial
ADDITIONS	
Real property taxes collected for the Library	\$ 3,948,000
DEDUCTIONS	
Disbursements of real property taxes to the Library	3,948,000
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	\$ -

COPIAGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Copiague 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 seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

COPIAGUE 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, compensated absences, workers’ compensation, retirement incentive, other postemployment benefits and pension costs, 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.

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

E. Real Property Taxes and Other Tax Items

Calendar

Real property taxes are levied annually by the Board no later than October 15th and become a lien on December 1st. Taxes are collected by the Town of Babylon and remitted to the District from December to June.

Enforcement

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

School Tax Relief (STAR) Aid

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

F. Payments in Lieu of Taxes (PILOT)

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

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.

H. Interfund Transactions

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

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

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

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

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

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas including; revenue availability compensated absences, pension costs, other postemployment benefits, 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. This includes amounts in the New York Liquid Asset Fund (NYLAF) that are considered cash equivalents.

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

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

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

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

M. Capital Assets

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

All capital assets, except land and construction in progress, are depreciated/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:

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

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 15,000	15 - 50 years
Site improvements	15,000	15 - 30 years
Furniture, equipment and vehicles	5,000	5 - 20 years

N. Deferred Outflows of Resources

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

O. Short-Term Debt

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

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

P. Collections in Advance

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

Q. Employee Benefits – Compensated Absences

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

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

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

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 payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

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

R. Employee Benefits – Retirement Incentive

Retirement incentive consists of first year eligible retirement incentive payments based on years of service as specified in collective bargaining agreements. The payments are due annually over a five-year period.

In the fund financial statements, expenditures are recognized as the liabilities mature (come due for payment).

S. Other Benefits

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

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

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

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for 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*.

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

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.

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

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

U. Deferred Inflows of Resources

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

V. 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 acquisitions, construction, and improvements of those assets.

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

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

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

Fund Statements

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

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.

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.

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

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

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. Expenditures 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. This reserve is accounted for in the general fund.

Restricted – Unspent Bond Proceeds

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

Restricted for Scholarships

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

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

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

Fund Balance Classification

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

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

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

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

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

3. FUTURE ACCOUNTING STANDARDS

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

Effective for the Year Ending	Statement
June 30, 2023	GASB No. 96 - <i>Subscription Based Information Technology Agreements</i>

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users.

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

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

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

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

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

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 are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

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

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

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

COPIAGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Technology expenditures funded by:
Gifts and donations

\$ 24,995

Budgets are adopted annually on a basis consistent with GAAP.

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

B. Encumbrances

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

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

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

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

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

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

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

Investment pool:

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

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

Total investments of the cooperative at June 30, 2022 are \$534,631,412, which consisted of \$265,100,000 in repurchase agreements, \$97,894,447 in U.S. Treasury Securities, and \$171,636,965 in collateralized bank deposits, with various interest rates and due dates.

The following amounts are included as cash:

Fund	Carrying Amount
General	\$ 16,555,229

The above amounts represent the fair value of the investment pool shares. The Lead Agent of NYLAF is the Red Hook Central School District. Additional information concerning NYLAF, including the annual report, can be found on its website at www.nylaf.org.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2022, the District was billed \$27,304,897 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,760,100. Financial statements for the BOCES are available from the BOCES administrative offices at 507 Deer Park Road, P.O. Box 8007, Huntington Station, New York 11746-9007.

8. DUE FROM STATE AND FEDERAL

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

General Fund	
New York State - excess cost aid	\$ 2,230,170
New York State - homeless aid	60,768
Federal - CARES funding	105,170
Medicaid	361,653
	2,757,761
Special Aid Fund	
Federal and state grants	5,144,337
School Food Service Fund	
Federal and state food service program reimbursements	699,326
Capital Projects Fund	
New York State - Smart Schools Bond Act	1,057,904
	\$ 9,659,328

District management expects these amounts to be fully collectible.

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

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
BOCES aid	\$ 2,760,100
Payment in lieu of taxes	357,219
Other districts - charges for services	579,478
Other	113,450
	<u>\$ 3,810,247</u>

District management expects these amounts to be fully collectible.

10. CAPITAL ASSETS

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in capital assets. As a result, capital assets at June 30, 2021, were increased \$1,322,088. Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 5,427,300	\$	\$	\$ 5,427,300
Construction in progress	820,731	1,881,241		2,701,972
Total capital assets not being depreciated/amortized	<u>6,248,031</u>	<u>1,881,241</u>	<u>-</u>	<u>8,129,272</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	85,819,565			85,819,565
Site improvements	2,218,718	14,149		2,232,867
Furniture, equipment, and vehicles	1,712,146	307,250	(97,192)	1,922,204
Leased equipment and fixtures	1,322,088			1,322,088
Total capital assets being depreciated/amortized	<u>91,072,517</u>	<u>321,399</u>	<u>(97,192)</u>	<u>91,296,724</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	36,960,170	1,423,017		38,383,187
Site improvements	1,749,737	60,939		1,810,676
Furniture, equipment, and vehicles	1,167,194	115,573	(97,192)	1,185,575
Leased equipment and fixtures	362,049			362,049
Total accumulated depreciation/amortization	<u>39,877,101</u>	<u>1,961,578</u>	<u>(97,192)</u>	<u>41,741,487</u>
Total capital assets being depreciated/amortized, net	<u>51,195,416</u>	<u>(1,640,179)</u>	<u>-</u>	<u>49,555,237</u>
Capital assets, net	<u>\$ 57,443,447</u>	<u>\$ 241,062</u>	<u>\$ -</u>	<u>\$ 57,684,509</u>

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

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

General support	\$ 12,482
Instruction	1,932,017
Food service program	<u>17,079</u>
Total depreciation/amortization expense	<u>\$ 1,961,578</u>

B. Lease Liabilities

The District has entered into various lease arrangements that are subject to GASB Statement No. 87. The terms of these leases vary between two and five years with discount rates of 3%. These leases are included in leased equipment and fixtures as indicated in the previous table. There is no residual value guarantees related to these leased capital assets.

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, 2022, the District has not recorded any such impairment losses.

11. INTERFUND TRANSACTIONS

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

	Interfund			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 8,040,055	\$ 882,283	\$	\$ 2,671,424
Special Aid Fund		7,700,704	471,424	
School Food Service Fund	2,982	319,880		
Capital Projects Fund	859,272		2,200,000	
Extraclassroom Activities Fund		2,982		
Scholarships Fund	<u>3,540</u>			
Total Governmental Funds	<u>\$ 8,905,849</u>	<u>\$ 8,905,849</u>	<u>\$ 2,671,424</u>	<u>\$ 2,671,424</u>

The District typically transfers from the general fund to the special aid fund 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 capital projects fund was to provide funding for capital improvement projects.

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

12. SHORT-TERM DEBT

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

	Maturity	Stated Interest Rate	Balance June 30, 2021	Issued	Redeemed	Balance June 30, 2022
TAN	6/22/2022	1.25%	\$ -	\$ 26,000,000	\$ (26,000,000)	\$ -

The TAN was issued to provide cash flow for the District until the real property taxes are received from the Town.

Interest on short-term debt for the year was \$250,069. The District received premiums of \$210,595, which are included in miscellaneous revenue in the general fund.

13. LONG-TERM LIABILITIES

A. Changes

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, which resulted in the reporting of a change in lease liabilities. Long-term liability balances and activity, excluding pension and other postemployment benefits liabilities, for the year are summarized below.

	As Restated Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 35,695,000	\$ -	\$ (2,795,000)	\$ 32,900,000	\$ 2,935,000
Premium on bonds	2,633,952		(390,052)	2,243,900	361,998
	<u>38,328,952</u>	<u>-</u>	<u>(3,185,052)</u>	<u>35,143,900</u>	<u>3,296,998</u>
Lease liabilities	1,322,088		(350,220)	971,868	357,521
	<u>39,651,040</u>	<u>-</u>	<u>(3,535,272)</u>	<u>36,115,768</u>	<u>3,654,519</u>
Other long-term liabilities:					
Compensated absences	9,367,059	1,187,208		10,554,267	363,371
Workers' compensation	977,036	268,851	(242,171)	1,003,716	
Retirement incentive	877,541	89,600	(401,401)	565,740	232,640
	<u>\$ 50,872,676</u>	<u>\$ 1,545,659</u>	<u>\$ (4,178,844)</u>	<u>\$ 48,239,491</u>	<u>\$ 4,250,530</u>

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

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

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Serial bonds	6/17/2008	12/1/2022	3.25-4.00%	\$ 695,000
Serial bonds - Library	12/15/2010	2/15/2025	3.00-4.00%	500,000
Serial bonds	2/19/2019	2/15/2034	3.00-5.00%	<u>31,705,000</u>
				<u>\$ 32,900,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 2,935,000	\$ 1,331,400	\$ 4,266,400
2024	2,350,000	1,206,750	3,556,750
2025	2,460,000	1,090,500	3,550,500
2026	2,580,000	968,650	3,548,650
2027	2,575,000	843,550	3,418,550
2028-2032	14,645,000	2,448,400	17,093,400
2033-2034	<u>5,355,000</u>	<u>223,650</u>	<u>5,578,650</u>
Total	<u>\$ 32,900,000</u>	<u>\$ 8,112,900</u>	<u>\$ 41,012,900</u>

The Library bond issue is the legal obligation of the District; however, the Library Board has committed to raise sufficient funds through the Library's annual budgeted tax levy to transfer to the District for the debt service payments. During 2021-2022 the District received and recorded intergovernmental revenue of \$136,728 from the Library.

C. Premium on Bond Issuance

In 2019, the District received a \$3,680,000 premium on the issuance of serial bonds. The premium amount is being amortized as a component of interest expense on a weighted average basis as follows:

Year Ending June 30,	Amortization of Premium
2023	\$ (361,998)
2024	(332,483)
2025	(301,505)
2026	(268,996)
2027	(234,886)
2028-2032	(681,756)
2033-2034	<u>(62,276)</u>
Total	<u>\$ (2,243,900)</u>

During the fiscal year ending June 30, 2022, the District amortized \$390,052.

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

D. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Commencement Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
WS BOCES equipment	7/1/2018	6/30/2023	3.00%	\$ 81,531
WS BOCES equipment	9/27/2019	6/30/2024	3.00%	42,775
WS BOCES equipment	5/29/2020	6/30/2025	3.00%	620,544
WS BOCES equipment	4/6/2021	6/30/2026	3.00%	227,018
				<u>\$ 971,868</u>

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

Year Ending June 30,	Principal	Interest	Total
2023	\$ 357,521	\$ 24,276	\$ 381,797
2024	284,349	14,584	298,933
2025	270,665	6,205	276,870
2026	59,333	970	60,303
Total	<u>\$ 971,868</u>	<u>\$ 46,035</u>	<u>\$ 1,017,903</u>

E. Interest Expense

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

Interest paid	\$ 1,495,190
Less interest accrued in the prior year	(530,822)
Plus interest accrued in the current year	490,656
Less amortization of premium on bonds	<u>(390,052)</u>
Total interest expense on long-term debt	<u>\$ 1,064,972</u>

F. Retirement Incentive

Pursuant to agreements with the District's bargaining units, the District has offered retirement incentives to employees who meet certain criteria stated in the agreements. The payments are due in annual installments over five years and are paid to the retirees' deferred compensation account.

The following is a summary of the retirement incentive payment obligations still remaining by fiscal year:

Year Ending June 30,	6/30/2019	6/30/2020	6/30/2021	6/30/2022	Total
2023	\$ 27,000	\$ 54,000	\$ 129,120	\$ 17,920	\$ 228,040
2024		54,000	129,120	17,920	201,040
2025			100,620	17,920	118,540
2026				17,920	17,920
Total	<u>\$ 27,000</u>	<u>\$ 108,000</u>	<u>\$ 358,860</u>	<u>\$ 71,680</u>	<u>\$ 565,540</u>

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

14. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, 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, NY 12211-2395.

Employees' Retirement System

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

C. Funding Policies

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

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

October, and November. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.53% of covered payroll for the TRS' fiscal year ended June 30, 2021. The District's average contribution rate was 15.28% of covered payroll for the ERS' fiscal year ended March 31, 2022.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2022 was \$5,222,122 for TRS at the contribution rate of 9.80% and \$1,007,541 for ERS at an average contribution rate of 12.61%.

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

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

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
District's proportionate share of the net pension assets	\$ 47,152,515	\$ 1,826,987
District's portion of the Plan's total net pension assets	0.272101%	0.0223496%
Change in proportion since the prior measurement date	(0.020120)	(0.0012523)

For the year ended June 30, 2022, the District recognized pension expense (credit) of \$(2,723,987) for TRS and \$146,088 for ERS. At June 30, 2022, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

COPIAGUE UNION FREE SCHOOL DISTRICT
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(Continued)

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 6,499,474	\$ 138,360	\$ 244,977	\$ 179,461
Change of assumptions	15,509,448	3,049,036	2,746,495	51,449
Net difference between projected and actual earnings on pension plan investments			49,349,986	5,982,617
Changes in proportion and differences between the District's contributions and proportionate share of contributions	672,379	186,625	412,252	114,224
District contributions subsequent to the measurement date	<u>5,222,122</u>	<u>203,612</u>		
Total	<u><u>\$ 27,903,423</u></u>	<u><u>\$ 3,577,633</u></u>	<u><u>\$ 52,753,710</u></u>	<u><u>\$ 6,327,751</u></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, 2023. 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>
2023	\$ (6,107,568)	\$ (417,335)
2024	(7,143,080)	(648,544)
2025	(8,993,940)	(1,556,889)
2026	(11,825,654)	(330,962)
2027	2,342,074	
Thereafter	<u>1,655,759</u>	
	<u><u>\$ (30,072,409)</u></u>	<u><u>\$ (2,953,730)</u></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, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Inflation	2.40%	2.70%
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%	1.40%

COPIAGUE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2021 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. The June 30, 2020 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period of July 1 2009 – June 30, 2014. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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

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

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return June 30, 2021	Target Allocation	Long-term Expected Real Rate of Return March 31, 2022
Measurement date				
Asset type				
Domestic equity	33.0%	6.80%	32.0%	3.30%
International equity	16.0%	7.60%	15.0%	5.85%
Global equity	4.0%	7.10%		
Real estate equity	11.0%	6.50%	9.0%	5.00%
Private equity	8.0%	10.00%	10.0%	6.50%
Alternative investments			10.0%	3.78-5.58%
Domestic fixed income	16.0%	1.30%		
Global bonds	2.0%	0.80%		
High-yield bonds	1.0%	3.80%		
Fixed income			23.0%	0.00%
Private debt	1.0%	5.90%		
Real estate debt	7.0%	3.30%		
Cash equivalents	1.0%	(0.20)%		
Cash			1.0%	(1.00)%
	100.0%		100.0%	

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

Discount Rate

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

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

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

TRS	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
District's proportionate share of the net pension asset (liability)	\$ 4,947,969	\$ 47,152,515	\$ 82,622,373
ERS	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
District's proportionate share of the net pension asset (liability)	\$ (4,702,644)	\$ 1,826,987	\$ 7,288,709

Pension Plan Fiduciary Net Position

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

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

COPIAGUE 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, 2022, are paid to the system in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employer and employee contributions for the fiscal year ended June 30, 2022, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2022 amounted to \$5,222,122 of employer contributions and \$470,218 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, 2022, represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$203,612 of employer contributions. Employee contributions are remitted monthly.

15. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2022, totaled \$1,258,349 and \$3,003,642, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2022 totaled \$463,314.

16. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

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

Inactive employees or beneficiaries currently receiving benefit payments	459
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	440
	899

B. Total OPEB Liability

The District's total OPEB liability of \$131,837,414 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

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

Inflation	2.60%	
Salary increases	2.60%	average, including inflation
Discount rate	3.54%	
Healthcare cost trend rates	5.10%	for 2022, decreasing to an ultimate rate of 4.10% over 54 years
Retirees' share of benefit-related costs	10.00%	Administrators
	25-37.5%	Principals, Instructional, and Supervisory Custodians (hired prior to 6/30/2018)
	50-65%	Non-Instructional and Supervisory Custodians (hired after 6/30/2018)

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

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale MP 2017.

The selections of all assumptions used in determining the total OPEB liability were made in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

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

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

C. Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$146,132,781</u>
Changes for the year	
Service cost	5,354,863
Interest on total OPEB liability	3,239,953
Changes of benefit terms	-
Differences between expected and actual experience	(8,772,289)
Changes in assumptions or other inputs	(11,122,266)
Benefit payments	<u>(2,995,628)</u>
	<u>(14,295,367)</u>
 Balance at June 30, 2022	 <u>\$131,837,414</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

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

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
<u>OPEB</u>	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Total OPEB liability	<u>\$(156,591,923)</u>	<u>\$(131,837,414)</u>	<u>\$(112,142,547)</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.10%) or 1 percentage point higher (6.10%) than the current healthcare cost trend rate:

	1% Decrease 4.10%	Healthcare Cost Trend Rates 5.10%	1% Increase 6.10%
<u>OPEB</u>	<u>decreasing to 3.10%</u>	<u>decreasing to 4.10%</u>	<u>decreasing to 5.10%</u>
Total OPEB liability	<u>\$(112,059,399)</u>	<u>\$(131,837,414)</u>	<u>\$(157,921,796)</u>

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

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$4,366,665. At June 30, 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 8,227,545
Changes of assumptions or other inputs	972,676	17,151,913
Total	\$ 972,676	\$ 25,379,458

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

Year Ending June 30,	Amount
2023	\$ (4,228,151)
2024	(4,228,151)
2025	(4,228,151)
2026	(4,228,151)
2027	(2,864,369)
Thereafter	(4,629,809)
	\$(24,406,782)

17. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2022, consists of that portion of the amount due from New York State for local aid payments, tuition, PILOT, and other revenue, which is unavailable. Unavailable revenues, in the general fund at June 30, 2022, total \$689,446.

Also included in the governmental fund financial statements as deferred inflows of resources, at June 30, 2022, is the amount due from New York State for improvements to educational technology and infrastructure to improve learning and opportunities for students throughout the state (Smart Schools Bond Act). Unavailable revenues, in the capital projects fund at June 30, 2022, total \$1,057,904.

18. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by 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.

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

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:

	2021	2022
Unpaid claims at beginning of year	\$ 1,336,833	\$ 977,036
Incurred claims and claim adjustment expenses		268,851
Claim payments	(359,797)	(242,171)
Unpaid claims at year-end	\$ 977,036	\$ 1,003,716

At June 30, 2022, the District had \$1,200,600 of funds in the workers' compensation reserve.

19. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$10,000,000 has been appropriated to reduce taxes for the year ending June 30, 2023.

20. RESTRICTED FOR CAPITAL RESERVE

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

Date Created	May 2022
Number of Years to Fund	10
Maximum Funding	\$ 15,000,000
General Fund	
Funding Provided Since Inception	\$ 5,000,000
Interest Earnings Since Inception	
Use of Reserve Since Inception	
Balance as of June 30, 2022	\$ 5,000,000

21. TAX ABATEMENTS

The Town of Babylon Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced \$2,368,095. The District received payment in lieu of taxes (PILOT) payments totaling \$1,335,884.

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

22. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Assigned: Unappropriated Fund Balance	
General Fund	
General support	\$ 236,951
Instruction	255,408
	<u>492,359</u>
Capital Projects Fund	
Capital projects	<u>817,858</u>
	<u><u>\$ 1,310,217</u></u>

B. Grants

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

C. Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes the outcome of any matters will not have a material effect on these financial statements.

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.

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

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 59,430,331	\$ 60,435,743	\$ 60,435,773	\$ 30
Other tax items	7,914,649	6,909,237	6,869,473	(39,764)
Charges for services	356,500	356,500	281,465	(75,035)
Use of money and property	20,000	20,000	52,762	32,762
Sale of property and compensation for loss	10,000	10,000	22,430	12,430
Miscellaneous	410,000	434,995	738,447	303,452
Intergovernmental revenue	136,713	136,713	136,728	15
Total Local Sources	68,278,193	68,303,188	68,537,078	233,890
State Sources	73,494,746	73,494,746	72,089,856	(1,404,890)
Medicaid Reimbursement	200,000	200,000	687,744	487,744
Federal Sources			7,312	7,312
Total Revenues	141,972,939	141,997,934	141,321,990	\$ (675,944)
APPROPRIATED FUND BALANCE				
Prior Year's Encumbrances	581,288	581,288		
Total Revenues and Appropriated Fund Balance	\$ 142,554,227	\$ 142,579,222		

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.

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

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 34,050	\$ 36,550	\$ 23,984	\$	\$ 12,566
Central administration	421,195	451,618	448,684		2,934
Finance	1,083,608	1,116,304	1,066,972	142	49,190
Staff	791,497	817,755	753,018		64,737
Central services	8,891,300	9,397,820	8,574,594	236,809	586,417
Special items	1,023,786	1,092,252	1,092,252		-
Total General Support	<u>12,245,436</u>	<u>12,912,299</u>	<u>11,959,504</u>	<u>236,951</u>	<u>715,844</u>
Instruction					
Administration & improvement	4,892,149	5,452,934	4,676,244	93	776,597
Teaching - regular school	36,480,249	32,372,135	26,859,769	103,529	5,408,837
Programs for students with disabilities	30,950,802	34,533,226	33,484,668	6,074	1,042,484
Occupational education	1,805,000	1,755,000	1,691,422		63,578
Teaching - special schools	288,376	282,376	230,777		51,599
Instructional media	2,821,597	2,705,355	2,516,390	134,049	54,916
Pupil services	6,732,602	6,994,716	6,392,001	11,663	591,052
Total Instruction	<u>83,970,775</u>	<u>84,095,742</u>	<u>75,851,271</u>	<u>255,408</u>	<u>7,989,063</u>
Pupil Transportation	<u>13,586,412</u>	<u>13,344,103</u>	<u>12,104,798</u>		<u>1,239,305</u>
Employee Benefits	<u>25,592,991</u>	<u>24,664,517</u>	<u>23,864,872</u>		<u>799,645</u>
Debt Service					
Principal	2,795,000	3,145,220	3,145,220		-
Interest	1,838,613	1,745,259	1,745,259		-
Total Debt Service	<u>4,633,613</u>	<u>4,890,479</u>	<u>4,890,479</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>140,029,227</u>	<u>139,907,140</u>	<u>128,670,924</u>	<u>492,359</u>	<u>10,743,857</u>
OTHER FINANCING USES					
Operating Transfers Out	<u>2,525,000</u>	<u>2,672,082</u>	<u>2,671,424</u>		<u>658</u>
Total Expenditures and Other Uses	<u>\$ 142,554,227</u>	<u>\$ 142,579,222</u>	<u>131,342,348</u>	<u>\$ 492,359</u>	<u>\$ 10,744,515</u>
Net Change in Fund Balance			9,979,642		
Fund Balance - Beginning of Year			<u>24,399,159</u>		
Fund Balance - End of Year			<u>\$ 34,378,801</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

Teachers' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.272101%	0.292221%	0.292876%	0.288564%	0.283353%	0.282132%	0.278028%	0.281661%
District's proportionate share of the net pension asset/(liability)	\$ 47,152,515	\$ (8,074,846)	\$ 7,608,950	\$ 5,218,004	\$ 2,153,767	\$ (3,021,754)	\$ 28,878,198	\$ 31,375,262
District's covered payroll	\$ 46,393,749	\$ 49,882,185	\$ 49,117,524	\$ 47,255,469	\$ 45,124,139	\$ 43,700,713	\$ 42,102,886	\$ 41,931,022
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	101.64 %	(16.19)%	15.49 %	11.04 %	4.77 %	(6.91)%	68.59 %	74.83 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.48%	111.48%
Discount rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0223496%	0.0236019%	0.0238335%	0.0231307%	0.0234191%	0.0236670%	0.0248688%	0.0232184%
District's proportionate share of the net pension asset/(liability)	\$ 1,826,987	\$ (23,501)	\$ (6,311,244)	\$ (1,638,882)	\$ (755,839)	\$ (2,223,800)	\$ (3,991,516)	\$ (784,375)
District's covered payroll	\$ 7,740,988	\$ 7,193,312	\$ 7,446,719	\$ 7,372,067	\$ 7,091,289	\$ 5,133,926	\$ 6,844,526	\$ 6,857,275
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	(23.60)%	0.33 %	84.75 %	22.23 %	10.66 %	43.32 %	58.32 %	11.44 %
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

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

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

Teachers' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 5,222,122	\$ 4,397,119	\$ 4,394,480	\$ 5,191,093	\$ 4,606,474	\$ 5,275,345	\$ 5,760,591	\$ 7,321,627	\$ 6,760,925	\$ 4,901,592
Contributions in relation to the contractually required contribution	5,222,122	4,397,119	4,394,480	5,191,093	4,606,474	5,275,345	5,760,591	7,321,627	6,760,925	4,901,592
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	53,693,208	46,393,749	49,882,185	49,117,524	47,255,469	45,124,139	43,700,713	42,102,886	41,931,022	42,209,585
Contributions as a percentage of covered payroll	10%	9%	9%	11%	10%	12%	13%	17%	16%	12%

Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,007,541	\$ 1,032,653	\$ 1,020,511	\$ 1,010,436	\$ 1,028,789	\$ 1,022,229	\$ 1,132,983	\$ 1,162,921	\$ 1,346,598	\$ 1,371,697
Contributions in relation to the contractually required contribution	1,007,541	1,032,653	1,020,511	1,010,436	1,028,789	1,022,229	1,132,983	1,162,921	1,346,598	1,371,697
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	7,984,304	7,145,077	7,455,590	7,388,467	7,162,729	7,051,092	6,891,961	6,872,764	6,921,806	7,259,415
Contributions as a percentage of covered payroll	13%	14%	14%	14%	14%	14%	16%	17%	19%	19%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 5,354,863	\$ 6,226,633	\$ 5,733,550	\$ 6,080,325	\$ 5,903,228
Interest on total OPEB liability	3,239,953	3,164,053	4,813,132	4,278,970	4,062,966
Changes in benefit terms	-	-	176,954	-	-
Differences between expected and actual experience	(8,772,289)	-	(752,405)	-	(175,677)
Changes of assumptions or other inputs	(11,122,266)	1,291,586	(1,909,226)	(12,258,078)	-
Benefit payments	(2,995,628)	(2,969,215)	(2,829,294)	(2,910,953)	(2,626,071)
Net change in total OPEB liability	(14,295,367)	7,713,057	5,232,711	(4,809,736)	7,164,446
Total OPEB liability, beginning	<u>146,132,781</u>	<u>138,419,724</u>	<u>133,187,013</u>	<u>137,996,749</u>	<u>130,832,303</u>
Total OPEB liability, ending	<u>\$ 131,837,414</u>	<u>\$ 146,132,781</u>	<u>\$ 138,419,724</u>	<u>\$ 133,187,013</u>	<u>\$ 137,996,749</u>
Covered employee payroll	\$ 47,835,247	\$ 50,229,773	\$ 50,229,773	\$ 48,454,265	\$ 48,454,265
Total OPEB liability as a percentage of covered employee payroll	275.61%	290.93%	275.57%	274.87%	284.80%
Discount rate	3.54%	2.16%	2.21%	3.50%	3.00%
Healthcare trend rates	5.1% to 4.1% by 2076	6.6% to 4.1% by 2076	6.6% to 4.1% by 2076	7.5% to 4.5% by 2026	7.5% to 4.5% by 2023

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

Note to Required Supplementary Information

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

COPIAGUE 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, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 141,972,939
Additions:		
Prior year's encumbrances		<u>581,288</u>
Original Budget		142,554,227
Budget revision		<u>24,995</u>
Final Budget		<u><u>\$ 142,579,222</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 voter-approved expenditure budget		<u>\$ 162,431,470</u>
Maximum allowed (4% of 2022-2023 budget)		<u><u>\$ 6,497,259</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 10,492,359	
Unassigned fund balance	<u>2,886,583</u>	
		\$ 13,378,942
Less:		
Appropriated fund balance	10,000,000	
Encumbrances	<u>492,359</u>	
Total adjustments		<u>10,492,359</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 2,886,583</u></u>
Actual Percentage		1.78%

COPIAGUE UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources -
Capital Projects Fund
For the Year Ended June 30, 2022

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance	
	June 30, 2021	June 30, 2022	Prior Years	Current Year	Total			State Aid	Local Sources	Total	June 30, 2022	
2015-16 Proposition												
Great Neck Road	\$ 1,695,252	\$ 1,695,251	\$ 1,695,251	\$	\$ 1,695,251	\$ -	\$ 1,695,251	\$	\$	\$ 1,695,251	\$ -	
Deauville Gardens	23,423,349	23,423,351	23,423,351		23,423,351	-	23,423,351			23,423,351	-	
Susan E. Wiley	2,487,197	2,487,197	2,487,197		2,487,197	-	2,487,197			2,487,197	-	
Middle School	5,247,803	5,247,802	5,243,176		5,243,176	4,626	5,247,802			5,247,802	4,626	
High School	10,109,925	10,109,925	10,109,925		10,109,925	-	10,109,925			10,109,925	-	
Smart Schools Bond Act	2,640,596	4,852,870	453,781	1,079,588	1,533,369	3,319,501		4,852,870		4,852,870	3,319,501	
General Fund Appropriation	400,000	400,000	395,934	4,066	400,000	-			400,000	400,000	-	
General Fund Appropriation		2,200,000		835,349	835,349	1,364,651			2,200,000	2,200,000	1,364,651	
Totals	<u>\$ 46,004,122</u>	<u>\$ 50,416,396</u>	<u>\$ 43,808,615</u>	<u>\$ 1,919,003</u>	<u>\$ 45,727,618</u>	<u>\$ 4,688,778</u>	<u>\$ 42,963,526</u>	<u>\$ 4,852,870</u>	<u>\$ 2,600,000</u>	<u>\$ 50,416,396</u>	<u>\$ 4,688,778</u>	
											Smart Schools Bond Act revenue not yet recognized	<u>(4,377,406)</u>
											Fund Balance	<u>\$ 311,372</u>

COPIAGUE UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2022

Capital assets, net	<u>\$ 57,684,509</u>
Short-term portion of bonds payable	2,935,000
Long-term portion of bonds payable	29,965,000
Less: Unspent bond proceeds	(4,626)
Short-term portion of lease liabilities	357,521
Long-term portion of lease liabilities	<u>614,347</u>
	<u>33,867,242</u>
Net investment in capital assets	<u><u>\$ 23,817,267</u></u>

JAMES E. DANOWSKI, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
MICHAEL J. LEONE, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA



VINCENT D. CULLEN, CPA
(1950 - 2013)
PETER F. RODRIGUEZ, CPA
(RET.)

**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
Copiague Union Free School District
Copiague, 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 Copiague Union Free School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2022. That report included a qualified opinion on the extraclassroom activities fund based on a scope limitation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Copiague Union Free School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Copiague Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Copiague 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 Copiague 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 statement. 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 Copiague Union Free School District in a separate letter dated October 4, 2022.

Purpose of this Report

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

Cullen & Danowski, LLP

October 4, 2022

