

**ROCKY POINT UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

ROCKY POINT UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Rocky Point Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rocky Point Union Free School District (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2023, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension asset/(liability), schedule of the District's contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 15 and 56 through 60 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.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 16, 2023

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The following is a discussion and analysis of the Rocky Point Union Free School District’s (the “District”) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The District’s total net deficit, as reflected in the District-Wide Financial Statements, increased by \$6,698,376 based on the accrual basis of accounting, primarily due to increases in pension and other post employment benefits (OPEB) related expenses based on the current year actuarial valuations.
- The District’s fund balance in the general fund, as reflected in the Fund Financial Statements, increased by \$1,423,075 based on the modified accrual basis of accounting.
- State and federal source revenues in the general fund increased by \$2,466,851 to \$31,931,043 in fiscal year 2023 from \$29,464,192 in fiscal year 2022.
- The District’s allowable tax levy limit for 2023-2024 was computed to be 3.23% using the prescribed formula; and the District appropriated \$2,031,198 of fund balance, allocated \$715,000 from existing reserve funds, and received additional foundation aid, thereby reducing the burden on District taxpayers.
- The District’s 2023-2024 budget includes funding for student programs and services, including extracurricular and occupational education programs, building renovations, and an investment in capital assets. On May 16, 2023, the proposed 2023-2024 budget was approved by 76% of the District’s voters, demonstrating continued support from the community.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

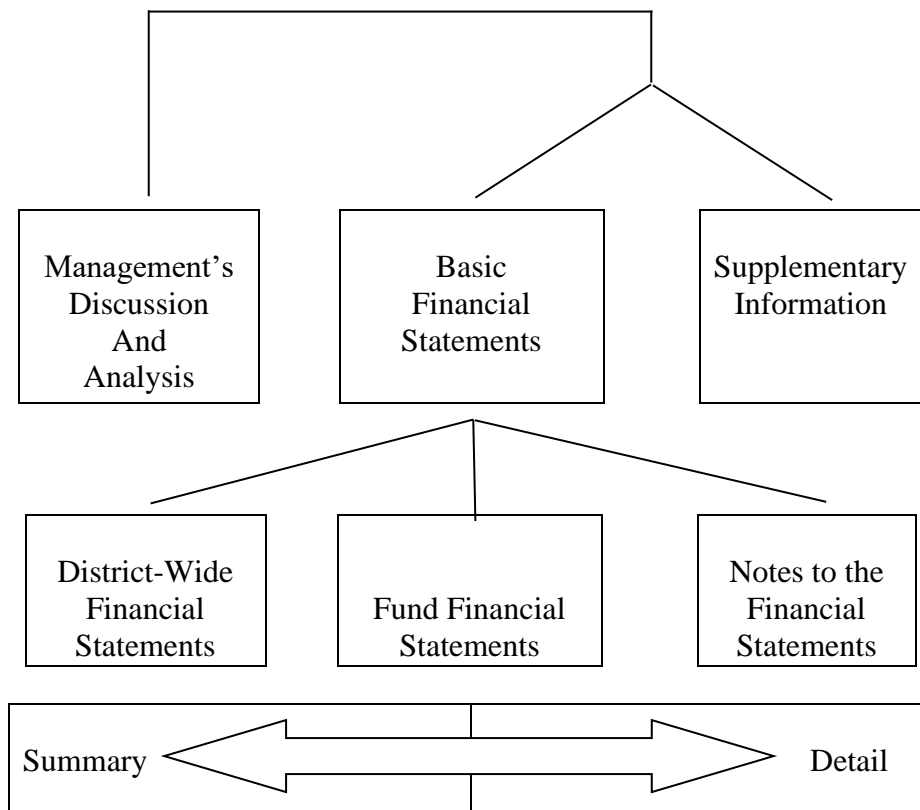
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The following table shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the District’s Annual Financial Report



The following table summarizes the major features of the District’s basic financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements
		Governmental
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets, or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

A) District-Wide Financial Statements:

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

The two District-Wide Financial Statements report the District’s net position and how they have changed. Net position, the difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position are an indicator of whether the financial position is improving or deteriorating, respectively.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated as it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
 - *Net investment in capital assets*;
 - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
 - *Unrestricted net position* includes net amounts that do not meet any of the above restrictions.

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District's governmental funds generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Fund Financial Statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school food service fund, miscellaneous special revenue fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net deficit increased by \$6,698,376 in the fiscal year ended June 30, 2023 as detailed below:

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total Percentage Change
Current assets	\$ 35,323,533	\$ 34,505,763	\$ 817,770	2.37%
Non-current assets	59,863,074	60,247,647	(384,573)	-0.64%
Net pension asset, proportionate share	-	35,235,909	(35,235,909)	100.00%
Total Assets	<u>95,186,607</u>	<u>129,989,319</u>	<u>(34,802,712)</u>	-26.77%
Deferred outflows of resources	<u>76,105,809</u>	<u>75,567,056</u>	<u>538,753</u>	0.71%
Total Assets and Deferred Outflows of Resources	<u>171,292,416</u>	<u>205,556,375</u>	<u>(34,263,959)</u>	-16.67%
Current liabilities	7,270,058	7,339,186	(69,128)	-0.94%
Long-term liabilities	<u>205,753,038</u>	<u>191,577,776</u>	<u>14,175,262</u>	7.40%
Total Liabilities	<u>213,023,096</u>	<u>198,916,962</u>	<u>14,106,134</u>	7.09%
Deferred inflows of resources	<u>68,939,547</u>	<u>110,611,264</u>	<u>(41,671,717)</u>	-37.67%
Total liabilities and Deferred Inflows of Resources	<u>281,962,643</u>	<u>309,528,226</u>	<u>(27,565,583)</u>	-8.91%
Net Position (Deficit)				
Net investment in capital assets	48,478,306	47,380,522	1,097,784	2.32%
Restricted	20,161,898	20,010,398	151,500	0.76%
Unrestricted (Deficit)	<u>(179,310,431)</u>	<u>(171,362,771)</u>	<u>(7,947,660)</u>	4.64%
Total Net Position (Deficit)	<u>\$ (110,670,227)</u>	<u>\$ (103,971,851)</u>	<u>\$ (6,698,376)</u>	6.44%

Current assets increased by \$817,770, or 2.37%, as compared to the prior year primarily as a result of an increase in receivables offset by a decrease in cash and cash equivalents.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Non-current assets (capital assets net of accumulated depreciation and intangible lease assets net of accumulated amortization) decreased by \$384,573, primarily due to the current year depreciation and amortization expense exceeding current year additions.

Deferred outflows of resources represents contributions to the employees' and teachers' retirement plans subsequent to the measurement dates and actuarial adjustments of the retirement and other post-employment benefit (OPEB) plans that will be amortized in future years.

Current liabilities decreased by \$69,128, or 0.94%, primarily due to a decreases in accounts payable and accrued liabilities, offset by increases in due to teachers retirement system, due to employees retirement system and due to other governments. Long-term liabilities increased by \$14,175,262 or 7.40%, primarily due to increases in lease liability, net pension liabilities and total OPEB obligation, offset by decreases in bonds payable, compensated absences payable and workers' compensation claims payable.

The changes in deferred inflows of resources represent actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, improvements other than buildings, and furniture, equipment, and vehicles, net of accumulated depreciation and accumulated amortization, related debt (net of any unspent proceeds), and any unamortized items (discounts, premiums, or deferred amounts on refunding).

The restricted net position refers to the District's reserves: workers' compensation, unemployment insurance, retirement contribution (teachers' retirement system and employees' retirement system), property loss, liability, employee benefit accrued liability, and capital, as well as debt service and scholarships and donations restricted for a specific purpose.

The unrestricted net deficit in the amount of \$179,310,431 relates to the balance of the District's net deficit. This number does not include the District's reserves, which are classified as restricted net position. Additionally, in accordance with state guidelines, the District is only permitted to fund other postemployment benefits (OPEB) on a "pay as you go" basis, and is not permitted to accumulate funds for the total OPEB obligation. This deficit increased by \$7,947,660, or 4.64%, from the prior year.

The overall net deficit increased by \$6,698,376.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B. Changes in Net Position

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

Change in Net Position from Operating Results

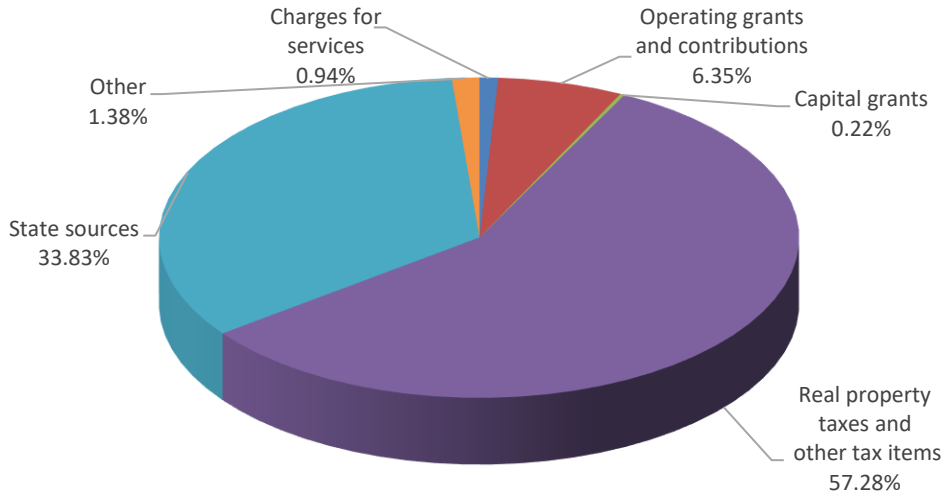
	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$ 878,951	\$ 457,480	\$ 421,471	92.13%
Operating grants and contributions	5,941,867	4,718,316	1,223,551	25.93%
Capital grants	204,092	98,722	105,370	106.73%
General revenues				
Real property taxes and other tax items	53,639,101	52,509,427	1,129,674	2.15%
State sources	31,679,569	29,209,542	2,470,027	8.46%
Other	1,299,976	1,201,606	98,370	8.19%
Total Revenues	93,643,556	88,195,093	5,448,463	6.18%
Expenses				
General support	10,894,540	11,810,684	(916,144)	-7.76%
Instruction	81,969,212	70,508,701	11,460,511	16.25%
Pupil transportation	5,733,399	5,045,266	688,133	13.64%
Debt service-interest	478,923	456,614	22,309	4.89%
Food service program	1,265,858	1,170,009	95,849	8.19%
Total Expenses	100,341,932	88,991,274	11,350,658	12.75%
(Increase) decrease in net deficit	\$ (6,698,376)	\$ (796,181)	\$ (5,902,195)	741.31%

The District's fiscal year 2023 revenues totaled \$93,643,556. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 57.28% and 33.83%, respectively, of total revenue. The remainder came from charges for services, operating grants and contributions, capital grants, and other miscellaneous sources.

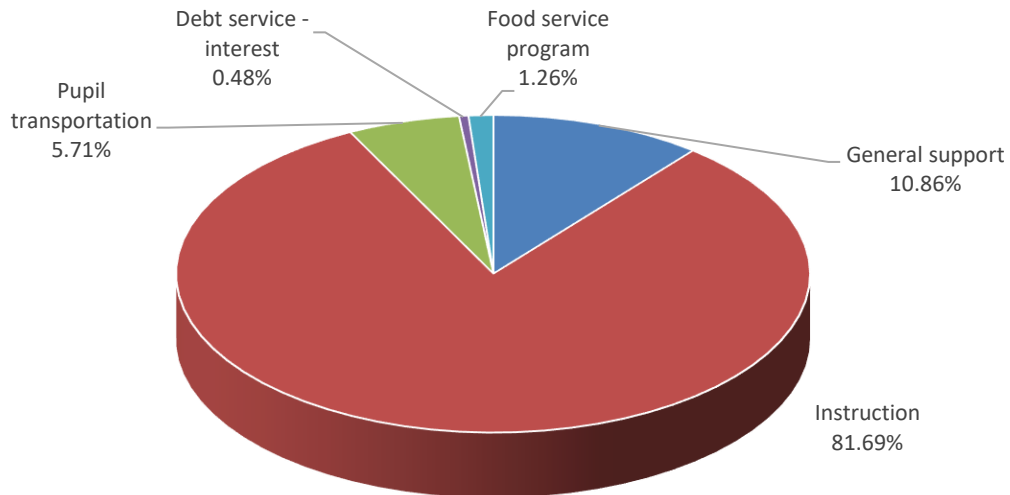
The total cost of all programs and services totaled \$100,341,932 for fiscal year 2023. These expenses are predominantly related to general support and instruction, which account for 10.86% and 81.69% of total costs, respectively. Total expenses increased by \$11,350,658, or 12.75%, primarily due to increases in instruction due to increases in pension and OPEB related expenses based on the current year actuarial valuations.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues for Fiscal Year 2023



Expenses for Fiscal Year 2023



**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$27,764,106. See the following Table for more information.

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
General Fund				
Nonspendable: Prepaid expenditures	\$ 60,000	\$ 60,000	\$ -	0.00%
Restricted:				
Workers' compensation	1,931,458	1,905,036	26,422	1.39%
Unemployment insurance	449,255	460,515	(11,260)	-2.45%
Retirement contribution:				
Teachers' retirement system	3,305,348	2,592,107	713,241	27.52%
Employees' retirement system	4,054,504	4,492,200	(437,696)	-9.74%
Property loss	29,897	29,488	409	1.39%
Liability	43,531	42,936	595	1.39%
Employee benefit accrued liability	3,924,694	4,068,269	(143,575)	-3.53%
Capital	4,190,861	3,434,852	756,009	22.01%
Assigned:				
Appropriated fund balance	2,031,198	2,050,473	(19,275)	-0.94%
Unappropriated fund balance	859,483	559,970	299,513	53.49%
Unassigned fund balance	3,759,429	3,520,737	238,692	6.78%
Total fund balance - general fund	<u>24,639,658</u>	<u>23,216,583</u>	<u>1,423,075</u>	6.13%
School Food Service Fund				
Nonspendable - inventory	36,371	45,255	(8,884)	-19.63%
Assigned	587,670	421,365	166,305	39.47%
Total fund balance - school food service fund	<u>624,041</u>	<u>466,620</u>	<u>157,421</u>	33.74%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	48,427	48,663	(236)	-0.48%
Assigned	61,370	50,401	10,969	21.76%
Total fund balance - miscellaneous special revenue fund	<u>109,797</u>	<u>99,064</u>	<u>10,733</u>	10.83%
Debt Service Fund				
Restricted for debt service	110,234	94,655	15,579	16.46%
Total fund balance - debt service fund	<u>110,234</u>	<u>94,655</u>	<u>15,579</u>	16.46%
Capital Projects Fund				
Restricted for capital projects	2,073,689	2,841,677	(767,988)	-27.03%
Restricted unspent bond proceeds	350,180	350,315	(135)	-0.04%
Assigned	-	14,578	(14,578)	100.00%
Unassigned	(143,493)	-	(143,493)	N/A
Total fund balance - capital projects fund	<u>2,280,376</u>	<u>3,206,570</u>	<u>(926,194)</u>	-28.88%
Total Fund Balance - All funds	<u>\$ 27,764,106</u>	<u>\$ 27,083,492</u>	<u>680,614</u>	2.51%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A. General Fund

The fund balance in the general fund increased by \$1,423,075 due to revenues and other financing sources exceeding expenditures and other financing uses in the current year.

B. School Food Service Fund

The fund balance in the school food service fund increased by \$157,421 due to an increase in sales revenue, partially offset by a decrease in state and federal aid reimbursements as a result of the discontinuation of the free lunch to all students program that was being offered in the previous year by the Federal government as a response to the coronavirus pandemic.

C. Miscellaneous Special Revenue Fund

The fund balance in the miscellaneous special revenue fund increased by \$10,733 due to revenues exceeding expenditures for extraclassroom activities, partially offset by scholarship awards exceeding donations for scholarships in the current year.

D. Debt Service Fund

The fund balance in the debt service fund increased by \$15,579 due to increased interest income and a transfer from the general fund.

E. Capital Projects Fund

The fund balance in the capital projects fund decreased by \$926,194 due to the current year's capital outlay and other financing uses exceeding revenue and other financing sources.

GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 BUDGET

The District's general fund original budget for the year ended June 30, 2023 was \$88,019,717. This amount was increased by encumbrances carried forward from the prior year in the amount of \$559,970 and a budget revision of \$19,231 for donations, which resulted in a final budget of \$88,598,918. The majority of the funding came from real property taxes and other tax items, including STAR revenue, of \$53,634,100.

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

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund subsequent years' budgets. It is this balance that is commonly referred to as "fund balance". The

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	\$ 3,520,737
Revenues and other financing sources over budget	1,629,772
Expenditures, other financing uses, and encumbrances under budget	2,287,263
Unused appropriated reserves	(25,353)
Interest allocated to reserves	(236,132)
Funding of reserves	(1,385,660)
Assigned - appropriated for June 30, 2024 budget	(2,031,198)
Closing, unassigned fund balance	<u>\$ 3,759,429</u>

The \$3,520,737 represents the portion of the District's June 30, 2022 fund balance that was retained as unassigned fund balance.

The revenues and other financing sources over budget of \$1,629,772 were primarily the result of higher than anticipated revenue collections during the year, primarily from state, federal and miscellaneous sources. (See Supplemental Schedule #1 for detail).

The expenditures, other financing uses, and encumbrances under budget of \$2,287,263 were primarily the result of general support, instruction, pupil transportation and employee benefits coming in under budget. (See Supplemental Schedule #1 for detail).

In the 2022-23 budget, \$743,000 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$25,353 of this funding was not needed and was returned to the reserves for future use.

Interest in the amount of \$236,132 was allocated to the reserves as follows: \$26,422 to the workers' compensation reserve, \$6,387 to the unemployment insurance reserve, \$35,951 to the retirement contribution reserve – teachers' retirement system, \$62,304 to the retirement contribution reserve – employees' retirement system, \$409 to the property loss reserve, \$595 to the liability loss reserve, \$56,425 to the employee benefit accrued liability reserve, and \$47,639 to the capital reserve.

Funding of reserves in the amount of \$1,385,660 were as follows: \$677,290 to the retirement contribution reserve for the teachers' retirement system, and \$708,370 to the capital reserve.

The assigned, appropriated fund balance of \$2,031,198 is the amount the District has chosen to use to partially fund its operating budget for 2023-2024.

The closing, unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for the subsequent year's budget. This amount is limited to 4% of the 2023-2024 budget. At June 30, 2023, the District's unassigned fund balance is within the statutory limit. (See Supplemental Schedule #5 for detail).

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

5. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A. Capital Assets and Intangible Lease Assets:

At June 30, 2023, the District had invested in a broad range of capital assets and intangible lease assets, including land, buildings and improvements, site improvements, machinery and equipment, and vehicles. The net decrease in capital assets is due to depreciation expense exceeding capital additions recorded for the fiscal year ended June 30, 2023. The net increase in intangible lease assets is due to current year additions exceeding amortization expense. A summary of the District's capital assets, net of accumulated depreciation, and intangible lease assets, net of accumulated amortization, at June 30, 2023 and 2022, is as follows:

Category	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)
Land	\$ 737,304	\$ 737,304	\$ -
Construction in progress	12,694,179	12,240,697	453,482
Buildings and improvements	44,436,960	45,478,279	(1,041,319)
Improvements other than buildings	20,774	42,451	(21,677)
Furniture, equipment, and vehicles	1,674,290	1,506,445	167,845
Total capital assets, net	<u>\$ 59,563,507</u>	<u>\$ 60,005,176</u>	<u>\$ (441,669)</u>
Intangible lease assets, net	<u>\$ 299,567</u>	<u>\$ 242,471</u>	<u>\$ 57,096</u>

Depreciation expense was \$1,852,693 and amortization expense was \$224,373 for fiscal year ended June 30, 2023. See Note 8 to the financial statements for additional detail.

B. Long-Term Debt:

At June 30, 2023, the District had total debt payable, including bonds payable and lease liability of \$11,734,948. The decrease in long-term debt represents principal payments, offset by a new lease in the current year. More detailed information about the District's long-term debt is presented in Note 11 to the financial statements.

A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Bond payable	\$ 11,455,000	\$ 13,030,000	\$ (1,575,000)
Lease liability	279,948	187,440	92,508
Total	<u>\$ 11,734,948</u>	<u>\$ 13,217,440</u>	<u>\$ (1,482,492)</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

6. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023 for the year ending June 30, 2024, is \$93,985,727. This represents an increase of \$5,966,010, or 6.78%, from the previous year's budget.

B. Future Budgets

Significant increases in costs of health insurance, the property tax cap, and uncertainty in state aid and federal funds will greatly influence 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 2023-2024 property tax increase did not require an override vote.

D. Subsequent Events

On September 19, 2023, the District issued a tax anticipation note in the amount of \$3,500,000, which is due June 26, 2024, and bears an interest rate of 4.25%, and a premium of \$7,735.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

7. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Mr. Christopher A. Van Cott
Assistant Superintendent for Business
Rocky Point Union Free School District
90 Rocky Point – Yaphank Rd.
Rocky Point, NY 11778

ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 9,525,647
Restricted	20,512,078
Receivables	
Accounts receivable	6,870
Due from state and federal	3,503,378
Due from other governments	1,679,189
Inventory	36,371
Prepaid items	60,000
Non-current assets	
Capital assets	
Not being depreciated	13,431,483
Being depreciated, net of accumulated depreciation	46,132,024
Intangible lease asset, net of accumulated amortization	299,567
TOTAL ASSETS	<u>95,186,607</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pensions	22,834,145
Other post-employment benefits	53,271,664
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>76,105,809</u>
 LIABILITIES	
Payables	
Accounts payable	1,145,509
Accrued liabilities	45,811
Accrued interest payable	13,445
Due to other governments	1,839,219
Due to teachers' retirement system	3,794,758
Due to employees' retirement system	280,238
Compensated absences payable	60,903
Other liabilities	64,165
Unearned credits	
Collections in advance	26,010
Long-term liabilities	
Due and payable within one year	
Bonds payable	1,630,000
Lease liability	185,136
Compensated absences payable	266,624
Due and payable after one year	
Bonds payable	9,825,000
Lease liability	94,812
Compensated absences payable	5,205,000
Termination benefits payable	516,200
Workers' compensation claims payable	307,926
Net pension liability - proportionate share - teachers' retirement system	3,668,154
Net pension liability - proportionate share - employees' retirement system	4,699,811
Total other post-employment benefits obligation	179,354,375
TOTAL LIABILITIES	<u>213,023,096</u>
 DEFERRED INFLOWS OF RESOURCES	
Pensions	1,911,709
Other post-employment benefits	67,027,838
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>68,939,547</u>
 NET POSITION	
Net investment in capital assets	<u>48,478,306</u>
Restricted	
Workers' compensation	1,931,458
Unemployment insurance	449,255
Retirement contribution - TRS	3,305,348
Retirement contribution - ERS	4,054,504
Property loss	29,897
Liability	43,531
Employee benefit accrued liability	3,924,694
Capital	6,264,550
Debt service	110,234
Scholarships and donations	48,427
	<u>20,161,898</u>
Unrestricted (deficit)	(179,310,431)
TOTAL NET POSITION (DEFICIT)	<u>\$ (110,670,227)</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

		Program Revenues				Net (Expense) Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants		
General support	\$ (10,894,540)	\$ -	\$ -	\$ -		\$ (10,894,540)
Instruction	(81,969,212)	210,471	5,167,008	204,092		(76,387,641)
Pupil transportation	(5,733,399)					(5,733,399)
Debt service - interest	(478,923)					(478,923)
Food service program	(1,265,858)	668,480	774,859			177,481
TOTAL FUNCTIONS AND PROGRAMS	\$ (100,341,932)	\$ 878,951	\$ 5,941,867	\$ 204,092		(93,317,022)
 GENERAL REVENUES						
Real property taxes						49,172,587
Other tax items - including STAR reimbursement						4,466,514
Use of money and property						364,212
Sale of property and compensation for loss						38,342
Miscellaneous						645,948
State sources						31,679,569
Medicaid reimbursement						251,474
TOTAL GENERAL REVENUES						86,618,646
 CHANGES IN NET POSITION						(6,698,376)
 TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR						(103,971,851)
 TOTAL NET POSITION (DEFICIT) - END OF YEAR						\$ (110,670,227)

**ROCKY POINT UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Food Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 8,538,039	\$ 207,211	\$ 726,421	\$ 53,976	\$ -	\$ -	\$ 9,525,647
Restricted	18,026,790			48,427	129,153	2,307,708	20,512,078
Receivables							
Accounts receivable	4,202		2,668				6,870
Due from other funds	1,855,957	18,843		7,394	4,081		1,886,275
Due from state and federal	1,529,403	1,626,857	44,304			302,814	3,503,378
Due from other governments	1,679,189						1,679,189
Inventories			36,371				36,371
Prepaid items	60,000						60,000
TOTAL ASSETS	<u>\$ 31,693,580</u>	<u>\$ 1,852,911</u>	<u>\$ 809,764</u>	<u>\$ 109,797</u>	<u>\$ 133,234</u>	<u>\$ 2,610,522</u>	<u>\$ 37,209,808</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
RESOURCES, AND FUND BALANCES							
Payables							
Accounts payable	\$ 1,098,771	\$ 17,379	\$ 2,027	\$ -	\$ -	\$ 27,332	\$ 1,145,509
Accrued liabilities	45,321	490	-				45,811
Due to other funds	30,317	1,672,429	160,529		23,000		1,886,275
Due to other governments	1,678,449	160,738	32				1,839,219
Due to teachers' retirement system	3,794,758						3,794,758
Due to employees' retirement system	280,238						280,238
Compensated absences	60,903						60,903
Other liabilities	64,165						64,165
Unearned revenues							
Collections in advance	1,000	1,875	23,135				26,010
TOTAL LIABILITIES	<u>7,053,922</u>	<u>1,852,911</u>	<u>185,723</u>	<u>-</u>	<u>23,000</u>	<u>27,332</u>	<u>9,142,888</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues						302,814	302,814
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,814</u>	<u>302,814</u>
FUND BALANCES							
Non-spendable:							
Inventory			36,371				36,371
Prepaid expenditures	60,000						60,000
Restricted							
Workers' compensation	1,931,458						1,931,458
Unemployment insurance	449,255						449,255
Retirement contribution - teachers' retirement system	3,305,348						3,305,348
Retirement contribution - employees' retirement system	4,054,504						4,054,504
Property loss	29,897						29,897
Liability	43,531						43,531
Employee benefit accrued liability	3,924,694						3,924,694
Capital	4,190,861					2,073,689	6,264,550
Debt service					110,234		110,234
Unspent bond proceeds						350,180	350,180
Scholarships and donations				48,427			48,427
Assigned							
Appropriated fund balance	2,031,198						2,031,198
Unappropriated fund balance	859,483		587,670	61,370			1,508,523
Unassigned	3,759,429					(143,493)	3,615,936
TOTAL FUND BALANCES	<u>24,639,658</u>	<u>-</u>	<u>624,041</u>	<u>109,797</u>	<u>110,234</u>	<u>2,280,376</u>	<u>27,764,106</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,693,580</u>	<u>\$ 1,852,911</u>	<u>\$ 809,764</u>	<u>\$ 109,797</u>	<u>\$ 133,234</u>	<u>\$ 2,610,522</u>	<u>\$ 37,209,808</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances \$ 27,764,106

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

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

Original cost of capital assets	\$ 104,747,506	
Accumulated depreciation	<u>(45,183,999)</u>	59,563,507

The present value cost of leasing intangible 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 intangible leased assets among the assets of the District as a whole, and their original present value costs are amortized annually over the shorter of their useful lives or the length of the lease agreements.

Original present value cost of leased assets	\$ 739,097	
Accumulated amortization	<u>(439,530)</u>	299,567

Deferred outflows of resources - the Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions and other post-employment benefits that will be recognized as expenditures in future periods amounted to:

Deferred outflows related to pensions	\$ 53,271,664	
Deferred outflows related to total OPEB liability	<u>22,834,145</u>	76,105,809

Deferred inflows of resources - The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (67,027,838)	
Deferred inflows related to total OPEB liability	<u>(1,911,709)</u>	(68,939,547)

Deferred inflows - Certain revenues will be collected after 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 recognized on the Statement of Net Position.

302,814

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:

Accrued interest payable		(13,445)
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Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable	\$ (11,455,000)	
Lease liability	(279,948)	
Compensated absences payable	(5,471,624)	
Termination benefits payable	(516,200)	
Workers' compensation claims payable	(307,926)	
Total other post-employment benefits obligation	(179,354,375)	
Net pension liability - proportionate share - teachers' retirement system	(3,668,154)	
Net pension liability - proportionate share - employees' retirement system	<u>(4,699,811)</u>	<u>(205,753,038)</u>

Total Net Position		<u>\$ (110,670,227)</u>
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ROCKY POINT UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Food Service	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	\$ 49,172,587	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,172,587
Other tax items	4,466,514						4,466,514
Charges for services	168,672			41,799			210,471
Use of money and property	318,426		6,516	691	38,579		364,212
Sale of property and compensation for loss	38,342						38,342
Miscellaneous	618,495		3,123	5,210			626,828
State sources	31,679,569	1,012,409	19,372			-	32,711,350
Federal sources	251,474	4,149,389	644,535				5,045,398
Surplus food			110,952				110,952
Sales - food service			668,480				668,480
TOTAL REVENUES	<u>86,714,079</u>	<u>5,161,798</u>	<u>1,452,978</u>	<u>47,700</u>	<u>38,579</u>	<u>-</u>	<u>93,415,134</u>
EXPENDITURES							
General support	9,993,532						9,993,532
Instruction	47,117,715	4,857,927		36,430			52,012,072
Pupil transportation	5,537,904	165,549					5,703,453
Employee benefits	20,288,738	242,314	44,728				20,575,780
Debt service principal	181,191				1,575,000		1,756,191
Debt service interest	105,834				375,281		481,115
Food service program			1,261,313				1,261,313
Capital Outlay						1,249,093	1,249,093
TOTAL EXPENDITURES	<u>83,224,914</u>	<u>5,265,790</u>	<u>1,306,041</u>	<u>36,430</u>	<u>1,950,281</u>	<u>1,249,093</u>	<u>93,032,549</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,489,165</u>	<u>(103,992)</u>	<u>146,937</u>	<u>11,270</u>	<u>(1,911,702)</u>	<u>(1,249,093)</u>	<u>382,585</u>
OTHER FINANCING SOURCES AND (USES)							
Premium on obligations	24,330						24,330
Operating transfers in	136,838	103,992	10,484		1,950,281	162,500	2,364,095
Operating transfers (out)	(2,227,258)	-	-	(537)	(23,000)	(113,300)	(2,364,095)
Leases						273,699	273,699
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(2,066,090)</u>	<u>103,992</u>	<u>10,484</u>	<u>(537)</u>	<u>1,927,281</u>	<u>322,899</u>	<u>298,029</u>
NET CHANGE IN FUND BALANCES	1,423,075	-	157,421	10,733	15,579	(926,194)	680,614
FUND BALANCES - BEGINNING OF YEAR	<u>23,216,583</u>	<u>-</u>	<u>466,620</u>	<u>99,064</u>	<u>94,655</u>	<u>3,206,570</u>	<u>27,083,492</u>
FUND BALANCES - END OF YEAR	<u>\$ 24,639,658</u>	<u>\$ -</u>	<u>\$ 624,041</u>	<u>\$ 109,797</u>	<u>\$ 110,234</u>	<u>\$ 2,280,376</u>	<u>\$ 27,764,106</u>

ROCKY POINT UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances \$ 680,614

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 expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used.

Change in compensated absences payable	\$ 366,015	
Change in termination benefits payable	33,450	
Change in workers' compensation claims payable	<u>129,820</u>	529,285

Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' retirement system	\$ (1,075,392)	
Employees' retirement system	(918,763)	
Other post-employment benefits	<u>(7,218,323)</u>	(9,212,478)

Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year is 204,092

Capital Related Differences

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

Capital outlays	\$ 1,411,024	
Depreciation expense	<u>(1,852,693)</u>	(441,669)

Capital outlays to lease 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 amortization expense in the Statement of Activities.

Intangible lease capital outlays	\$ 273,699	
Amortization expense	<u>(216,603)</u>	57,096

Long-Term Debt Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,575,000

Proceeds from leases are recorded as revenue in the governmental funds, but not in the Statement of Activities. (273,699)

Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 181,191

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this 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. Accrued interest changed by: 2,192

Changes in Net Position \$ (6,698,376)

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Rocky Point Union Free School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus –An Amendment of GASB Statements No. 14 and No.34*. 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 and other organizational entities determined to be includable in the District’s financial reporting entity. 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 financial statements.

B) Joint Venture:

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New

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York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

C) Basis of Presentation:

District-Wide Financial Statements:

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

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

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes.

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These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Food Service Fund: This fund is used to account for the activities of the District's food service operations. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or donor stipulations, including scholarships and donations. Other activities included in this fund are extraclassroom activities funds.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

D) Measurement Focus and Basis of Accounting:

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable and lease liabilities, compensated absences, termination benefits, claims and judgments, other post-employment benefits, and net pension costs, if applicable, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

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E) Real Property Taxes:

Calendar

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. The District's tax levy is collected by the town of Brookhaven (the "Town") along with the respective Town and Suffolk County (the "County") levies. Tax collections are remitted to the District and Town comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

F) Restricted Resources:

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

G) Interfund Transactions:

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

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds.

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of

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contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, termination benefits payable, workers' compensation claims payable, net pension assets/liabilities, other post-employment benefits obligation, and potential contingent liabilities.

I) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventory and Prepaid Items:

Inventory of food in the school lunch 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 stated value, which approximates market value. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for inventory is recorded as the time of receipt and/or purchase and expenditures 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.

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

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

L) Capital Assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-

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party professionals are used. Donated assets are reported at acquisition value at the time received.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$1,000	20-50 years
Improvements other than buildings	\$1,000	20-50 years
Furniture, equipment, and vehicles	\$1,000	5-20 years

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

M) Intangible Lease Assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The District reported deferred outflows of resources related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position, which are detailed further in Notes 12 and 14, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be

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recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 12 and 14, respectively.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

Included in the governmental fund financial statements as deferred inflows of resources at June 30, 2023 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, 2023 total \$302,814.

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.

The District has issued and redeemed TANs totaling \$3,000,000 in the fiscal year ended June 30, 2023. See Note 10 for further detail.

P) Collections in Advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance consisted of amounts received in advance for driver's education fees in the general fund, grant advances in the special aid fund, and for meals that have not yet been purchased in the school food service fund.

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Q) Employee Benefits – Compensated Absences and Termination Benefits:

Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

Termination Benefits

Termination benefits consists of first year eligible retirement incentive payments as specified in collective bargaining agreements or individual employment contracts. The liability is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The liability is calculated on years of service plus rates in effect at year end.

R) Other Benefits:

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during

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the year. 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 payments). In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

S) 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 debt service fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources. The District does not have any bond premiums for the fiscal year ending June 30, 2023.

T) Equity Classifications:

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets, net of any unexpended proceeds, and including any unamortized items (discounts, premiums, deferred amounts).

Restricted net position – reports net position when constraints placed on the assets 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 net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

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Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements, there are four classifications of fund balance presented:

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At June 30, 2023, the non-spendable fund balance includes inventory recorded in the school food service fund of \$36,371 and the prepaid expenditures recorded in the general fund of \$60,000.

Restricted fund balance - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has established the following as restricted:

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. This reserve is accounted for in the general fund.

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML§6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be

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accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. During the 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. This reserve is accounted for in the general fund.

Property Loss Reserve and Liability Reserve

According to Education Law §1709 (8) (c), must be used to pay for liability claims incurred. Separate funds for liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due to 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. This reserve is accounted for in the general fund.

Capital Reserve

According to Education Law §3651, must be 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 and capital projects fund.

Restricted for Debt Service

The unexpended balances of proceeds of borrowing for capital projects, interest and earnings from investing proceeds of borrowing, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

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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 and Donations

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

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2023.

Assigned fund balance - Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies.

This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

Unassigned fund balance - Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

Unassigned fund balance includes \$3,759,429 in the general fund.

New York State Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District’s unassigned fund balance in the general fund at June 30, 2023 is within the legal limits.

The capital projects fund has a deficit unassigned balance of \$143,493. The deficit is the result of the District not yet obtaining permanent financing on capital improvement projects. The deficit unassigned balance should be eliminated once permanent financing is obtained by the District.

Order of Use of Fund Balance:

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (restricted, assigned or unassigned), the

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Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

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

Total fund balances of the District’s governmental funds differ from “net position” of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities fall into one of three broad categories. The amounts shown below represent:

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 modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

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

Long-term debt differences:

Long-term debt differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are

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recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A) Budgets:

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur, subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations are listed on Supplemental Schedule 5 - Schedule of Change from Adopted Budget to Final Budget – General Fund.

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

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

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 assigned, restricted, or unassigned fund balance 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.

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NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

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

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

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposits and Investment Risk Disclosures* 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 with securities held by the pledging financial institution in the District's name; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All District deposits were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

Restricted cash and cash equivalents

Restricted cash and equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2023 included \$20,512,078 within the governmental funds for general reserves, scholarships and donations, debt service and capital projects purposes.

B) Investments:

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2023, the District was billed \$8,932,568 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$1,601,089. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2023 consisted of:

General fund	
General aid	\$ 186,540
Excess cost aid	1,342,863
Total General fund	<u>1,529,403</u>
Special aid fund	
Federal grants	1,333,242
State grants	293,615
Total Special aid fund	<u>1,626,857</u>
School food service fund	
Federal reimbursements	40,348
State reimbursements	3,956
Total School food service fund	<u>44,304</u>
Capital projects fund	
Smart Schools Bond	<u>302,814</u>
Total - All funds	<u><u>\$ 3,503,378</u></u>

The capital projects fund Smart Schools Bond receivable includes \$302,814 of unavailable revenues, which is included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2023 consisted of amounts due for BOCES aid in the amount of \$1,601,089, Connect Kids Grant in the amount of \$21,192 and other government agencies in the amount of \$56,908.

District management has deemed these amounts to be fully collectible.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 737,304	\$ -	\$ -	\$ 737,304
Construction in progress	12,240,697	453,482	-	12,694,179
Total capital assets not being depreciated	12,978,001	453,482	-	13,431,483
Capital assets that are depreciated:				
Buildings and improvements	84,024,298	521,912	-	84,546,210
Improvements other than buildings	1,219,243	-	-	1,219,243
Furniture, equipment, and vehicles	5,135,614	435,630	(20,674)	5,550,570
Total capital assets being depreciated	90,379,155	957,542	(20,674)	91,316,023
Less accumulated depreciation:				
Buildings and improvements	38,546,019	1,563,231	-	40,109,250
Improvements other than buildings	1,176,792	21,677	-	1,198,469
Furniture, equipment, and vehicles	3,629,169	267,785	(20,674)	3,876,280
Total accumulated depreciation	43,351,980	1,852,693	(20,674)	45,183,999
Total capital assets being depreciated, net	47,027,175	(895,151)	-	46,132,024
Total capital assets, net	\$ 60,005,176	\$ (441,669)	\$ -	\$ 59,563,507

Depreciation expense was charged to the governmental functions as follows:

General support	\$231,018
Instruction	1,617,130
Food service program	4,545
Total depreciation expense	\$1,852,693

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2023:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Furniture & equipment	\$ 457,628	\$ 281,469	\$ (9,701)	\$ 729,396
Total intangible lease assets being amortized	457,628	281,469	(9,701)	729,396
Less accumulated amortization:				
Furniture & equipment	215,157	224,373	(9,701)	429,829
Total accumulated amortization	215,157	224,373	(9,701)	429,829
Total intangible lease assets, net	\$ 242,471	\$ 57,096	\$ -	\$ 299,567

Amortization expense of \$224,373 was charged to the governmental functions as instruction.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,855,957	\$ 30,317	\$ 136,838	\$ 2,227,258
Special aid fund	18,843	1,672,429	103,992	-
School food service fund	-	160,529	10,484	-
Miscellaneous special revenue fund	7,394	-	-	537
Debt service fund	4,081	23,000	1,950,281	23,000
Capital projects fund	-	-	162,500	113,300
Total governmental activities	\$ 1,886,275	\$ 1,886,275	\$ 2,364,095	\$ 2,364,095

The District typically transfers from the general fund to the special aid fund and debt service fund. The transfer to the special aid fund was for the District’s share of the costs for the summer program for students with disabilities and the state-supported Section 4201 schools. The transfer to the debt service fund was for the payment of principal and interest on long term outstanding indebtedness.

The District transferred from the general fund to the school food service fund to eliminate negative student account balances.

The transfer from the miscellaneous special revenue fund to the general fund was for amounts released from restriction per Board approval.

The transfer from the debt service fund to the general fund was for a budgeted use of the debt service fund to offset debt service expenditures in the general fund.

The transfer from the general fund to the capital projects fund was to provide funding for various capital projects. The transfer from the capital projects fund to the general fund was to return unused capital reserve funding that had been previously provided relating to closed projects.

ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 10 - SHORT-TERM DEBT:

Transactions in short-term debt for the year are summarized below:

	Maturity	Effective Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/28/2023	4.0000%	\$ -	\$ 3,000,000	\$ 3,000,000	\$ -
Total			\$ -	\$ 3,000,000	\$ 3,000,000	\$ -

The tax anticipation note was issued for interim financing of the general fund operations in anticipation of revenues from real property taxes. Interest on short-term debt for the year was \$92,667 with a premium of \$24,330.

NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Bonds payable	\$ 13,030,000	\$ -	\$ (1,575,000)	\$ 11,455,000	\$ 1,630,000
Total Long term debt	13,030,000	-	(1,575,000)	11,455,000	1,630,000
Other Long-term liabilities:					
Lease liability	187,440	273,699	(181,191)	279,948	185,136
Compensated absences payable	5,837,639		(366,015)	5,471,624	266,624
Termination benefits payable	549,650	-	(33,450)	516,200	
Workers' compensation claims payable	437,746	(8,728)	(121,092)	307,926	
Net pension liability - proportionate share					
Teachers' retirement system	-	3,668,154	-	3,668,154	
Employees' retirement system	-	4,699,811	-	4,699,811	
Other post-employment benefits obligation	171,535,301	25,501,321	(17,682,247)	179,354,375	
	<u>178,547,776</u>	<u>34,134,257</u>	<u>(18,383,995)</u>	<u>194,298,038</u>	<u>451,760</u>
Total long-term liabilities	<u>\$ 191,577,776</u>	<u>\$ 34,134,257</u>	<u>\$ (19,958,995)</u>	<u>\$ 205,753,038</u>	<u>\$ 2,081,760</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, compensated absences payable, termination benefits payable, workers' compensation claims payable, net pension liabilities, if applicable, and other post-employment benefits obligation.

A) Bonds Payable:

Bonds payable is comprised of the following:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Serial Bonds	6/27/2017	6/15/2032	2.00% - 3.00%	\$ 6,045,000
Serial Bonds	7/26/2018	6/15/2033	3.00%	4,810,000
Serial Bonds - Refunding	12/12/2019	6/15/2024	5.00%	600,000
			Total	<u>\$ 11,455,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,630,000	\$ 322,681	\$ 1,952,681
2025	1,055,000	267,931	1,322,931
2026	1,080,000	242,582	1,322,582
2027	1,110,000	216,581	1,326,581
2028	1,135,000	189,013	1,324,013
2029-2033	5,445,000	451,850	5,896,850
	<u>\$ 11,455,000</u>	<u>\$ 1,690,638</u>	<u>\$ 13,145,638</u>

Upon default of the payment of principal or interest on the serial bonds of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

Unissued Debt

On May 17, 2016, the voters approved a bond issue not to exceed \$16,439,513 for district wide capital improvements. As of June 30, 2023, debt in the amount of \$16,215,000 has been issued, leaving \$224,513 in authorized, but unissued, debt.

B) Lease Liability:

The District recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various other equipment with interest rates of 0% to 4.77%.

Principal and interest expense paid on the District's lease liability amounted to \$181,191 and \$13,167, respectively, for the fiscal year ended June 30, 2023.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 185,136	\$ 9,252	\$ 194,388
2025	94,812	3,405	98,217
	<u>\$ 279,948</u>	<u>\$ 12,657</u>	<u>\$ 292,605</u>

C) Interest Expense:

Interest on bonds payable and lease liability for the year was composed of:

Interest paid	\$388,448
Less interest accrued in the prior year	(15,637)
Plus interest accrued in the current year	<u>13,445</u>
Total expense	<u><u>\$386,256</u></u>

NOTE 12 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers’ Retirement System

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

ii) Employees’ Retirement System

The District participates in the New York State and Local Employees’ Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, 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 System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, before April 1, 2012
 - i. Employees contribute 3.5% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
 - a. Employees who joined the system after July 27, 1976
 - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
 - b. Employees who joined the system on or after January 1, 2010, before April 1, 2012
 - i. Employees contribute 3% of their salary throughout active membership.
 - c. Employees who joined the system on or after April 1, 2012
 - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rates for ERS' fiscal year ended March 31, 2023 for covered payroll was 13.1% for Tiers 3 and 4, 11.2% for Tier 5, and 8.3% for Tier 6.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2023 was 9.80% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSTRS	NYSERS
2023	\$3,591,031	\$834,932
2022	\$3,318,724	\$999,514
2021	\$3,121,910	\$1,065,561

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2023, the District reported the following 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 March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation, with update procedures used to roll forward the total pension asset/(liability). 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 ERS and TRS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Net pension asset/(liability)	\$ (3,668,154)	\$ (4,699,811)
District's portion of the Plan's total net pension asset/(liability)	0.191160%	2.191660%
Change in proportion since prior measurement date	-0.001923%	0.0001846%

For the fiscal year ended June 30, 2023 the District recognized pension expense of \$4,664,815 for TRS and \$1,752,853 for ERS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 500,567	\$ 3,843,762	\$ 131,988	\$ 73,503
Changes of assumptions	2,282,531	7,115,599	25,226	1,477,636
Net difference between projected and actual earnings on pension plan investments	-	4,739,603	27,611	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	303,818	176,996	60,811	114,934
District's contributions subsequent to the measurement date	280,238	3,591,031	-	-
	<u>\$ 3,367,154</u>	<u>\$ 19,466,991</u>	<u>\$ 245,636</u>	<u>\$ 1,666,073</u>

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

	<u>ERS</u>	<u>TRS</u>
Plan year ended:		
2023	\$ -	\$ 2,736,335
2024	709,277	1,433,890
2025	(187,434)	(582,293)
2026	1,019,419	9,349,789
2027	1,300,018	1,205,462
Thereafter	-	66,704
	<u>\$ 2,841,280</u>	<u>\$ 14,209,887</u>

Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date.

The actuarial valuations used the following actuarial assumptions:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decremets	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.30%	33%	6.5%
International equity	15%	6.85%	16%	7.2%
Global equity			4%	6.9%
Private equity	10%	7.50%	8%	9.9%
Real estate	9%	4.60%	11%	6.2%
Opportunistic/ absolute return strategy	3%	5.38%		
Real assets	3%	5.84%		
Credit	4%	5.43%		
Cash	1%	0.00%		
Fixed income	23%	1.50%	16%	1.1%
Global bonds			2%	0.6%
High-yield bonds			1%	3.3%
Private debt			2%	5.3%
Real estate debt			6%	2.4%
Cash equivalents			1%	-0.3%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. 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 asset/(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 5.90% for ERS and 6.95% for TRS, 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 (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

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ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	<u>(\$11,357,426)</u>	<u>(\$4,699,811)</u>	<u>\$863,402</u>
TRRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset/(liability)	<u>(\$33,822,104)</u>	<u>(\$3,668,154)</u>	<u>\$21,691,119</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$280,238.

For TRRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRRS covered wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$3,794,758.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
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NOTE 13 – PENSION PLANS - OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$376,244 and \$2,084,533, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$95,818.

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (OPEB):

A) General Information about the OPEB Plan

Plan Description:

The District's OPEB Plan (the "OPEB Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and a small number of retirees also receive dental insurance benefits. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The OPEB Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute 85% and 100% of premiums for retirees, between 85% and 100% of the excess premiums for family coverage, and 0% of the premiums for surviving spouses. The District recognizes the cost of the OPEB Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District contributed an estimated \$3,929,480 to the Plan, including \$3,929,480 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund the OPEB Plan by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Inactive employees or beneficiaries currently receiving benefit payments	235
Active employees	451
	686
	686

B) Total OPEB Liability:

The District’s total OPEB liability of \$179,354,375 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	Varied by years of service and retirement system
Discount rate	4.13%
Healthcare cost trend rates	Known premium rate increases for 2023, followed by 6.50% for 2024, decreasing gradually to an ultimate rate of 4.14% by 2076. Medicare Part B trend rates have been updated to -3.06% in 2022 followed by projected Part B premium increase shown in the 2022 Medicare Trustees report, and decreasing to an ultimate rate of 4.14% by 2076.

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (teachers for TRS group and general employees for ERS group) projected fully generationally using MP-2021.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C) Changes in the Total OPEB Liability:

Balance at June 30, 2022	\$ 171,535,301
Changes for the fiscal year:	
Service cost	6,584,518
Interest	6,236,495
Changes of benefit terms	(9,960)
Differences between expected and actual experience	12,680,308
Changes in assumptions or other inputs	(13,742,807)
Benefit payments	(3,929,480)
Net changes	7,819,074
Balance at June 30, 2023	\$ 179,354,375

There were no significant plan changes since the last valuation.

Changes of assumptions or other inputs includes an increase in the discount rate from 3.54% at the June 30, 2022 measurement date to 4.13% at the June 30, 2023 measurement date.

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 (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 211,969,025	\$ 179,354,375	\$ 153,348,740

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 or 1-percentage-higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend	1% Increase
Total OPEB liability	\$ 148,652,656	\$ 179,354,375	\$ 219,265,614

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the fiscal year ended June 30, 2023 the District recognized OPEB expense of \$11,147,803. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,909,547	\$ (18,790,198)
Changes of assumptions or other inputs	34,362,117	(48,237,640)
	\$ 53,271,664	\$ (67,027,838)

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

Fiscal Year ended June 30:	
2024	\$ (1,663,250)
2025	(1,663,250)
2026	(1,663,250)
2027	(1,057,894)
2028	(7,556,741)
Thereafter	(151,789)
	\$ (13,756,174)

NOTE 15 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

The District expects to appropriate the following amounts from reserves, which are reported in the June 30, 2023 restricted fund balances, to fund the budget and reduce taxes for the year ending June 30, 2024:

Employee Benefit Accrued Liability	\$ 200,000
Retirement Contribution-Employees' retirement system	272,000
Unemployment Insurance	20,000
Workers Compensation	200,000
Debt Service	23,000
	\$ 715,000

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 16 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$2,031,198 has been appropriated to reduce taxes for the year ending June 30, 2024.

NOTE 17 – RESTRICTED FOR CAPITAL RESERVE

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

	<u>Capital Reserve 2009</u>	<u>Capital Reserve 2013</u>	<u>Capital Reserve 2023</u>	
Date Created	2009	2013	2023	
Number of Years to Fund*	10	10	10	
Maxium Funding	\$ 5,000,000	\$ 10,000,000	\$ 10,000,000	
General Fund				Total
Funding Provided	\$ 4,989,158	\$ 9,999,998	\$ 708,370	\$ 15,697,526
Interest Earnings	15,032	83,520	-	98,552
Use of Reserve	(4,983,000)	(6,622,217)	-	(11,605,217)
Total General Fund	<u>21,190</u>	<u>3,461,301</u>	<u>708,370</u>	<u>4,190,861</u>
Capital Fund				
Funding Provided	4,983,000	6,622,217	-	11,605,217
Use of Reserve	(4,983,000)	(4,548,528)	-	(9,531,528)
Total Capital Projects Fund	<u>-</u>	<u>2,073,689</u>	<u>-</u>	<u>2,073,689</u>
Balance as of June 30, 2023	<u>\$ 21,190</u>	<u>\$ 5,534,990</u>	<u>\$ 708,370</u>	<u>\$ 6,264,550</u>

NOTE 18 – RISK MANAGEMENT:

A) General:

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

B) Risk Retention:

The District has established a self-insured plan for risks associated with workers’ compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims activity is summarized below:

	<u>2023</u>	<u>2022</u>
Unpaid claims, beginning of year	\$437,746	\$568,786
Incurred claims and claim adjustment expenses	(8,728)	393,604
Claim payments	<u>(121,092)</u>	<u>(524,644)</u>
Unpaid claims, end of year	<u>\$307,926</u>	<u>\$437,746</u>

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C) Public Entity Risk Pool:

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

NOTE 19- COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

Assigned: Unappropriated Fund Balance:

General Fund:

General support	\$791,886
Instruction	<u>67,597</u>
Total General Fund	<u>\$859,483</u>

Special Aid Fund:

Instruction	<u>\$656,598</u>
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School Food Service Fund:

Equipment	<u>\$85,142</u>
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Capital Projects Fund:

Capital projects	<u>\$2,212,049</u>
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Total	<u><u>\$3,728,130</u></u>
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B) Grants:

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

C) Litigation:

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

**ROCKY POINT UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 20 – SUBSEQUENT EVENTS:

Management of the District evaluated events through October 16, 2023, which is the date the financial statements were available to be issued, and noted the following:

On September 19, 2023, the District issued a tax anticipation note in the amount of \$3,500,000, which is due June 26, 2024, and bears an interest rate of 4.25%, and a premium of \$7,735.

SUPPLEMENTARY INFORMATION

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 53,608,209	\$ 53,608,209	\$ 49,172,587	\$ (4,435,622)
Other real property tax items	25,891	25,891	4,466,514	4,440,623
Charges for services	169,100	169,100	168,672	(428)
Use of money and property	90,000	90,000	318,426	228,426
Sale of property and compensation for loss	-	-	38,342	38,342
Miscellaneous	350,000	369,231	618,495	249,264
State Sources				
Basic formula	18,629,918	18,629,918	17,206,451	(1,423,467)
Excess cost aid	6,078,379	6,078,379	6,767,560	689,181
Lottery aid	4,500,000	4,500,000	5,510,009	1,010,009
BOCES aid	1,402,601	1,402,601	1,601,089	198,488
Textbook aid	165,000	165,000	163,858	(1,142)
Computer software aid	92,146	92,146	83,452	(8,694)
Library A/V loan program aid	15,000	15,000	17,325	2,325
Chapter tuition aid	-	-	42,440	42,440
Other state aid	-	-	287,385	287,385
	-	-	-	-
Federal sources	100,000	100,000	251,474	151,474
TOTAL REVENUES	85,226,244	85,245,475	86,714,079	1,468,604
Other Financing Sources				
Premiums on obligations	-	-	24,330	24,330
Transfers from other funds	-	-	136,838	136,838
TOTAL REVENUES AND OTHER FINANCING SOURCES	85,226,244	85,245,475	\$ 86,875,247	\$ 1,629,772
Appropriated fund balance	2,050,473	2,050,473		
Prior year's encumbrances	559,970	559,970		
Appropriated reserves	743,000	743,000		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE & RESERVES	\$ 88,579,687	\$ 88,598,918		

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.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support					
Board of education	\$ 41,753	\$ 42,043	\$ 39,342	\$ -	\$ 2,701
Central administration	350,148	363,889	357,675	3,150	3,064
Finance	935,098	943,612	910,899	8,472	24,241
Staff	636,818	682,125	629,712	-	52,413
Central services	7,482,931	8,282,544	7,183,242	780,264	319,038
Special items	895,129	916,282	872,662	-	43,620
Total general support	<u>10,341,877</u>	<u>11,230,495</u>	<u>9,993,532</u>	<u>791,886</u>	<u>445,077</u>
Instruction					
Instruction, adm. & imp.	2,613,461	2,620,534	2,414,897	20	205,617
Teaching - regular school	24,572,242	23,338,334	22,913,154	44,646	380,534
Programs for children with handicapping conditions	15,201,670	15,751,869	15,478,960	-	272,909
Occupational education	1,236,274	1,132,972	1,132,102	-	870
Teaching special schools	137,700	193,902	81,752	-	112,150
Instructional media	966,974	1,029,268	907,725	14,263	107,280
Pupil services	4,202,938	4,434,916	4,189,125	8,668	237,123
Total instruction	<u>48,931,259</u>	<u>48,501,795</u>	<u>47,117,715</u>	<u>67,597</u>	<u>1,316,483</u>
Pupil transportation	6,052,492	5,791,009	5,537,904	-	253,105
Employee benefits	20,765,172	20,557,622	20,288,738	-	268,884
Debt service principal	184,749	184,749	181,191	-	3,558
Debt service interest	80,222	105,834	105,834	-	-
TOTAL EXPENDITURES	86,355,771	86,371,504	83,224,914	859,483	2,287,107
Other Financing Uses	2,223,916	2,227,414	2,227,258	-	156
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 88,579,687</u>	<u>\$ 88,598,918</u>	<u>85,452,172</u>	<u>\$ 859,483</u>	<u>\$ 2,287,263</u>
Net change in fund balances			1,423,075		
Fund balances - beginning of year			23,216,583		
Fund balances - end of year			<u>\$ 24,639,658</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.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE YEARS ENDED JUNE 30,**

NYSTRS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.191160%	0.193083%	0.190470%	0.192654%	0.191574%	0.191295%	0.190739%	0.192087%	0.192192%	0.184650%
District's proportionate share of the net pension asset/(liability)	\$ (3,668,154)	\$ 33,459,396	\$ (5,263,199)	\$ 5,005,152	\$ 3,464,167	\$ 1,454,033	\$ (2,042,891)	\$ 19,951,689	\$ 21,408,959	\$ 1,215,462
District's covered payroll	\$ 33,786,817	\$ 32,792,697	\$ 32,579,948	\$ 32,162,806	\$ 31,205,286	\$ 30,361,397	\$ 29,837,597	\$ 29,330,293	\$ 28,863,547	\$ 27,413,149
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.86%	102.03%	16.15%	15.56%	11.10%	4.79%	6.85%	68.02%	74.17%	4.43%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
NYSERS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.021917%	0.021732%	0.021007%	0.022356%	0.022007%	0.022161%	0.020526%	0.020962%	0.021338%	0.021338%
District's proportionate share of the net pension asset/(liability)	\$ (4,699,811)	\$ 1,776,513	\$ (20,918)	\$ (5,919,962)	\$ (1,559,277)	\$ (715,248)	\$ (1,928,662)	\$ (3,364,507)	\$ (720,832)	\$ (964,210)
District's covered payroll	\$ 7,963,348	\$ 7,257,100	\$ 6,934,959	\$ 7,134,821	\$ 7,000,614	\$ 6,754,339	\$ 5,798,809	\$ 6,004,599	\$ 5,967,941	\$ 5,876,902
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	59.02%	24.48%	0.30%	82.97%	22.27%	10.59%	33.26%	56.03%	12.08%	16.41%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.90%

Note to Required Supplementary Information

The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

Teachers' Retirement System

The discounted rate remained at 6.95% as reflected in 2022 and 2023 above

Employees' Retirement System

The discounted rate remained at 5.90% as reflected in 2022 and 2023 above

**ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,**

NYSTRS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,591,031	\$ 3,318,724	\$ 3,121,910	\$ 2,886,583	\$ 3,415,690	\$ 3,058,118	\$ 3,553,573	\$ 3,902,802	\$ 5,058,112	\$ 4,613,327
Contributions in relation to the contractually required contribution	<u>3,591,031</u>	<u>3,318,724</u>	<u>3,121,910</u>	<u>2,886,583</u>	<u>3,415,690</u>	<u>3,058,118</u>	<u>3,553,573</u>	<u>3,902,802</u>	<u>5,058,112</u>	<u>4,613,327</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 34,957,231	\$ 33,786,817	\$ 32,792,697	\$ 32,579,948	\$ 32,162,806	\$ 31,205,286	\$ 30,361,397	\$ 29,837,597	\$ 29,330,293	\$ 28,863,547
Contributions as a percentage of covered payroll	10.27%	9.82%	9.52%	8.86%	10.62%	9.80%	11.70%	13.08%	17.25%	15.98%
NYSERS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 834,932	\$ 999,514	\$ 1,065,561	\$ 1,003,375	\$ 985,327	\$ 954,307	\$ 891,815	\$ 1,056,812	\$ 1,086,747	\$ 1,103,423
Contributions in relation to the contractually required contribution	<u>834,932</u>	<u>999,514</u>	<u>1,065,561</u>	<u>1,003,375</u>	<u>985,327</u>	<u>954,307</u>	<u>891,815</u>	<u>1,056,812</u>	<u>1,086,747</u>	<u>1,103,423</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,761,206	\$ 7,344,872	\$ 7,013,002	\$ 7,074,357	\$ 6,488,826	\$ 6,393,775	\$ 5,798,809	\$ 6,170,976	\$ 6,060,580	\$ 5,896,138
Contributions as a percentage of covered payroll	10.76%	13.61%	15.19%	14.18%	15.18%	14.93%	15.38%	17.13%	17.93%	18.71%

ROCKY POINT UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,

Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 6,584,518	\$ 9,427,672	\$ 9,920,123	\$ 7,547,157	\$ 5,925,172	\$ 4,242,571
Interest	6,236,495	4,644,003	4,654,603	6,341,887	5,073,753	4,504,219
Changes of benefit terms	(9,960)	-	-	-	-	-
Differences between expected and actual experience	12,680,308	1,644,030	(10,110,642)	(24,942,090)	15,449,404	-
Changes of assumptions or other inputs	(13,742,807)	(47,987,640)	3,835,127	41,914,385	24,767,935	(6,361,045)
Benefit payments	<u>(3,929,480)</u>	<u>(3,511,698)</u>	<u>(3,333,132)</u>	<u>(3,255,671)</u>	<u>(3,266,251)</u>	<u>(2,809,462)</u>
Net change in total OPEB liability	7,819,074	(35,783,633)	4,966,079	27,605,668	47,950,013	(423,717)
Total OPEB liability - beginning	<u>171,535,301</u>	<u>207,318,934</u>	<u>202,352,855</u>	<u>174,747,187</u>	<u>126,797,174</u>	<u>127,220,891</u>
Total OPEB liability - ending	<u>\$ 179,354,375</u>	<u>\$ 171,535,301</u>	<u>\$ 207,318,934</u>	<u>\$ 202,352,855</u>	<u>\$ 174,747,187</u>	<u>\$ 126,797,174</u>
Covered-employee payroll	\$ 40,867,468	\$ 40,406,204	\$ 32,526,760	\$ 39,962,602	\$ 36,133,095	\$ 34,807,204
Total OPEB liability as a percentage of covered-employee payroll	438.87%	424.53%	637.38%	506.36%	483.62%	364.28%

Notes to Schedule:*Trust Assets*

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

Changes of Assumptions

The discount rate was 4.13% as of June 30, 2023.
The discount rate was 3.54% as of June 30, 2022.
The discount rate was 2.16% as of June 30, 2021.
The discount rate was 2.21% as of June 30, 2020.
The discount rate was 3.51% as of June 30, 2019.
The discount rate was 3.87% as of June 30, 2018.

The rate of inflation used for the June 30, 2022 valuation was 2.70%

Mortality rates were updated to reflect Pub-2010 Headcount Weighted table (Teachers for Teachers' Retirement System and General Employees for Employees' Retirement System group) projected fully using MP-2021.

Medical trends were updated based on actual rate increases from 2022 to 2023, followed by 6.50% in 2024, decreasing gradually to an ultimate rate of 4.14% by 2076. Part B trends were updated by -3.06% from 2022 to 2023, followed by projected Part B premium increases shown in the 2022 Medicare Trustees report, decreasing gradually to an ultimate rate of 4.14% by 2076.

*This schedule is intended to show information for 10 years; additional years will be displayed as they become available.

ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 88,019,717
Add: Prior year's encumbrances		<u>559,970</u>
Original Budget		88,579,687
Budget revision:		
Donations		<u>19,231</u>
Final Budget		<u><u>\$ 88,598,918</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter approved expenditure budget		<u>\$ 93,985,727</u>
Maximum allowed (4% of the 2023-2024 budget)		<u>\$ 3,759,429</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 2,890,681	
Unassigned fund balance	<u>3,759,429</u>	
Total unrestricted fund balance		6,650,110
Less:		
Appropriated fund balance	\$ 2,031,198	
Encumbrances included in assigned fund balance	<u>859,483</u>	
Total adjustments		<u>2,890,681</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u>\$ 3,759,429</u>
Actual percentage		4.00%

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Project Title	Project #	Expenditures				Unexpended Balance	Methods of Financing					Fund Balance June 30, 2023				
		Original Appropriation	Revised Appropriation	Prior Year's	Current Year		Transfers	Total	Proceeds of Obligations	State Aid	Local Sources		Capital Reserve	Other Financing Sources - Leases	Total	
FJC Security cams & Door swipes - Local Sources	01-6024	\$ -	\$ -	\$ -	\$ 195	\$ -	\$ 195	\$ (195)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (195)	**
JAE Security cams & Door swipes - Local Sources	02-1020	-	-	-	275	-	275	(275)	-	-	-	-	-	-	(275)	**
HS Doors, MS Caf� VCT & Library Carpet, HSMS Security cams & Door swipes - Local Sources	05-5043	-	-	-	2,843	-	2,843	(2,843)	-	-	-	-	-	-	(2,843)	**
FJC Sink Bases-Local Sources	06-2222	66,000	66,000	44,868	-	21,132	66,000	-	-	66,000	-	-	-	66,000	-	
District Wide Lighting-Local Sources	07-3333	55,000	55,000	42,284	-	12,716	55,000	-	-	55,000	-	-	-	55,000	-	
DO Carpet-Local Sources	05-4444	44,000	44,000	41,579	-	2,421	44,000	-	-	44,000	-	-	-	44,000	-	
MS Alarm Doors-Local Sources	05-0037	3,100	236,500	163,033	-	73,467	236,500	-	-	236,500	-	-	-	236,500	-	
Electrical Work-Local Sources	04-2122	49,275	49,275	49,236	-	39	49,275	-	-	49,275	-	-	-	49,275	-	
MSHS Doors VCT-Local Sources	05-0039	146,023	146,023	143,215	-	2,808	146,023	-	-	146,023	-	-	-	146,023	-	
FJC Doors-Local Sources	06-0021	38,414	38,414	37,697	-	717	38,414	-	-	38,414	-	-	-	38,414	-	
JAE boiler, bathrooms, lights, FA-Bond	01-0014	4,000,450	3,821,326	3,821,326	-	-	3,821,326	-	3,821,326	-	-	-	-	3,821,326	-	
JAE Library-Bond	01-0015	236,000	155,137	9,425	-	-	9,425	145,712	155,138	-	-	-	-	155,138	145,713	
MSHS Tennis cts, Health Office, skylights-Bond	05-0031	729,800	677,553	637,781	-	-	637,781	39,772	677,553	-	-	-	-	677,553	39,772	
MSHS Aud. A/C, caf� A/C, bathrooms, FA-Bond	05-0032	2,581,525	3,947,850	3,947,850	-	-	3,947,850	-	3,947,850	-	-	-	-	3,947,850	-	
MSHS lockerrooms, ceilings & lighting-Bond	05-0034	3,925,318	3,449,913	3,399,808	-	-	3,399,808	50,105	3,449,913	-	-	-	-	3,449,913	50,105	
FJC Sink bases-Bond	06-0017	133,000	133,000	87,813	-	-	87,813	45,187	133,000	-	-	-	-	133,000	45,187	
FJC ceilings, lights, caf� a/c, lighting-Bond	06-0018	1,247,564	531,209	461,806	-	-	461,806	69,403	531,209	-	-	-	-	531,209	69,403	
FJC bathroom, ceilings, lights & FA-Bond	06-0019	1,296,448	1,886,631	1,886,631	-	-	1,886,631	-	1,886,631	-	-	-	-	1,886,631	-	
FJC Playgrounds & Burg Alarm - Local & Cap Res	99-6023	621,150	669,300	-	67,873	-	67,873	601,427	-	-	48,150	621,150	-	669,300	601,427	
JAE Playgrounds & Burg Alarm - Local & Cap Res	09-1019	357,750	386,640	-	39,875	-	39,875	346,765	-	-	28,890	357,750	-	386,640	346,765	
HSMS Lights, lower turf seating, HS Burg alarm, MS VCT - Local & Cap Res	99-5042	1,521,100	1,606,695	-	450,124	-	450,124	1,156,571	-	-	85,595	1,521,100	-	1,606,695	1,156,571	
District Wide Phone-Cap Res	04-9007	5,720	450,000	108,323	210,116	-	318,439	131,561	-	-	-	450,000	-	450,000	131,561	
Smart Schools	SSBA	2,450,155	2,450,155	1,995,163	204,093	-	2,199,256	250,899	-	1,896,441	-	-	-	1,896,441	(302,815)	*
21- 22 Lease agreements		278,623	278,623	278,623	-	-	278,623	-	-	-	-	-	278,623	278,623	-	
22- 23 Lease agreements		281,469	281,469	-	281,469	-	281,469	-	-	-	-	-	281,469	281,469	-	
TOTAL		\$ 20,067,884	\$ 21,360,713	\$ 17,156,461	\$ 1,256,863	\$ 113,300	\$ 18,526,624	\$ 2,834,089	\$ 14,602,620	\$ 1,896,441	\$ 797,847	\$ 2,950,000	\$ 560,092	\$ 20,807,000	\$ 2,280,376	

* Deficit fund balance will be eliminated when Smart Schools Bond funding is received.
** Deficit fund balance will be eliminated with voter approved interfund transfer in 2023-24.

**ROCKY POINT UNION FREE SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023**

Capital assets, net		\$ 59,563,507
Intangible lease assets, net		299,567
Deduct:		
Short-term portion of bonds payable	\$ 1,630,000	
Short-term portion of lease liability	185,136	
Long-term portion of bonds payable	9,825,000	
Long-term portion of lease liability	94,812	
Less: Unspent bond proceeds	<u>(350,180)</u>	<u>11,384,768</u>
Net investment in capital assets		<u><u>\$ 48,478,306</u></u>



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

To the Board of Education
Rocky Point Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Rocky Point Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 16, 2023