

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

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Central Islip Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Central Islip 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, each major fund, and the fiduciary fund of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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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 District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of changes in the District's total other post-employment benefits liability and related ratios on pages 1 through 15 and 63 through 67, 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 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 November 6, 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
November 6, 2023

**CENTRAL ISLIP 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 Central Islip 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 ended the year with a general fund unassigned fund balance of \$10,059,591 which represents 3.98% of the 2023-2024 voter approved budget (4.00% being the maximum allowable under New York State Real Property Tax Law § 1318).
- The District’s total net deficit, as reflected in the District-Wide Financial Statements, decreased by \$7,446,129, or 2.41%, to a net deficit of \$301,306,551 based on the accrual basis of accounting.
- The general fund budget for the 2023-2024 school year was approved by the voters in the amount of \$252,864,607. This is an increase of \$4,096,586 or 1.65% from the previous year’s budget. The increase was primarily due to increase in personnel and employee benefits costs.
- The District’s combined governmental funds reported a total fund balance of \$78,877,275, which is an increase of \$21,102,202, or 36.52%, from the prior year, primarily in the general fund and school lunch fund, which was partially offset by a deficit fund balance in the capital projects fund. The deficit in the capital projects fund will be eliminated in the ensuing fiscal year, when state reimbursement is received and voter authorized inter-fund transfer is completed.

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:

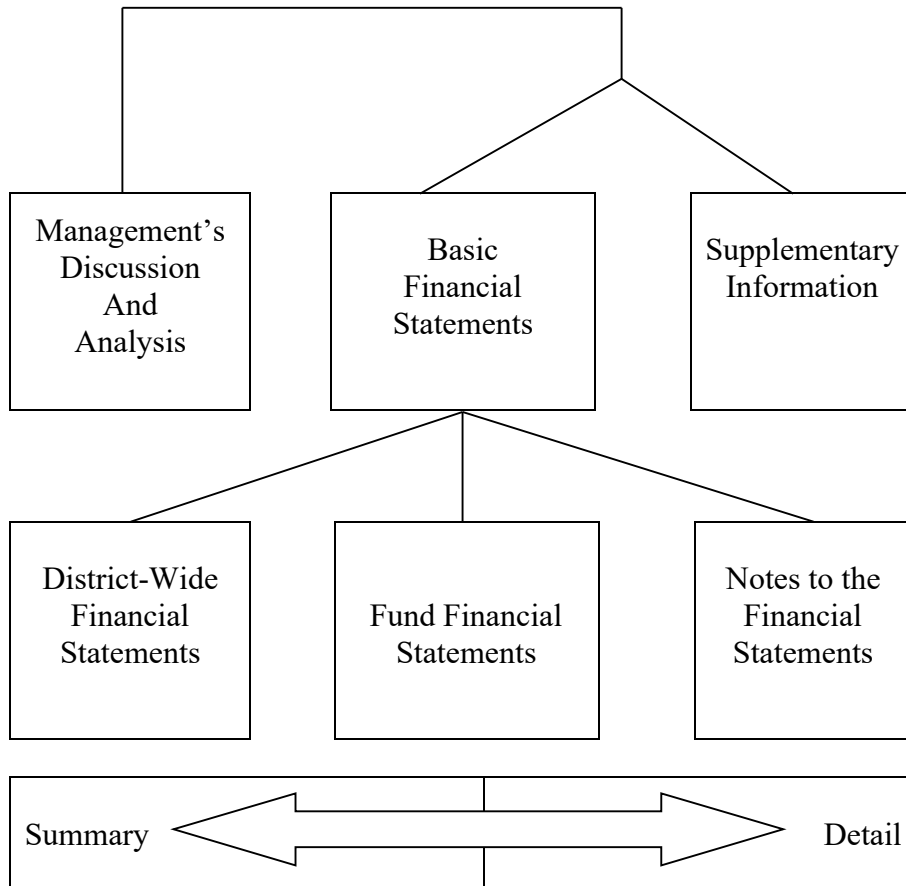
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

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

- *Fiduciary Fund Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others.

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 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.

Organization of the District’s Annual Financial Report:



The Table below summarizes the major features of the District’s 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.

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

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

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government
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 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources 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	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; these funds do not currently contain capital assets, although they can
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	All additions and deductions during the year, regardless of when cash is received or paid

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

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, deferred outflows of resources, 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 District's 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.
- 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.

In the District-Wide Financial Statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Real property taxes and state aid finance most of these activities.

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, finance, 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 and amortization are not calculated as they do not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are all 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

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

- 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* is net position that does 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 has two kinds of funds:

- *Governmental funds*: Most of the basic services are included in governmental funds, which 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 current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, capital projects fund, and debt service fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary fund*: The District is the custodian or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE:

A) Net Position:

The District's total net deficit decreased by \$7,446,129 in the fiscal year ended June 30, 2023, as detailed below.

Condensed Statement of Net Position - Governmental Activities

	2023	2022	Increase/ (Decrease)	Total Percentage Change
Current assets and other assets	\$ 125,607,085	\$ 96,732,708	\$ 28,874,377	29.85%
Non-current assets	114,956,966	104,114,217	10,842,749	10.41%
Net pension asset-proportionate share	-	90,365,048	(90,365,048)	(100.00)%
Total assets	240,564,051	291,211,973	(50,647,922)	(17.39)%
Deferred outflows of resources	174,876,549	182,187,560	(7,311,011)	(4.01)%
Total assets and deferred outflows of resources	415,440,600	473,399,533	(57,958,933)	(12.24)%
Current liabilities	42,939,041	37,538,717	5,400,324	14.39%
Long-term liabilities	568,445,030	518,969,119	49,475,911	9.53%
Total liabilities	611,384,071	556,507,836	54,876,235	9.86%
Deferred inflows of resources	105,363,080	225,644,377	(120,281,297)	(53.31)%
Total liabilities and deferred inflows of resources	716,747,151	782,152,213	(65,405,062)	(8.36)%
Net position				
Net investment in capital assets	84,598,287	71,398,805	13,199,482	18.49%
Restricted	67,377,810	38,594,381	28,783,429	74.58%
Unrestricted (deficit)	(453,282,648)	(418,745,866)	(34,536,782)	(8.25)%
Total net position (deficit)	\$ (301,306,551)	\$ (308,752,680)	\$ 7,446,129	2.41%

Current assets and other assets increased by \$28,874,377 primarily due to increases in cash and cash equivalents and state and federal aid receivable.

Non-current assets (capital assets net of accumulated depreciation and intangible lease assets net of accumulated amortization) increased by \$10,842,749. This was attributable to current year construction in progress and capital additions exceeding current year depreciation and amortization.

The change in net pension asset - proportionate share – employees' retirement system and the net pension asset - proportionate share – teachers' retirement system of \$90,365,048 is because of changes

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

in actuarial valuations provided by the State resulting in a net pension liability for 2023 for both pension systems, as discussed in Note 14.

The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 14, changes in assumptions or other inputs for other post-employment benefits, as discussed in Note 16.

Current liabilities increased by \$5,400,324, primarily due to increases in accounts payable, due to teaches' retirement system and compensated absences payable, which was partially offset by decreases in collections in advance.

Long-term liabilities increased by \$49,475,911 primarily due to increases in total OPEB obligation, increases in net pension liability - proportionate share as reported by the New York State Teachers' and Employees' Retirement Systems. This was partially offset by decreases in bonds payable and energy performance debt payable.

The changes in deferred inflows of resources represent amortization of pension-related items as well as amortization related to total other post-employment benefits obligation, as discussed in Notes 14 and 16, respectively.

The net investment in capital assets, net of related debt, 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, and furniture and equipment, net of depreciation, amortization, and related debt. This number increased from the prior year by \$13,199,482 primarily due to current year capital additions, and decreases in bond payable, and energy performance contract debt payable, partially offset by current year depreciation and amortization expense.

The restricted net position at June 30, 2023, is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted net position increased by \$28,783,429 from the prior year, primarily due to the District funding the newly established voter approved capital reserves in the amount of \$22,000,000.

The unrestricted deficit relates to the balance of the District's net position. This deficit amount of \$453,282,648 increased by \$34,536,782 from the prior year amount of \$418,745,866.

**CENTRAL ISLIP 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 - Governmental Activities Only:

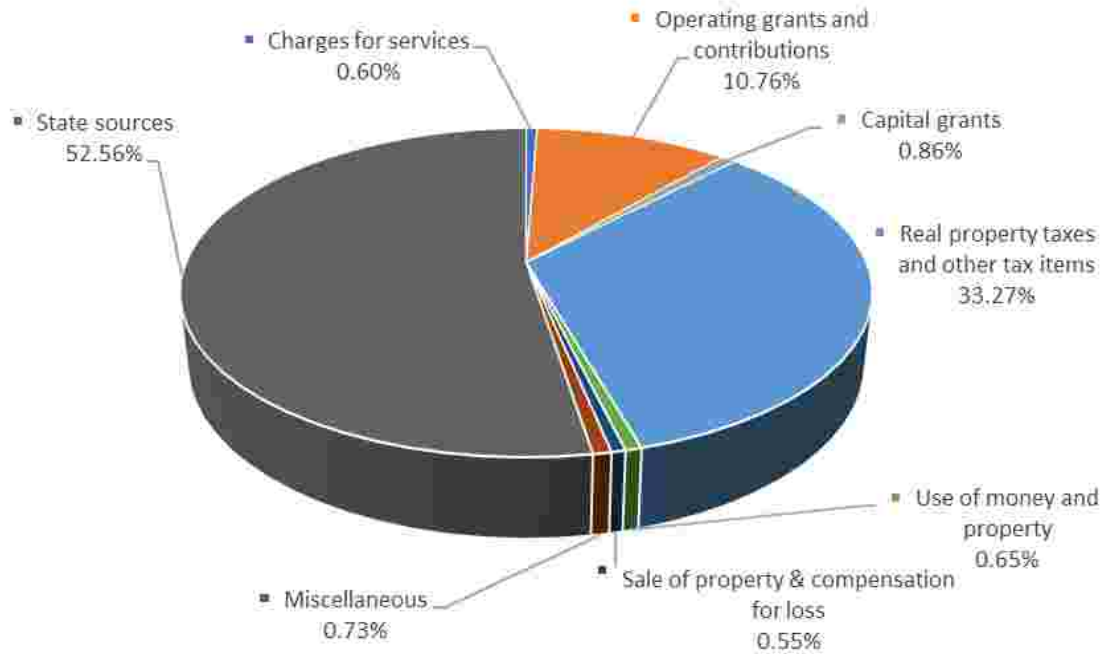
	2023	2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 1,777,788	\$ 1,262,705	\$ 515,083	40.79%
Operating grants and contributions	31,412,909	21,611,657	9,801,252	45.35%
Capital grants	2,512,376	-	2,512,376	N/A
General Revenues				
Real property taxes and other tax items	97,113,804	99,397,565	(2,283,761)	(2.30)%
Use of money and property	1,897,757	33,678	1,864,079	5535.01%
Sale and property & compensation for loss	1,612,577	1,112,852	499,725	44.90%
State sources	153,422,044	128,993,863	24,428,181	18.94%
Other	2,139,683	2,311,913	(172,230)	(7.45)%
Total Revenues	<u>291,888,938</u>	<u>254,724,233</u>	<u>37,164,705</u>	14.59%
Special Item				
Donated property	-	9,794,800	(9,794,800)	(100.00)%
Total Revenues and Special Item	<u>291,888,938</u>	<u>264,519,033</u>	<u>27,369,905</u>	10.35%
Expenses				
General support	37,064,685	32,887,825	4,176,860	12.70%
Instruction	227,616,023	192,734,442	34,881,581	18.10%
Pupil transportation	12,173,036	11,708,742	464,294	3.97%
Food service program	6,759,501	8,759,914	(2,000,413)	(22.84)%
Debt service - interest	829,564	806,518	23,046	2.86%
Total Expenses	<u>284,442,809</u>	<u>246,897,441</u>	<u>37,545,368</u>	15.21%
Total Change in Net Position	<u>\$ 7,446,129</u>	<u>\$ 17,621,592</u>	<u>\$ (10,175,463)</u>	(57.74)%

The District's total revenue for the fiscal year ended June 30, 2023 was \$291,888,938. Real property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing 33.27% and 52.56%, respectively of total District revenues. The remainder came from fees charged for services, operating grants and contributions, capital grants, use of money and property, and other miscellaneous sources. Total revenues increased by \$37,164,705 or 14.59% from the prior year.

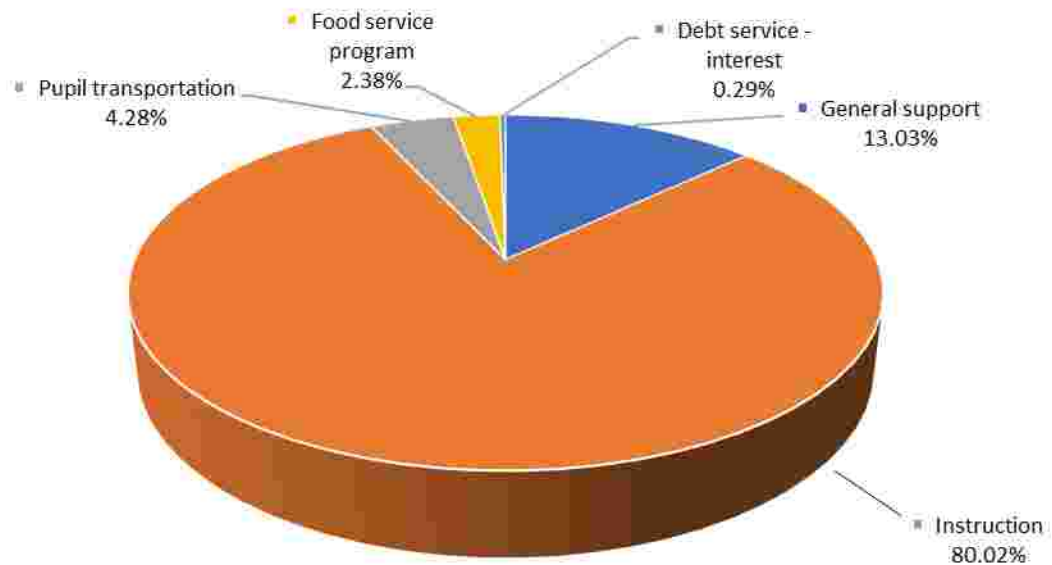
**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The total cost of all programs and services totaled \$284,442,809 for fiscal year ended June 30, 2023. These expenses are predominantly related to general instruction, which account for 80.02% of District expenses. The District’s general support activities accounted for 13.03% of total costs. Total expenses increased by \$37,545,368 or 15.21% from the prior year.

Revenues for Fiscal Year 2023:



Expenses for Fiscal Year 2023:



**CENTRAL ISLIP 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 governmental 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 by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt, and the current payments on other long-term liabilities.

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$78,877,275. See the following Table for more information.

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

A summary of changes in fund balance for all funds is as follows:

	2023	2022	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for retirement contribution:				
Employees' retirement system	\$ 16,256,450	\$ 15,860,753	\$ 395,697	2.49%
Teachers' retirement system	1,742,412	-	1,742,412	N/A
Restricted for capital	22,548,862	-	22,548,862	N/A
Restricted for property loss and liability	78,921	77,000	1,921	2.49%
Restricted for workers' compensation	1,881,157	1,835,368	45,789	2.49%
Restricted for employee benefit accrued liability	24,374,018	20,320,415	4,053,603	19.95%
Assigned - general support	87,502	397,786	(310,284)	(78.00)%
Assigned - instruction	196,964	145,249	51,715	35.60%
Unassigned	10,059,591	9,225,288	834,303	9.04%
Total fund balance - general fund	<u>77,225,877</u>	<u>47,861,859</u>	<u>29,364,018</u>	61.35%
School Lunch Fund				
Non spendable for inventory	25,562	26,390	(828)	(3.14)%
Assigned-unappropriated fund balance	3,458,535	2,360,699	1,097,836	46.50%
Total fund balance - school lunch fund	<u>3,484,097</u>	<u>2,387,089</u>	<u>1,097,008</u>	45.96%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	139,412	144,267	(4,855)	(3.37)%
Assigned - unappropriated fund balance	114,667	107,557	7,110	6.61%
Total fund balance - miscellaneous special revenue fund	<u>254,079</u>	<u>251,824</u>	<u>2,255</u>	0.90%
Capital Projects Fund				
Restricted for unspent bond proceeds	482,353	2,995,210	(2,512,857)	(83.90)%
Assigned - unappropriated fund balance	(2,925,709)	3,922,513	(6,848,222)	(174.59)%
Total fund balance (deficit) - capital projects fund	<u>(2,443,356)</u>	<u>6,917,723</u>	<u>(9,361,079)</u>	(135.32)%
Debt Service Fund				
Restricted for debt service	356,578	356,578	-	0.00%
Total fund balance - debt service fund	<u>356,578</u>	<u>356,578</u>	<u>-</u>	0.00%
Total fund balance - all funds	<u>\$ 78,877,275</u>	<u>\$ 57,775,073</u>	<u>\$ 21,102,202</u>	36.52%

**CENTRAL ISLIP 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 \$29,364,018 due to revenues and other financing sources of \$257,347,650 exceeding expenditures and other financing uses of \$227,983,632. Revenues increased \$24,901,508 or 10.71% compared to the prior year, mostly due to the increase in state sources. Expenditures increased by \$4,826,558 or 2.16% compared to the prior year due to increases in instruction and employee benefit costs.

B) School Lunch Fund:

Fund balance in the school lunch fund increased \$1,097,008. This is attributable 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:

Fund balance in the miscellaneous special revenue fund increased by \$2,255. This increase is due to current year revenues exceeding expenditures for extracurricular activity, partially offset by current year expenditures exceeding revenues for scholarships and donations.

D) Capital Projects Fund:

The fund balance in the capital projects fund decreased by \$9,361,079. This was due to capital construction expenditure of \$9,691,436 exceeding revenue from state source of \$330,537. In May 2023, the District voters approved a 23/24 interfund transfer of \$3,410,000 from the general fund to the capital projects fund to finance the current district wide ceiling replacement project. The deficit fund balance will be partially eliminated when the \$3,410,000 transfer occurs in the following fiscal year and receipt of the Smart School Bond Act reimbursement of \$3,102,746 from New York State.

E) Debt Service Fund:

The fund balance in the debt service fund remained unchanged.

5. GENERAL FUND BUDGETARY HIGHLIGHTS:

A) 2022-2023 Budget

The District's general fund adopted budget for the year ended June 30, 2023 was \$248,768,021. This amount was increased by encumbrances carried forward from the prior year in the amount of \$543,035. This resulted in a final budget of \$249,311,056. The majority of the funding was real property taxes, including other tax items of \$97,365,810 and state sources of \$147,252,211.

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

B) Change in General Fund Unassigned Fund Balance (Budget to Actual):

The general fund 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 assignments to fund subsequent years’ budgets. It is this balance that is commonly referred to as “fund balance”. The 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	\$ 9,225,288
Revenues and other financing sources over budget	8,579,629
Expenditures, other financing uses, and encumbrances under budget	21,042,958
Interest allocated to the reserves	(1,627,969)
Funding of reserves	(27,160,315)
Closing, unassigned fund balance	<u><u>\$ 10,059,591</u></u>

The opening unassigned fund balance of \$9,225,288 is the June 30, 2022 unassigned fund balance.

The revenues and other financing sources over budget of \$8,579,629 were primarily in state sources, use of money and property, sale of property and compensation for loss, federal sources, charges for services and miscellaneous revenue.

The expenditures, other financing uses, and encumbrances under budget of \$21,042,958 reflected savings across the budget, but were predominantly in general support, instruction, pupil transportation, employee benefits and other financing uses.

The \$1,627,969 represents interest income allocated to the various reserves.

The District contributed \$27,160,315 to the following reserves:

Reserve	Amount
Retirement Contribution	
Teachers' retirement system	\$ 1,700,000
Capital	
Facility improvement	18,000,000
Technology purchase	4,000,000
Employee benefit accrued liability	3,460,315
	<u><u>\$ 27,160,315</u></u>

The District closed the 2022-2023 fiscal year with \$10,059,591 in unassigned fund balance. New York State Real Property Tax Law §1318 restricts this number to an amount not greater than 4.00% of the District’s budget for the ensuing fiscal year. The District’s unassigned fund balance is within the legal limit.

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

6. CAPITAL ASSETS, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION:

A) Capital Assets and Intangible Lease Assets:

At June 30, 2023, the District invested in a broad range of capital assets and intangible lease assets, including capital construction, buildings and building improvements, furniture and equipment, and land improvements. The net increase in capital assets is due to capital additions exceeding depreciation expense for the fiscal year ended June 30, 2023. The net decrease in intangible lease assets is due to the current year 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:

	2023	2022	Increase (Decrease)	Percentage Change
Land	\$ 753,590	\$ 753,590	\$ -	0.00%
Construction in progress	18,097,778	8,406,342	9,691,436	115.29%
Buildings and building improvements	150,103,097	150,103,097	-	0.00%
Furniture and equipment	8,171,477	3,904,757	4,266,720	109.27%
Land improvements	3,552,707	3,265,655	287,052	8.79%
Subtotal	180,678,649	166,433,441	14,245,208	8.56%
Less: accumulated depreciation	65,852,319	62,538,286	3,314,033	5.30%
Total capital assets, net	<u>\$ 114,826,330</u>	<u>\$ 103,895,155</u>	<u>\$ 10,931,175</u>	10.52%
Intangible lease assets, net	<u>\$ 130,636</u>	<u>\$ 219,062</u>	<u>\$ (88,426)</u>	(40.37)%

The District's capital asset additions consisted of capital outlay of \$9,691,436, capital assets additions of \$4,572,883, which includes furniture and equipment additions of \$4,285,831 and land improvement additions of \$287,052. Depreciation and amortization expense for the year totaled \$3,333,144 and \$88,426, respectively.

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

B) Long-Term Debt:

At June 30, 2023, the District had total debt payable, including bonds payable (inclusive of unamortized premiums), lease liability, and energy performance contract debt payable of \$28,988,363. The decrease in long-term debt is due to principal payments on outstanding debt.

	2023	2022	Increase (Decrease)
Bonds payable (inclusive of unamortized premiums)	\$ 18,496,291	\$ 23,798,897	\$ (5,302,606)
Lease liability	108,214	208,647	(100,433)
Energy performance contract debt payable	10,383,858	11,709,328	(1,325,470)
Total	\$ 28,988,363	\$ 35,716,872	\$ (6,728,509)

7. FACTORS BEARING ON THE DISTRICT’S FUTURE:

- A) The general fund budget for the 2023-2024 school year was approved by the voters in the amount of \$252,864,607. This is an increase of \$4,096,586 or 1.65% from the previous year’s budget. The increase was primarily due to increase in personnel and employee benefits costs.

- B) 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) 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.

8. 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:

Central Islip Union Free School District
Dr. Sharon A. Dungee
Superintendent of Schools
50 Wheeler Road
Central Islip, New York 11722
631-348-5112

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS**Current assets**

Cash and cash equivalents		
Unrestricted	\$	37,637,882
Restricted		67,443,500
Receivables		
Accounts receivable		127,772
State and federal aid		15,628,985
Due from other governments		4,743,384
Inventory		25,562

Non-current assets

Capital assets		
Non-depreciable capital assets		18,851,368
Capital assets, net of accumulated depreciation		95,974,962
Intangible lease assets, net of accumulated amortization		130,636

TOTAL ASSETS

	240,564,051
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DEFERRED OUTFLOWS OF RESOURCES

Pensions		61,772,482
Other post-employment benefits obligation		113,104,067

TOTAL DEFERRED OUTFLOWS OF RESOURCES

	174,876,549
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LIABILITIES

Payables		
Accounts payable		6,131,060
Accrued liabilities		15,551,713
Due to other governments		4,282,920
Due to teachers' retirement system		11,053,027
Due to employees' retirement system		1,091,288
Compensated absences payable		3,939,482
Other liabilities		1,920
Accrued interest payable		258,389
Unearned credits		
Collections in advance		629,242
Long-term liabilities		
Due and payable within one year		
Bonds payable, inclusive of unamortized premium		2,123,475
Lease liability		84,101
Energy performance contract debt payable		1,403,375
Compensated absences payable		8,992,991
Due and payable after one year		
Bonds payable, inclusive of unamortized premium		16,372,816
Lease liability		24,113
Energy performance contract debt payable		8,980,483
Compensated absences payable		59,538,524
Workers' compensation claims payable		2,234,446
Net pension liability-proportionate share-employees' retirement system		15,067,090
Net pension liability-proportionate share-teachers' retirement system		9,309,311
Total other post-employment benefits obligation		444,314,305

TOTAL LIABILITIES

	611,384,071
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DEFERRED INFLOWS OF RESOURCES

Pensions		5,298,560
Other post-employment benefits obligation		100,064,520

TOTAL DEFERRED INFLOWS OF RESOURCES

	105,363,080
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NET POSITION

Net investment in capital assets		84,598,287
Restricted:		
Retirement contribution		
Employees' retirement system		16,256,450
Teachers' retirement system		1,742,412
Capital		22,548,862
Property loss and liability		78,921
Employee benefit accrued liability		24,374,018
Workers' compensation		1,881,157
Debt service		356,578
Scholarships and donations		139,412
		67,377,810
Unrestricted (deficit)		(453,282,648)

TOTAL NET POSITION (DEFICIT)

	\$ (301,306,551)
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**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (37,064,685)	\$ -	\$ -	\$ -	\$ (37,064,685)
Instruction	(227,616,023)	1,193,360	24,201,760	2,512,376	(199,708,527)
Pupil transportation	(12,173,036)				(12,173,036)
Food service program	(6,759,501)	584,428	7,211,149		1,036,076
Debt service - interest	(829,564)				(829,564)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (284,442,809)</u>	<u>\$ 1,777,788</u>	<u>\$ 31,412,909</u>	<u>\$ 2,512,376</u>	<u>(248,739,736)</u>
GENERAL REVENUES					
Real property taxes					85,153,846
Other tax items - including STAR reimbursement					11,959,958
Use of money and property					1,897,757
Sale of property and compensation for loss					1,612,577
Miscellaneous					1,508,601
State sources					153,422,044
Medicaid reimbursement					631,082
TOTAL GENERAL REVENUES					<u>256,185,865</u>
CHANGE IN NET POSITION					7,446,129
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR					<u>(308,752,680)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (301,306,551)</u>

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 37,152,906	\$ 299,257	\$ 62,058	\$ 123,661	\$ -	\$ -	\$ 37,637,882
Restricted	66,881,820			139,412	422,268		67,443,500
Receivables							
Accounts receivable	125,175			2,597			127,772
State and federal aid	3,181,189	8,815,578	529,472		3,102,746		15,628,985
Due from other governments	4,743,384						4,743,384
Due from other funds	8,931,303	2,035,894	3,624,937	4,252		356,578	14,952,964
Inventory			25,562				25,562
TOTAL ASSETS	\$ 121,015,777	\$ 11,150,729	\$ 4,242,029	\$ 269,922	\$ 3,525,014	\$ 356,578	\$ 140,560,049
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Payables							
Accounts payable	\$ 2,393,799	\$ 1,844,790	\$ 23,959	\$ 15,843	\$ 1,852,669	\$ -	\$ 6,131,060
Accrued liabilities	14,418,998	776,016	356,699				15,551,713
Due to other governments	4,281,408		1,512				4,282,920
Due to other funds	5,663,566	8,276,443			1,012,955		14,952,964
Due to teachers' retirement system	11,053,027						11,053,027
Due to employees' retirement system	1,091,288						1,091,288
Compensated absences payable	3,939,482						3,939,482
Other liabilities	1,920						1,920
Unearned credits							
Collections in advance		253,480	375,762				629,242
TOTAL LIABILITIES	42,843,488	11,150,729	757,932	15,843	2,865,624	-	57,633,616
DEFERRED INFLOWS OF RESOURCES							
New York State supplemental aid	486,940						486,940
New York State Smart Schools Bond Act					3,102,746		3,102,746
Foster tuition	459,472						459,472
TOTAL DEFERRED INFLOWS OF RESOURCES	946,412	-	-	-	3,102,746	-	4,049,158
FUND BALANCES							
Non-spendable: Inventory			25,562				25,562
Restricted:							
Retirement contribution							
Employees' retirement system	16,256,450						16,256,450
Teachers' retirement system	1,742,412						1,742,412
Capital	22,548,862						22,548,862
Property loss and liability	78,921						78,921
Employee benefit accrued liability	24,374,018						24,374,018
Workers' compensation	1,881,157						1,881,157
Unspent bond proceeds					482,353		482,353
Debt service						356,578	356,578
Scholarships and donations				139,412			139,412
Assigned:							
Unappropriated fund balance	284,466		3,458,535	114,667			3,857,668
Unassigned							
Unassigned fund balance (deficit)	10,059,591				(2,925,709)		7,133,882
TOTAL FUND BALANCES	77,225,877	-	3,484,097	254,079	(2,443,356)	356,578	78,877,275
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 121,015,777	\$ 11,150,729	\$ 4,242,029	\$ 269,922	\$ 3,525,014	\$ 356,578	\$ 140,560,049

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS - BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023

Total Governmental Fund Balances	\$	78,877,275
Amounts reported for governmental activities in the Statement of Net Position are different because:		
<p>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 include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.</p>		
Original cost of capital assets	\$ 180,678,649	
Accumulated depreciation	<u>(65,852,319)</u>	114,826,330
<p>The present value cost of leasing 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 include those intangible leased assets among the assets of the district as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.</p>		
Original present value cost of intangible leased assets	\$ 307,488	
Accumulated amortization	<u>(176,852)</u>	130,636
<p>Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to</p>		
		61,772,482
<p>Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to other post-employment benefits obligations that will be recognized as expenditures in future periods amounted to</p>		
		113,104,067
<p>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:</p>		
Accrued interest on bonds and energy performance contract debt.		(258,389)
<p>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:</p>		
Bonds payable, inclusive of unamortized premium	\$ (18,496,291)	
Lease liability	(108,214)	
Energy performance contract debt payable	(10,383,858)	
Compensated absences payable	(68,531,515)	
Workers' compensation claims payable	(2,234,446)	
Net pension liability-proportionate share-employees' retirement system	(15,067,090)	
Net pension liability-proportionate share-teachers' retirement system	(9,309,311)	
Total other post-employment benefits obligation	<u>(444,314,305)</u>	(568,445,030)
<p>Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to</p>		
		(5,298,560)
<p>Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to other post-employment benefit obligations that will be recognized as a reduction in expense in future periods amounted to</p>		
		(100,064,520)
<p>Deferred inflows of resources - NYS supplemental aid, Smart Schools Bond Act, and foster tuition - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.</p>		
		<u>4,049,158</u>
Total Net Position	\$	<u>(301,306,551)</u>

CENTRAL ISLIP 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 Lunch	Miscellaneous Special Revenue	Capital Projects	Debt Service	Total Governmental Funds
REVENUES							
Real property taxes	\$ 85,153,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,153,846
Other tax items - including STAR reimbursement	11,959,958						11,959,958
Charges for services	844,784			296,459			1,141,243
Use of money and property	1,894,157		3,600				1,897,757
Sale of property and compensation for loss	1,612,577						1,612,577
Miscellaneous	1,504,761						1,504,761
Local sources		17,595					17,595
State sources	153,422,044	5,633,334	162,093		330,357		159,547,828
Federal sources	862,289	18,332,169	6,697,138				25,891,596
Surplus food			339,373				339,373
Sales			584,428				584,428
TOTAL REVENUES	<u>257,254,416</u>	<u>23,983,098</u>	<u>7,786,632</u>	<u>296,459</u>	<u>330,357</u>	<u>-</u>	<u>289,650,962</u>
EXPENDITURES							
General support	24,908,923	1,058,831					25,967,754
Instruction	119,304,356	22,989,932		294,204			142,588,492
Pupil transportation	11,839,297	206,932					12,046,229
Employee benefits	63,818,921		1,188,725				65,007,646
Debt service - principal	6,665,903						6,665,903
Debt service - interest	1,023,635						1,023,635
Cost of sales			5,561,505				5,561,505
Capital outlay					9,691,436		9,691,436
TOTAL EXPENDITURES	<u>227,561,035</u>	<u>24,255,695</u>	<u>6,750,230</u>	<u>294,204</u>	<u>9,691,436</u>	<u>-</u>	<u>268,552,600</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>29,693,381</u>	<u>(272,597)</u>	<u>1,036,402</u>	<u>2,255</u>	<u>(9,361,079)</u>	<u>-</u>	<u>21,098,362</u>
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	3,840						3,840
Operating transfers in	89,394	272,597	150,000				511,991
Operating transfers (out)	(422,597)		(89,394)				(511,991)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(329,363)</u>	<u>272,597</u>	<u>60,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,840</u>
NET CHANGE IN FUND BALANCES	29,364,018	-	1,097,008	2,255	(9,361,079)	-	21,102,202
FUND BALANCES - BEGINNING OF YEAR	47,861,859	-	2,387,089	251,824	6,917,723	356,578	57,775,073
FUND BALANCES - END OF YEAR	<u>\$ 77,225,877</u>	<u>\$ -</u>	<u>\$ 3,484,097</u>	<u>\$ 254,079</u>	<u>\$ (2,443,356)</u>	<u>\$ 356,578</u>	<u>\$ 78,877,275</u>

**CENTRAL ISLIP 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		\$ 21,102,202
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.		
Increase in compensated absences payable	\$ (292,532)	
Decrease in workers' compensation claims payable	<u>94,887</u>	(197,645)
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.		
Employees' retirement system	\$ (2,921,768)	
Teachers' retirement system	(2,556,681)	
Other post-employment benefits	<u>(27,916,838)</u>	(33,395,287)
Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the year ended was		
		2,234,136
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and reported on the Statement of Net Position and allocated to the governmental functions. Depreciation is based on the useful lives of the asset and are expensed as incurred on the Statement of Activities:		
Capital outlays	\$ 14,264,319	
Depreciation expense	<u>(3,333,144)</u>	10,931,175
Capital outlays to lease 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:		
Amortization expense	<u>\$ (88,426)</u>	(88,426)
Long-Term Debt Transaction Differences		
Premiums and discounts on debt issuances and deferred amounts from debt refundings are recognized when incurred on the governmental fund statements. The net amounts are amortized over the life of the debt issued in the Statement of Activities. The net amount that was amortized in the current year was		
		56,356
Repayment of a bond principal is an expenditure in the governmental funds, but reduces bonds payable on the Statement of Net Position and does not affect the Statement of Activities.		
		5,240,000
Repayment of lease obligations principal is reported as an expenditure in the governmental funds, but reduces long-term lease liability in the Statement of Net Position and does not affect the Statement of Activities.		
		100,433
Repayment of energy performance contract debt payable is reported as an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
		1,325,470
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 thus requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest changed by:		
		<u>137,715</u>
Change in Net Position		<u><u>\$ 7,446,129</u></u>

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2023**

	Custodial
ASSETS	
Due from governmental funds	\$ -
TOTAL ASSETS	\$ -
LIABILITIES	
Due to other governments	\$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	\$ -

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Real property taxes collected for Library	\$ 3,454,988
Payments in lieu of taxes (PILOT) collected for Public Library	192,663
TOTAL ADDITIONS	3,647,651
DEDUCTIONS	
Real property taxes disbursed to Library	3,454,988
Payments in lieu of taxes (PILOT) disbursed to Public Library	192,663
TOTAL DEDUCTIONS	3,647,651
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	\$ -

**CENTRAL ISLIP 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 Central Islip 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.

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 seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. The Board has 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*, and 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s reporting entity.

B) Joint Venture:

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that 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 the BOCES Board are nominated and elected by

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

their component member boards in accordance with provisions of §1950 of the New 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, except those that are fiduciary. 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, 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 fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

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

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extra-classroom activities.

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

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.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund include the custodial fund, which is used to report real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments and utilizes the economic resources measurement focus and the accrual basis of accounting.

D) Measurement Focus and Basis of Accounting:

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include 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

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

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 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, compensated absences, workers' compensation claims and judgements, net pension costs, and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General 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 under other financing sources.

E) Real Property Taxes:

Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. The District's tax levy is collected by the Town of Islip. 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 are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

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

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

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, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary fund). Eliminations have been made for all interfund receivables and payables between the funds, except for amounts due to/from the fiduciary fund.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenditures/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, workers' compensation claims payable, net pension asset/liability, total other post-employment benefits obligation and potential contingent liabilities, if applicable.

I) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand, 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.

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

K) Inventory:

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

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

A portion of fund balance in the school lunch fund has been classified as non-spendable to indicate that inventory does not constitute available spendable resources.

L) Capital Assets:

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-party professionals. 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 Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and building improvements	\$500,000	Straight-line	50-25 years
Land improvements	\$25,000	Straight-line	20 years
Furniture and equipment	\$5,000	Straight-line	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.

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

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/expenditure) until then. The District has two items that qualify for reporting in this category. The two items in this category are related to pensions and other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16.

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 recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits obligation, which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16.

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. The deferred inflows of resources on the Fund Level Statements represent supplemental aid, foster tuition amounts, and New York State Smart Schools Bond Act funds. In subsequent periods, when the availability criterion is met, deferred inflows 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.

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

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 receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished using 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 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 \$6,000,000 in the fiscal year ended June 30, 2023. See Note 11 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 the 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 as of June 30, 2023, consist of grant advances received prior to the qualifying expenditures being incurred in the special aid fund, and for grant advances received prior to the qualifying expenditures being incurred and prepaid meals that have not yet been purchased in the school lunch fund.

Q) Employee 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.

The 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.

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

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

In the Fund Financial Statements, 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. The liability is reported only for payments due for unused compensated absences for those employees who have obligated themselves to separate from service with the District by June 30.

R) Other Benefits:

Eligible 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 plans established under Internal Revenue Code Section 403(b) and 457.

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 provisions 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 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 payment). In the District-Wide 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 Post-employment 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 general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources.

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

Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

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 and intangible lease assets (cost less accumulated depreciation and accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unspent proceeds and including any unamortized items (discounts, premiums, amounts on refunding).

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.

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:

Nonspendable 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 District had \$25,562 in nonspendable fund balance for inventory recorded in the school lunch fund.

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 classified the following as restricted:

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

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be 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. This reserve is accounted for in the general fund.

Capital Reserve - Capital reserve (EL§3651), must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of the 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 sources of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form of 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. The reserve is accounted for in the general fund.

Property Loss and Liability - According to General Municipal Law §6-h, this must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, this must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Workers' Compensation Reserve - This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Restricted for 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.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Restricted for Debt Service - This account is used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unexpected balances of proceeds from borrowings for capital projects, interest and earnings from investment in proceeds of borrowing premiums. This reserve is accounted for in the debt service 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 for in the miscellaneous special revenue fund.

Unrestricted Resources - When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

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., Board of Education). The District has no committed fund balances as of June 30, 2023.

Assigned fund balance includes amounts that are constrained by the 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. All encumbrances are classified as assigned fund balances. The amount appropriated for the subsequent year's budget of the general fund is classified as assigned fund balance in 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.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget 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 at June 30, 2023 is within this limit.

Deficit Fund Balance:

The capital projects fund had a deficit unassigned fund balance of \$2,925,709. This will be eliminated when the District receives the Smart Schools Bonds Act funds from New York State and permanent financing from other sources.

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

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 (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

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

Due to the differences in the measurement focus and basis of accounting used in the Fund Statements and the District-wide 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 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 and the Statement of Activities fall into one of the 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 accruals basis, whereas the accrual basis of accounting is used on the Statement of Activities.

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

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 intangible lease assets in the Fund Financial Statements and depreciation and/or amortization expense on those items as recorded in the Statement of Activities.

Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are 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.

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

Budgets are established and used for individual capital project funds expenditures as 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.

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

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 restrictions or assignments of 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.

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, *Deposit 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 either:

- 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 of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

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

B) Restricted Cash and Cash Equivalents:

Restricted cash 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 at June 30, 2023 included \$67,443,500 within the governmental funds for general reserves, scholarships and donations, capital projects and debt service.

C) 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.

D) Investment Pool:

The District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are \$1,336,461,514 which consists of \$497,100,000 in repurchase agreements, \$372,723,219 in U.S. Treasury Securities, \$466,507,689 in collateralized bank products with various interest rates and due dates, and \$130,606 in cash.

At June 30, 2023, the District held \$291,373 in the general fund as cash for investments that consisted of various investments in securities issued by the United States and its agencies.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. New York Liquid Asset Fund (NYLAF) is rated AAAM by Standard and Poor's Ratings Agency. Additional information concerning the cooperative is presented in the annual report of the NYLAF, which may be obtained from their website, www.nylaf.org.

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative at June 30, 2023, are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various

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

due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

At June 30, 2023, the District held \$82,504,217 in the general fund held in investments consisting of securities issued by the United States and its agencies.

The above amounts represent the cost of the investment pool shares and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year, the District was billed \$23,298,496 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$3,729,973. 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.

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

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

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

Description	General	Special Aid	School Lunch	Capital Projects	Total
State aid-excess cost	\$ 2,642,690	\$ -	\$ -	\$ -	\$ 2,642,690
State aid-general aid	138,078				138,078
State aid - homeless students	181,511				181,511
State and local grants		3,292,342		3,102,746	6,395,088
Federal grants	218,910	5,523,236			5,742,146
Snack-federal reimbursements			5,562		5,562
Breakfast-federal reimbursements			213,027		213,027
Lunch-federal reimbursements			263,261		263,261
NYS department of taxation			16,516		16,516
Breakfast - state reimbursements			21,460		21,460
Lunch - state reimbursements			9,646		9,646
Total	<u>\$ 3,181,189</u>	<u>\$ 8,815,578</u>	<u>\$ 529,472</u>	<u>\$ 3,102,746</u>	<u>\$ 15,628,985</u>

The general fund state and federal aid receivable includes \$486,940 of unavailable revenues for supplemental aid, which is included in deferred inflows of resources on the balance sheet. The capital projects fund includes \$3,102,746 of unavailable revenues for the Smart Schools Bond Act, which is included in deferred inflows of resources on the balance sheet.

District management has deemed the 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 the following:

BOCES aid	\$ 3,729,973
Town of Islip payment in lieu of property taxes	487,921
Foster tuition	464,721
Building use	4,798
Suffolk County stop arm program-school bus safety	49,966
Western Suffolk BOCES - FSA receipt	6,005
Total	<u>\$ 4,743,384</u>

The general fund due from other governments includes \$459,472 of unavailable revenues for foster tuition, which is included in deferred inflows of resources on the balance sheet.

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

District management has deemed these amounts to be fully collectible.

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 not being depreciated				
Land	\$ 753,590	\$ -	\$ -	\$ 753,590
Construction in progress	8,406,342	9,691,436		18,097,778
Total nondepreciable capital assets	<u>9,159,932</u>	<u>9,691,436</u>	<u>-</u>	<u>18,851,368</u>
Capital assets being depreciated				
Building and building improvements	150,103,097			150,103,097
Furniture and equipment	3,904,757	4,285,831	(19,111)	8,171,477
Land improvement	3,265,655	287,052		3,552,707
Total depreciable capital assets	<u>157,273,509</u>	<u>4,572,883</u>	<u>(19,111)</u>	<u>161,827,281</u>
Less accumulated depreciation:				
Building and building improvements	57,030,444	2,635,819		59,666,263
Furniture and equipment	2,850,759	580,433	(19,111)	3,412,081
Land improvement	2,657,083	116,892		2,773,975
Total accumulated depreciation	<u>62,538,286</u>	<u>3,333,144</u>	<u>(19,111)</u>	<u>65,852,319</u>
Total capital assets being depreciated, net	<u>94,735,223</u>	<u>1,239,739</u>	<u>-</u>	<u>95,974,962</u>
Total capital assets, net	<u>\$ 103,895,155</u>	<u>\$ 10,931,175</u>	<u>\$ -</u>	<u>\$ 114,826,330</u>

Depreciation expense was charged to the governmental functions as follows:

Instruction	\$ 3,138,492
General support	185,381
Food service	9,271
	<u>\$ 3,333,144</u>

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

B) Intangible Lease Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental activities:			
Intangible lease assets			
Furniture & equipment	\$ 307,488	\$ -	\$ 307,488
Total intangible lease assets being amortized	<u>307,488</u>	<u>-</u>	<u>307,488</u>
Less accumulated amortization:			
Furniture & equipment	88,426	88,426	176,852
Total accumulated amortization	<u>88,426</u>	<u>88,426</u>	<u>176,852</u>
 Total intangible lease assets, net	 <u>\$ 219,062</u>	 <u>\$ (88,426)</u>	 <u>\$ 130,636</u>

Amortization expense of \$88,426 was charged to the governmental functions as general support.

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 8,931,303	\$ 5,663,566	\$ 89,394	\$ 422,597
Special aid fund	2,035,894	8,276,443	272,597	
School lunch fund	3,624,937		150,000	89,394
Miscellaneous special revenue fund	4,252			
Capital projects fund		1,012,955		
Debt service fund	356,578			
Total government activities	<u>\$ 14,952,964</u>	<u>\$ 14,952,964</u>	<u>\$ 511,991</u>	<u>\$ 511,991</u>

The District transferred from the general fund to the special aid fund the District's share of summer program for students with disabilities and the state supported Section 4201 schools. The District also made a voter approved transfer of \$150,000 from the general fund to the school lunch fund. The District transferred from the school lunch fund to the general fund for administrative costs to run the school lunch program.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

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

NOTE 10 – DUE TO OTHER GOVERNMENTS:

Due to other governments at June 30, 2023 consisted of the following:

General Fund

New York State governmental agencies	\$ 56,831
Suffolk County governmental agencies	123,531
Town of Islip	6,155
New York State aid overpayment	1,372,902
Due to BOCES and New York State public schools	<u>2,721,989</u>
Total General Fund	<u>4,281,408</u>

School Lunch Fund

Due to NYS Department of Taxation - sales tax	<u>1,512</u>
Total Due to Other Governments	<u>\$ 4,282,920</u>

NOTE 11 - SHORT-TERM DEBT:

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	4/5/2023	3.50%	<u>\$ -</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>

On December 1, 2022, the District issued a tax anticipation note (TAN) for \$6,000,000, maturing on April 5, 2023 for interim financing of the general fund operations. The TAN has a stated interest rate of 3.50% per annum and includes a premium of \$3,840. Short-term interest on TAN for the fiscal year ended was \$72,333 resulting in a net interest cost of \$68,493.

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

NOTE 12 – 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	\$ 23,615,000	\$ -	\$ (5,240,000)	\$ 18,375,000	\$ 2,100,000
Add: unamortized bond premiums	183,897		(62,606)	121,291	23,475
Total bonds payable, net	<u>23,798,897</u>	<u>-</u>	<u>(5,302,606)</u>	<u>18,496,291</u>	<u>2,123,475</u>
Other long-term liabilities:					
Lease liability	208,647		(100,433)	108,214	84,101
Energy performance contract debt payable	11,709,328		(1,325,470)	10,383,858	1,403,375
Compensated absences payable	68,238,983	10,158,056	(9,865,524)	68,531,515	8,992,991
Workers' compensation claims payable	2,329,333	955,880	(1,050,767)	2,234,446	
Net pension liability - proportionate share					
Employees' retirement system	-	15,067,090		15,067,090	
Teachers' retirement system	-	9,309,311		9,309,311	
Total other post-employment benefit obligation	<u>412,683,931</u>	<u>59,159,126</u>	<u>(27,528,752)</u>	<u>444,314,305</u>	
Total long-term liabilities	<u>\$ 518,969,119</u>	<u>\$ 94,649,463</u>	<u>\$ (45,173,552)</u>	<u>\$ 568,445,030</u>	<u>\$ 12,603,942</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, energy performance contract debt payable, compensated absences payable, workers' compensation claims payable, net pension liabilities, and total other post-employment benefits.

Authorized but Unissued Debt:

On April 7, 2014 the voters approved a Capital Projects Bond Proposition authorizing the construction of infrastructure improvements and alterations to District school buildings and sites. This voter approval also included the authorized issuance of serial bonds up to an amount not to exceed \$24,890,000. The principal and interest of said serial bonds shall be paid through the levy and collection of taxes on all taxable real property in the District in addition to the authorization of up to \$5,202,010 to be expended from the District's capital reserve to pay for a portion of the capital projects' cost and any such monies so expended shall reduce the amounts of bonds issued. Bonds were issued on August 16, 2018, in the amount of \$17,900,000, which leaves \$1,787,990 of authorized but unissued debt as of June 30, 2023.

On May, 17, 2022 the District's voters approved a Capital Projects Bond Proposition authorizing the construction of infrastructure improvements and alterations to District school buildings and sites up to an amount not to exceed \$40,000,000. Of that \$40,000,000 total cost, \$6,000,000 of funding would come from the District's general fund unassigned fund balance (on hand and available fund balance), with the remaining \$34,000,000 being funded from the issuance of serial bonds. Remaining unissued debt as of June 30, 2023, related to this Capital Projects Bond

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

Proposition is the full \$34,000,000 of unissued bonds. \$6,000,000 of general fund unassigned fund balance was transferred to the capital projects fund during the 2021-22 fiscal year.

A) Bonds Payable:

Existing serial and statutory bond obligations are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Serial Bond	9/13/2012	9/1/2028	4.2%	\$ 1,750,000
Serial Bond	9/12/2014	9/1/2028	2.0 - 3.0%	3,425,000
Serial Bond	8/16/2018	8/15/2033	2.5 - 3.0%	13,200,000
				<u>\$ 18,375,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 2,100,000	\$ 538,650	\$ 2,638,650
2025	2,125,000	471,075	2,596,075
2026	2,125,000	403,125	2,528,125
2027	2,125,000	335,175	2,460,175
2028	2,125,000	267,225	2,392,225
2029-2033	6,575,000	851,850	7,426,850
2034	1,200,000	18,000	1,218,000
	<u>\$ 18,375,000</u>	<u>\$ 2,885,100</u>	<u>\$ 21,260,100</u>

Upon default of the payment of principal or interest on the serial bonds, 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 and apply the amount withheld to the payment of the defaulted principal or interest.

B) Bond Premium:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$121,291 at June 30, 2023. This represents premiums received on the September 2014 bond issuance. These premiums are amortized under the straight-line method over the life of the bond. Amortization expense is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

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

C) 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 copiers and other equipment items with interest rates of 2.16%.

Principal and interest expense paid on the District's lease liability amounted to \$100,433 and \$3,516, 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:

Fiscal Year Ended	Principal	Interest	Total
<u>June 30,</u>			
2024	\$ 84,101	\$ 1,375	\$ 85,476
2025	24,113	152	24,265
	<u>\$ 108,214</u>	<u>\$ 1,527</u>	<u>\$ 109,741</u>

D) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract debt payable	10/19/2021	9/15/2036	1.45%	\$ 7,000,427
Energy performance contract debt payable	7/15/2011	10/15/2026	3.05%	3,383,431
				<u>\$ 10,383,858</u>

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

The following is a summary of debt service requirement for energy performance contract debt payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,403,375	\$ 196,104	\$ 1,599,479
2025	1,438,899	160,582	1,599,481
2026	1,475,400	124,080	1,599,480
2027	999,588	86,567	1,086,155
2028	501,174	71,655	572,829
2029-2033	2,617,417	246,731	2,864,148
2034-2037	1,948,005	56,900	2,004,905
	<u>\$ 10,383,858</u>	<u>\$ 942,619</u>	<u>\$ 11,326,477</u>

E) Long-Term Interest:

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

	Total
Interest paid	\$ 951,302
Less interest accrued in the prior year	(396,104)
Plus interest accrued in the current year	258,389
Less amortization of deferred bond premiums	(62,606)
Plus amortization of deferred charges on refunding	6,250
Total expense	<u>\$ 757,231</u>

NOTE 13 - DEFERRED OUTFLOWS OF RESOURCES – DEFERRED AMOUNTS ON REFUNDING:

Deferred amounts on refunding pertaining to the 2013 refunding is recorded in the District-Wide Financial Statements as a deferred outflow of resources at June 30, 2023, and consisted of the following:

	Balance at June 30, 2022	Current Year Amortization	Balance at June 30, 2023
Deferred amounts on refunding	<u>\$ 6,250</u>	<u>\$ (6,250)</u>	<u>\$ -</u>

The deferred amounts on refunding is being amortized on the District-Wide Financial Statements using the straight-line method over the time to maturity of the refunded bond. Amortization is included as a component of interest expense.

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

NOTE 14 – 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 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

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

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 and before January 1, 2010.
 - 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 but before January 1, 2010.
 - 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 31. The District's contribution rates for ERS' fiscal year ended March 31, 2023, ranged from 8.30% to 16.00% of covered payroll.

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 10.29% of covered payroll.

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

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:

	<u>NYSERS</u>	<u>NYSTRS</u>
2023	\$ 3,056,444	\$ 9,234,266
2022	\$ 3,909,904	\$ 8,421,855
2021	\$ 3,931,457	\$ 7,900,630

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) 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. 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.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ (15,067,090)	\$ (9,309,311)
District's portion of the Plan's total net pension liability	0.0702624%	0.4851400%
Change in proportion since prior measurement date	0.0004477%	-0.0033920%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$5,981,286 for ERS and \$11,786,863 for TRS. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 1,604,763	\$ 9,754,980	\$ 423,141	\$ 186,542
Changes of assumptions	7,317,551	18,058,488	80,873	3,750,054
Net difference between projected and actual earnings on pension plan investments	-	12,028,513	88,519	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,803,307	879,326	326,117	443,314
District's contributions subsequent to the measurement date	1,091,288	9,234,266		
	\$ 11,816,909	\$ 49,955,573	\$ 918,650	\$ 4,379,910

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal 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:

	ERS	TRS
Plan Year ended:		
2023	\$ -	\$ 6,861,646
2024	2,561,705	3,718,347
2025	(386,270)	(1,366,143)
2026	3,380,046	23,856,920
2027	4,251,490	3,109,698
Thereafter	-	160,929
	\$ 9,806,971	\$ 36,341,397

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:

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

	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
Decrement	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, 2021 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 weighing 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.

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	March 31, 2023		June 30, 2022	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real rate</u>	<u>Allocation</u>	<u>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. 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).

CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Sensitivity of the Proportionate Share of the Net Pension 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-percentagepoint lower (4.90% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset/(liability)	\$ (36,410,695)	\$ (15,067,090)	\$ 2,767,974
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset/(liability)	\$ (85,836,212)	\$ (9,309,311)	\$ 55,049,311

Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,474)
Plan Fiduciary Net Position	211,183,223	131,964,582
Employers' net pension liability	\$ (21,444,036)	\$ (1,918,892)
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 31. Accrued retirement contributions as of June 30, 2023 represent

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

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 \$1,091,288.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept, 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 TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$11,053,027.

NOTE 15 – OTHER RETIREMENT PLANS:

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 termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2023, totaled \$153,298 and \$5,812,809 respectively.

B) Deferred Compensation Plan:

The District established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2023, totaled \$1,326,124.

NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (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, their spouses, and their covered dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program, Empire Plan, and HIP Health Plan and is defined as a single-employer defined benefit healthcare plan administered by New York State. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand-alone, publicly available report since there

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

are no assets legally segregated for the sole purpose of paying benefits under the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B) Benefits Provided:

The Plan provides medical, dental, and Medicare Part B benefits for retired employees and their eligible dependents. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Plan members receiving benefits contributed either a fixed annual amount ranging between \$200 and \$1,000 or 0% - 16% of the health insurance premium. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District contributed an estimated \$10,723,740 to the Plan, including \$10,723,740 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

C) Employee Covered by Benefit Terms:

At July 1, 2022, the following employees were covered by the benefit terms:

Active employees	941
Retirees	635
Beneficiaries	18
Spouses of Retirees	335
Total	<u>1,929</u>

D) Total OPEB Liability:

The District's total OPEB Liability of \$444,314,305 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 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 July 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**CENTRAL ISLIP UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Actuarial cost method	Entry Age Normal
Salary scale	2.40%
Inflation rate	2.40%
Discount rate	3.65%
Health cost trend rates:	
Pre 65 Medical/Retiree Contributions	6.80% for 2024, decreasing per year to an ultimate rate of 3.80% for 2073.
Post 65 Medical	6.40% for 2024, decreasing per year to an ultimate rate of 3.80% for 2073.

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

This valuation reflects the adoption of the PubT-2010 headcount-weighted mortality table for teaching positions and PubG-201 headcount-weighted mortality table for non-teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and health annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

Turnover rates and retirement rates were commensurate with the combined experience of the New York State Employees and Teachers Retirement Systems.

E) Changes in Total OPEB Liability:

Balance of June 30, 2022:	<u>\$ 412,683,931</u>
Changes for the fiscal year:	
Service cost	12,578,673
Interest	14,866,137
Demographic gains or losses	(16,805,012)
Changes in assumptions or other inputs	31,714,316
Benefit payments	<u>(10,723,740)</u>
Net changes	31,630,374
Balance as of June 30, 2023:	<u><u>\$ 444,314,305</u></u>

There were no significant plan changes since the last valuation.

Changes of assumptions include the change of the discount rate from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

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

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 518,576,620	\$ 444,314,305	\$ 384,388,472

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 rate:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 373,625,115	\$ 444,314,305	\$ 534,623,668

F) OPEB Expense, 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 \$38,640,578. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 30,604,774
Changes of assumptions	113,104,067	69,459,746
	<u>\$ 113,104,067</u>	<u>\$ 100,064,520</u>

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

Amounts reported as deferred inflows of resources and deferred outflows of resources related to other post-employment benefits will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2024	\$ 12,439,561
2025	12,304,855
2026	(3,789,808)
2027	(9,297,443)
2028	672,414
Thereafter	709,968
	\$ 13,039,547

NOTE 17 – RESTRICTED FOR CAPITAL RESERVE:

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

	<u>Capital Reserve</u>	<u>Capital Reserve</u>	<u>Total</u>
	2023	2023	
Date Created	20	20	
Number of Years to Fund	20	20	
Maximum Funding	\$ 40,000,000	\$ 4,000,000	
General Fund			
Funding Provided	\$ 18,000,000	\$ 4,000,000	\$ 22,000,000
Interest Earnings	449,069	99,793	548,862
Total General Fund	18,449,069	4,099,793	22,548,862

NOTE 18 – RISK MANAGEMENT:

A) General:

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

B) Consortiums and Self-Insured Plan:

The District has established a self-insured plan for risks associated with workers’ compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid.

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

As of June 30, 2023, the District has incurred but unpaid claims liability in the amount of \$2,234,446 and has a restricted fund balance for workers’ compensation in the amount of \$1,881,157.

Claims activity for the current and preceding year is summarized below:

	2023	2022
Unpaid claims at beginning of year	\$ 2,329,333	\$ 2,664,363
Incurred claims and claim adjustment expenses	955,880	586,379
Claims payments	(1,050,767)	(921,409)
Unpaid claims at year end	\$ 2,234,446	\$ 2,329,333

NOTE 19 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

General Fund	
General support	\$ 87,502
Instruction	196,964
Total General Fund	284,466

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 involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District’s insurance coverage. However, it is not possible to determine the District’s potential exposure, if any, at this time.

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

NOTE 20 – TAX ABATEMENTS:

Suffolk County Industrial Development Agency and the Town of Islip Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 911-a and 898-b, respectively, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the County and Town.

Related to agreements with the Town of Islip IDA, the District's property tax revenue was reduced by \$5,089,280 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$5,089,280 for these programs.

Related to agreements with the Suffolk County IDA, the District's property tax revenue was reduced by \$695,903 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$695,903 for these programs during the fiscal year.

NOTE 21 – SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded that there were no events which took place that would have a material impact on the financial statements.

SUPPLEMENTARY INFORMATION

CENTRAL ISLIP 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	\$ 93,315,810	\$ 85,141,035	\$ 85,153,846	\$ 12,811
Other real property tax items	4,050,000	11,843,880	11,959,958	116,078
Charges for services	3,455,000	780,000	1,084,744	304,744
Use of money & property		955,450	1,894,157	938,707
Sale of property & compensation for loss	100,000	1,225,000	1,612,577	387,577
Miscellaneous		670,000	1,264,801	594,801
State Sources				
Basic formula	147,252,211	108,989,759	112,598,185	3,608,426
Excess cost aid		13,600,000	14,594,716	994,716
Lottery grant		20,101,508	20,874,260	772,752
BOCES aid		3,700,000	3,729,973	29,973
Tuition		100,000	136,329	36,329
Textbook aid		456,913	456,913	-
Computer software aid		257,000	257,681	681
Library A/V loan program aid		47,031	47,031	-
Other state aid		545,445	726,956	181,511
Federal Sources				
FEMA aid			189,382	189,382
PEBT program			12,545	12,545
CARES Act		29,280	29,280	-
Medicaid reimbursement	595,000	325,720	631,082	305,362
TOTAL REVENUES	<u>248,768,021</u>	<u>248,768,021</u>	<u>257,254,416</u>	<u>8,486,395</u>
Other financing sources				
Transfers from other funds			89,394	89,394
Premium on obligations			3,840	3,840
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>248,768,021</u>	<u>248,768,021</u>	<u>257,347,650</u>	<u>\$ 8,579,629</u>
Appropriated Reserves	<u>543,035</u>	<u>543,035</u>		
TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 249,311,056</u>	<u>\$ 249,311,056</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**CENTRAL ISLIP 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	\$ 89,398	\$ 89,398	\$ 76,975	\$ -	\$ 12,423
Central administration	591,981	565,792	553,992		11,800
Finance	1,622,578	1,547,471	1,469,770	23,450	54,251
Staff	1,145,862	1,181,354	1,170,889		10,465
Central services	21,226,991	21,737,311	20,019,304	64,052	1,653,955
Special items	1,840,123	1,745,123	1,721,944		23,179
Total general support	<u>26,516,933</u>	<u>26,866,449</u>	<u>25,012,874</u>	<u>87,502</u>	<u>1,766,073</u>
Instruction					
Instruction, adm. & imp.	8,509,346	7,248,847	6,973,222	33,001	242,624
Teaching - regular school	52,702,344	53,063,724	50,423,124	61,704	2,578,896
Programs for children with handicapping conditions	41,759,210	40,116,574	38,909,208		1,207,366
Programs for english language learners	11,849,191	9,361,031	9,237,413	68	123,550
Occupational education	2,101,740	2,156,690	1,970,759	46,721	139,210
Teaching special schools	392,185	299,797	289,675	1,443	8,679
Instructional media	3,201,913	3,075,554	2,304,887	16,927	753,740
Pupil services	9,864,973	9,754,070	9,196,067	37,100	520,903
Total instruction	<u>130,380,902</u>	<u>125,076,287</u>	<u>119,304,355</u>	<u>196,964</u>	<u>5,574,968</u>
Pupil transportation	<u>13,704,426</u>	<u>12,327,805</u>	<u>11,839,297</u>		<u>488,508</u>
Employee benefits	<u>68,298,539</u>	<u>73,300,942</u>	<u>63,818,921</u>		<u>9,482,021</u>
Debt service principal	6,565,471	6,565,471	6,565,470		1
Debt service - interest	1,897,785	1,714,785	1,020,118		694,667
Total debt service	<u>8,463,256</u>	<u>8,280,256</u>	<u>7,585,588</u>	<u>-</u>	<u>694,668</u>
TOTAL EXPENDITURES	<u>247,364,056</u>	<u>245,851,739</u>	<u>227,561,035</u>	<u>284,466</u>	<u>18,006,238</u>
Other Financing Uses					
Transfers to other funds	<u>1,947,000</u>	<u>3,459,317</u>	<u>422,597</u>		<u>3,036,720</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 249,311,056</u>	<u>\$ 249,311,056</u>	<u>227,983,632</u>	<u>\$ 284,466</u>	<u>\$ 21,042,958</u>
Change in fund balances			29,364,018		
Fund balances - beginning of year			<u>47,861,859</u>		
Fund balances - end of year			<u>\$ 77,225,877</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.

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

NYSERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.0702624%	0.0698147%	0.0721171%	0.0756060%	0.0786056%	0.0850106%	0.0833981%	0.0824660%	0.0797316%	0.0797316%
District's proportionate share of the net pension asset/(liability)	\$ (15,067,090)	\$ 5,707,064	\$ (71,810)	\$ (20,020,906)	\$ (5,569,448)	\$ (2,743,669)	\$ (7,836,274)	\$ (13,236,016)	\$ (2,693,528)	\$ (3,602,959)
District's covered payroll	\$ 26,892,034	\$ 25,501,307	\$ 25,328,773	\$ 25,801,370	\$ 26,441,953	\$ 26,364,176	\$ 27,067,398	\$ 25,702,853	\$ 24,176,941	\$ 22,920,445
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	56.03%	22.38%	0.28%	77.60%	21.06%	10.41%	28.95%	51.50%	11.14%	15.72%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

NYTRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.485140%	0.488532%	0.495474%	0.509973%	0.505197%	0.506470%	0.492860%	0.500747%	0.475596%	0.446103%
District's proportionate share of the net pension asset/(liability)	\$ (9,309,311)	\$ 84,657,984	\$ (13,691,293)	\$ 13,249,143	\$ 9,135,300	\$ 3,849,673	\$ (5,278,734)	\$ 52,011,658	\$ 52,978,484	\$ 2,936,488
District's covered payroll	\$ 86,237,752	\$ 82,899,575	\$ 84,689,267	\$ 85,676,537	\$ 82,702,105	\$ 81,519,061	\$ 76,559,914	\$ 75,523,165	\$ 70,952,614	\$ 65,955,700
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.79%	102.12%	16.17%	15.46%	11.05%	4.72%	6.89%	68.87%	74.67%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

Note to Required Supplementary Information

*The amounts presented for each fiscal year were determined as of the measurement date 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

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

NYSERS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 3,056,444	\$ 3,909,904	\$ 3,931,457	\$ 3,993,017	\$ 4,034,883	\$ 4,158,078	\$ 3,991,824	\$ 4,629,915	\$ 4,690,236	\$ 4,776,707
Contributions in relation to the contractually required contribution	3,056,444	3,909,904	3,931,457	3,993,017	4,034,883	4,158,078	3,991,824	4,629,915	4,690,236	4,776,707
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 26,157,893	\$ 25,666,381	\$ 25,128,036	\$ 25,667,998	\$ 26,640,220	\$ 26,129,100	\$ 27,035,672	\$ 26,183,395	\$ 24,685,374	\$ 23,029,198
Contributions as a percentage of covered payroll	11.68%	15.23%	15.65%	15.56%	15.15%	15.91%	14.77%	17.68%	19.00%	20.74%

NYTRS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 9,234,266	\$ 8,421,855	\$ 7,900,630	\$ 7,451,026	\$ 9,039,621	\$ 8,062,837	\$ 9,383,918	\$ 10,079,951	\$ 13,185,891	\$ 11,416,114
Contributions in relation to the contractually required contribution	9,234,266	8,421,855	7,900,630	7,451,026	9,039,621	8,062,837	9,383,918	10,079,951	13,185,891	11,416,114
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 89,610,610	\$ 86,237,752	\$ 82,899,575	\$ 84,689,267	\$ 85,676,537	\$ 82,702,105	\$ 81,519,061	\$ 76,559,914	\$ 75,523,165	\$ 70,952,614
Contributions as a percentage of covered payroll	10.30%	9.77%	9.53%	8.80%	10.55%	9.75%	11.51%	13.17%	17.46%	16.09%

**CENTRAL ISLIP 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,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 12,578,673	\$ 18,565,140	\$ 15,444,554	\$ 11,265,534	\$ 7,569,244	\$ 8,507,037
Interest	14,866,137	11,018,554	9,737,385	12,362,248	10,582,023	9,867,545
Changes of benefit terms	-	-	418,561	-	-	-
Differences between expected and actual experience	-	-	(15,562,520)	-	(25,642,346)	(13,147,177)
Changes of assumptions or other inputs	14,909,304	(103,342,548)	66,074,810	68,163,663	90,969,403	-
Benefit payments	<u>(10,723,740)</u>	<u>(10,166,337)</u>	<u>(9,278,787)</u>	<u>(7,848,279)</u>	<u>(6,962,728)</u>	<u>(6,067,492)</u>
Net change in total OPEB liability	31,630,374	(83,925,191)	66,834,003	83,943,166	76,515,596	(840,087)
Total OPEB liability - beginning	<u>412,683,931</u>	<u>496,609,122</u>	<u>429,775,119</u>	<u>345,831,953</u>	<u>269,316,357</u>	<u>270,156,444</u>
Total OPEB liability - ending	<u>\$ 444,314,305</u>	<u>\$ 412,683,931</u>	<u>\$ 496,609,122</u>	<u>\$ 429,775,119</u>	<u>\$ 345,831,953</u>	<u>\$ 269,316,357</u>
Covered-employee payroll	\$ 103,741,100	\$ 102,756,842	\$ 102,756,842	\$ 103,915,462	\$ 103,915,462	\$ 76,457,106
Total OPEB liability as a percentage of covered-employee payroll	428.29%	401.61%	483.29%	413.58%	332.80%	352.25%

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 3.65% as of June 30, 2023.
The discount rate was 3.54% as of June 30, 2022.
The discount rate was 2.21% as of June 30, 2020.
The discount rate was 3.50% as of June 30, 2019.
The discount rate was 3.87% as of June 30, 2018.

**CENTRAL ISLIP 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		\$ 248,768,021
Add: Prior year's encumbrances		543,035
Original Budget		249,311,056
Final Budget		\$ 249,311,056

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter approved expenditure budget		\$ 252,864,607
Maximum allowed (4% of the 2023-2024 budget)		\$ 10,114,584
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 284,466	
Unassigned fund balance	10,059,591	
Total unrestricted fund balance		10,344,057
Less:		
Encumbrances included in assigned fund balance	\$ 284,466	
Total adjustments		284,466
General fund fund Balance Subject to Section 1318 of Real Property Tax Law		\$ 10,059,591
Actual percentage		3.98%

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

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2023
			Prior Year's	Current Year	Total			State Aid	Local Sources	Total	
Non-aidable	\$ 511,467	\$ 511,467	\$ 408,890	\$	\$ 408,890	\$ 102,577	\$ 511,467	\$	\$	\$ 511,467	\$ 102,577
Capital project--Smart Schools Bond	7,196,811	7,196,811	2,964,902	1,474,682	4,439,584	2,757,227		1,336,838		1,336,838	(3,102,746) *
District-Wide ceilings	4,250,000	4,250,000	1,314,296	2,891,838	4,206,134	43,866			840,204	840,204	(3,365,930) **
Energy performance contract	7,423,335	7,423,335	4,530,702	2,512,858	7,043,560	379,775	7,423,335			7,423,335	379,775
District wide improvements	40,000,000	40,000,000	7,500	2,812,058	2,819,558	37,180,442			6,000,000	6,000,000	3,180,442
Donated land and building			15,192		15,192	(15,192)				-	(15,192) **
Capital project	16,800,000	16,800,000	16,406,106		16,406,106	393,894	12,525,000	3,316,280	850,005	16,691,285	285,179
Capital project	24,890,000	24,890,000	23,910,950		23,910,950	979,050	17,900,000		6,103,489	24,003,489	92,539
TOTAL	\$ 101,071,613	\$ 101,071,613	\$ 49,558,538	\$ 9,691,436	\$ 59,249,974	\$ 41,821,639	\$ 38,359,802	\$ 4,653,118	\$ 13,793,698	\$ 56,806,618	\$ (2,443,356)

* The negative fund balance will be eliminated once New York State Smart Schools Bond Act funds are received.

** The negative fund balance will be eliminated once permanent financing is obtained.

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

Capital assets, net		\$ 114,826,330
Intangible lease assets, net		130,636
Deduct:		
Capital related accounts payable		1,852,669
Short-term portion of bonds payable (inclusive of unamortized premiums)	\$ 2,123,475	
Long-term portion of bonds payable (inclusive of unamortized premiums)	16,372,816	
Less: unspent bond proceeds	<u>(482,353)</u>	18,013,938
Short-term portion of lease liability	\$ 84,101	
Long-term portion of lease liability	<u>24,113</u>	108,214
Short-term portion of energy performance contract debt payable	\$ 1,403,375	
Long-term portion of energy performance contract debt payable	<u>8,980,483</u>	<u>10,383,858</u>
Net investment in capital assets		<u>\$ 84,598,287</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
Central Islip 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, each major fund, and the fiduciary fund of the Central Islip 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 November 6, 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
November 6, 2023