



**COMMACK UNION FREE SCHOOL DISTRICT
TOWNS OF HUNTINGTON AND SMITHTOWN, NEW YORK**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
IN CONNECTION WITH THE UNIFORM GUIDANCE**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2023**

**COMMACK UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Commack Union Free School District
Towns of Huntington and Smithtown, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the Fiduciary Funds of the Commack Union Free School District (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 Funds of the Commack Union Free School District, as of June 30, 2023, and the respective changes in financial position thereof 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 Commack Union Free School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

NawrockiSmith

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

NawrockiSmith

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 4-15 and 55-58, respectively, be presented to supplement the basic financial statements. Such information, 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 accompanying other supplementary information and schedule of expenditures of federal awards, as required by the New York State Education Department and by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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 information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 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.

Hauppauge, New York
October 17, 2023



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

The following is a discussion and analysis of the Commack 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 based 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.

FINANCIAL HIGHLIGHTS

- The District's Fund Balance Policy recognizes that the maintenance of fund balance is essential to the preservation of the financial integrity of the school district and is fiscally advantageous for both the District and the taxpayer in that it helps mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and assists in ensuring stable tax rates. The policy establishes goals and provides guidance concerning the desired level of year-end fund balance to be maintained by the District. The District is in compliance with the amount of Unassigned Fund Balance typically allowable by New York State Real Property Tax Law §1318, which restricts unassigned fund balance in the General Fund to no more than 4.00% of the District's Adopted Budget for the ensuing fiscal year. For the year-ended June 30, 2023, the balance maintained is \$8,818,558 or 3.97%.
- As of June 30, 2023, the District's fund level financial statements report a combined ending fund balance of \$74,433,910, which is an increase from the prior year of \$19,333,046 primarily due to the issuance of a serial bond.
- On the District-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$89,533,798. The District's total net position increased by \$4,143,872 for the year ended June 30, 2023. The unrestricted portion of net position as of June 30, 2023 was a deficit of \$183,946,863 as a result of the effect of the continued recognition of the District's total other post-employment benefits liability under the provisions of GASB Statement No. 75.
- The District continued to offer all programs, without reducing services.
- The District's residents authorized the proposed 2022-2023 budget in the amount of \$214,645,327 in accordance with the New York State Tax Levy Limit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two financial statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-wide financial statements. The *governmental fund financial statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending. *Fiduciary fund* financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required and other supplementary information that further explains and supports the financial statements including a comparison of the District's General Fund budget and actual results for the year.

Table A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the financial statements.

Table A-1: Major Features of the District-wide and Fund Financial Statements			
	District-wide Financial Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activity monies
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 Balance 	<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 accounting and current financial 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	Generally, 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 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; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; 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

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

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 it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District's governmental funds are described as follows:

- Governmental funds: Most of the District's 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 fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, reconciliations of the District-wide and fund financial statements are provided which explain the relationship (or differences) between them.
- Fiduciary funds are used to account for assets held by the District in its capacity as custodian or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by 4.4% from the year before to a net deficit position balance of \$89,533,798 as detailed in Tables A-2 and A-3.

The restricted net position balance of \$18,031,852 represents assets that are restricted by external sources, imposed by laws through constitutional provisions or enabling legislation.

As of June 30, 2023, the District has an unrestricted net deficit of \$182,665,387. This deficit is driven by the District's recognition of the total other post-employment benefit ("OPEB") liability of \$225,090,744 as required by GASB Statement No. 75.

Table A-2: Condensed Statements of Net Position - Governmental Activities

	<u>6/30/23</u>	<u>6/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
Current and other assets	\$ 92,764,748	\$ 160,571,655	\$(67,806,907)	(42.2)
Capital assets, net	<u>141,314,589</u>	<u>127,289,933</u>	<u>14,024,656</u>	11.0
Total assets	<u>234,079,337</u>	<u>287,861,588</u>	<u>(53,782,251)</u>	(18.7)
Deferred outflows of resources	<u>110,136,731</u>	<u>88,112,033</u>	<u>22,024,698</u>	25.0
Current liabilities	26,259,013	26,372,625	(113,612)	(0.4)
Long-term liabilities	<u>341,288,280</u>	<u>260,730,931</u>	<u>80,557,349</u>	30.9
Total liabilities	<u>367,547,293</u>	<u>287,103,556</u>	<u>80,443,737</u>	28.0
Deferred inflows of resources	<u>66,202,573</u>	<u>182,547,735</u>	<u>(116,345,162)</u>	(63.7)
Net position:				
Net investment in capital assets	75,099,737	66,844,022	8,255,715	12.4
Restricted	18,031,852	12,630,068	5,401,784	42.8
Unrestricted (deficit)	<u>(182,665,387)</u>	<u>(173,151,760)</u>	<u>(9,513,627)</u>	(5.5)
Total net position (deficit)	<u>\$ (89,533,798)</u>	<u>\$ (93,677,670)</u>	<u>\$ 4,143,872</u>	4.4

As of June 30, 2023, the District had positive working capital of \$18,220,514 as compared to \$17,679,242 as of June 30, 2022. The increase is primarily due to increases in state and federal aid and leases receivables.

As of June 30, 2023, the District had an investment in capital assets of \$75,099,737 as compared to \$66,844,022 as of June 30, 2022. The increase is due to the current year outlay for ongoing capital projects exceeding depreciation charges.

Long-term liabilities increased \$80,557,349 primarily due to the net change in the total OPEB liability as well as the District's proportionate share of pension assets becoming pension liabilities after recent valuations performed during the fiscal year.

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Changes in Net Position

The District's fiscal year 2023 revenues totaled \$210,945,517 (See Table A-3). Property and other taxes and State sources accounted for most of the District's (92.2%) (See Table A-4). The remainder came from charges for services, operating grants, sale of property and compensation for loss, miscellaneous sources and use of money and property.

Revenues increased 2.3% or \$4,757,673, primarily as a direct result of increases in use of money and property of \$3,897,656, real property taxes of \$3,461,987 (based on changes in assessed valuation of real property) and state sources of \$2,298,891, offset by decreases in operating grants of \$4,606,057 and other categories of revenue.

The District's fiscal year 2023 expenses totaled \$206,801,645 (See Table A-3). These expenses (90.8%) are predominantly related to instruction and general support (See Table A-6).

Table A-3: Changes in Net Position from Operating Results - Governmental Activities Only				
	<u>6/30/23</u>	<u>6/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 2,590,948	\$ 2,551,384	\$ 39,564	1.6
Operating grants	8,353,910	12,959,967	(4,606,057)	(35.5)
General revenues:				
Real property taxes	140,929,638	137,467,651	3,461,987	2.5
Other tax items	10,089,561	10,622,282	(532,721)	(5.0)
Use of money and property	4,095,544	197,888	3,897,656	1,969.6
Sale of property and compensation for loss	166,686	214,493	(47,807)	(22.3)
State sources	43,543,553	41,244,662	2,298,891	5.6
Miscellaneous	1,175,677	929,517	246,160	26.5
Total revenues	<u>210,945,517</u>	<u>206,187,844</u>	<u>4,757,673</u>	2.3
Expenses				
General support	27,849,783	23,675,264	4,174,519	17.6
Instruction	159,874,227	136,503,555	23,370,672	17.1
Pupil transportation	14,418,088	14,277,497	140,591	1.0
Debt service - interest	3,194,100	1,601,355	1,592,745	99.5
School lunch program	1,465,447	2,766,617	(1,301,170)	(47.0)
Total expenses	<u>206,801,645</u>	<u>178,824,288</u>	<u>27,977,357</u>	15.6
Increase in net position	4,143,872	27,363,556	(23,219,684)	(84.9)
Net position (deficit), beginning of year	<u>(93,677,670)</u>	<u>(121,041,226)</u>	<u>27,363,556</u>	22.6
Net position (deficit), end of year	<u>\$ (89,533,798)</u>	<u>\$ (93,677,670)</u>	<u>\$ 4,143,872</u>	4.4

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-4: Sources of Revenues for Fiscal Year 2023

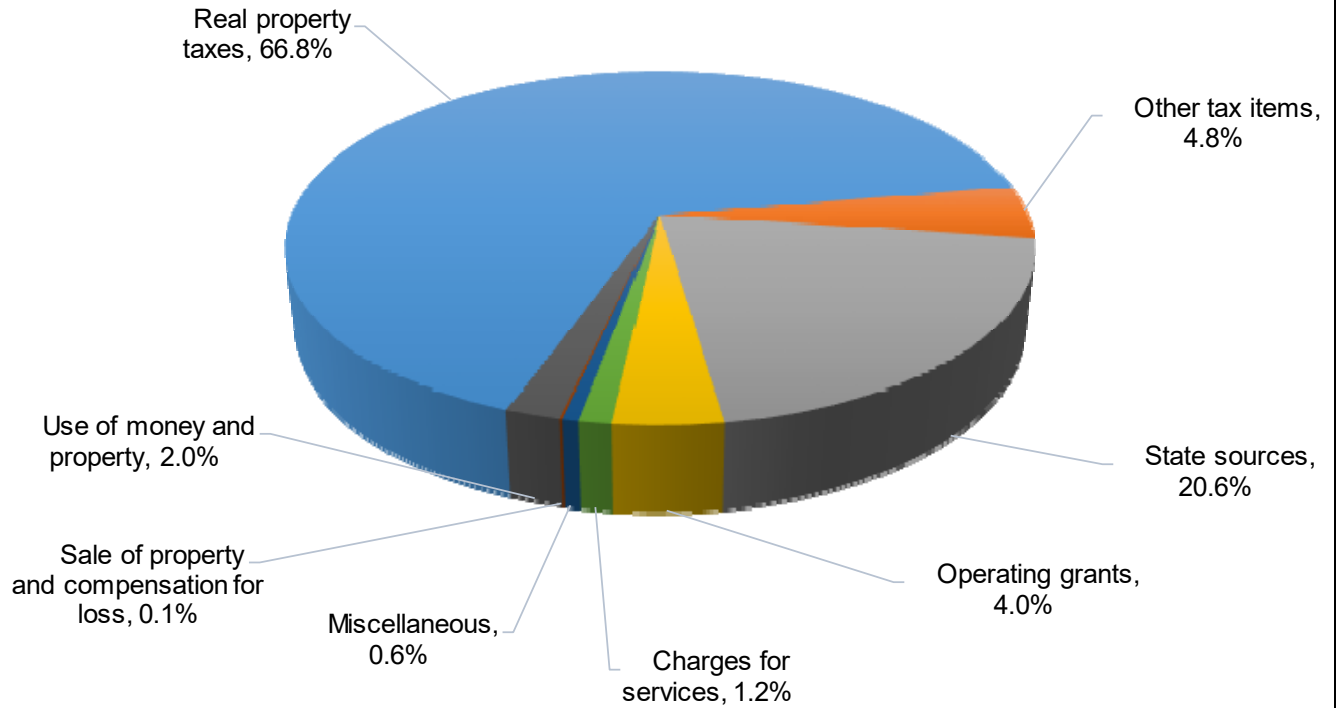
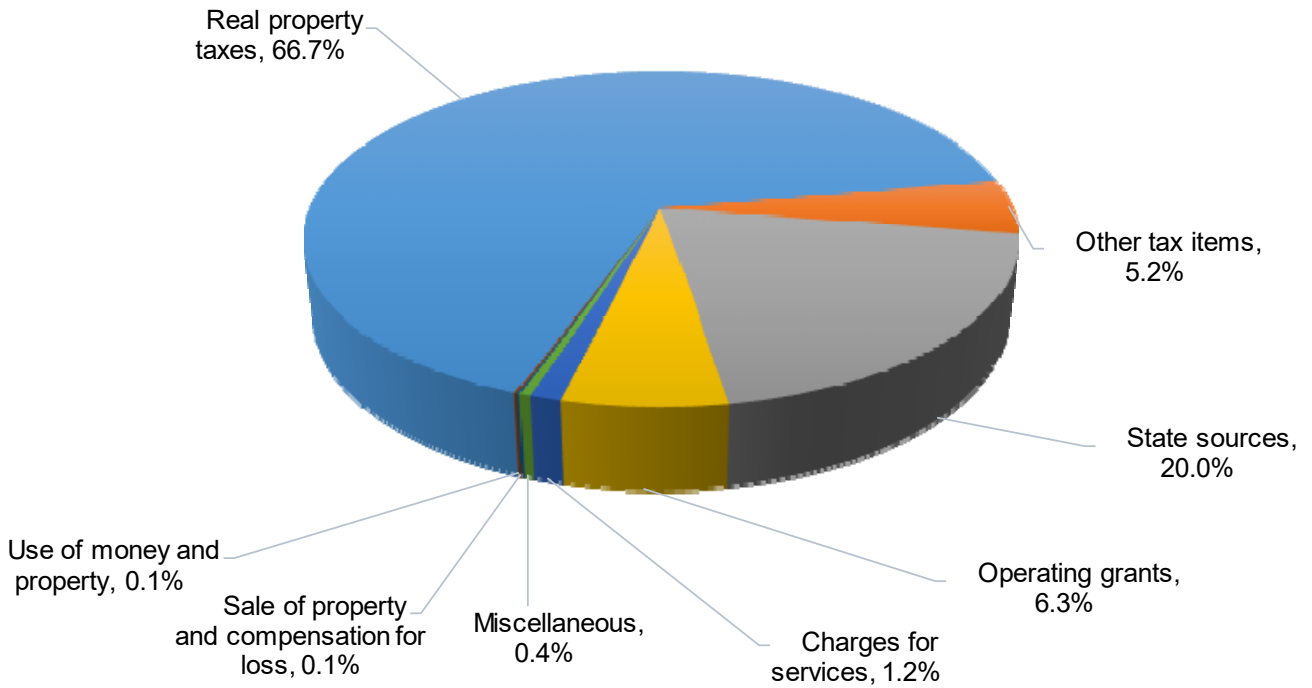


Table A-5: Sources of Revenues for Fiscal Year 2022



**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Table A-6: Expenses for Fiscal Year 2023

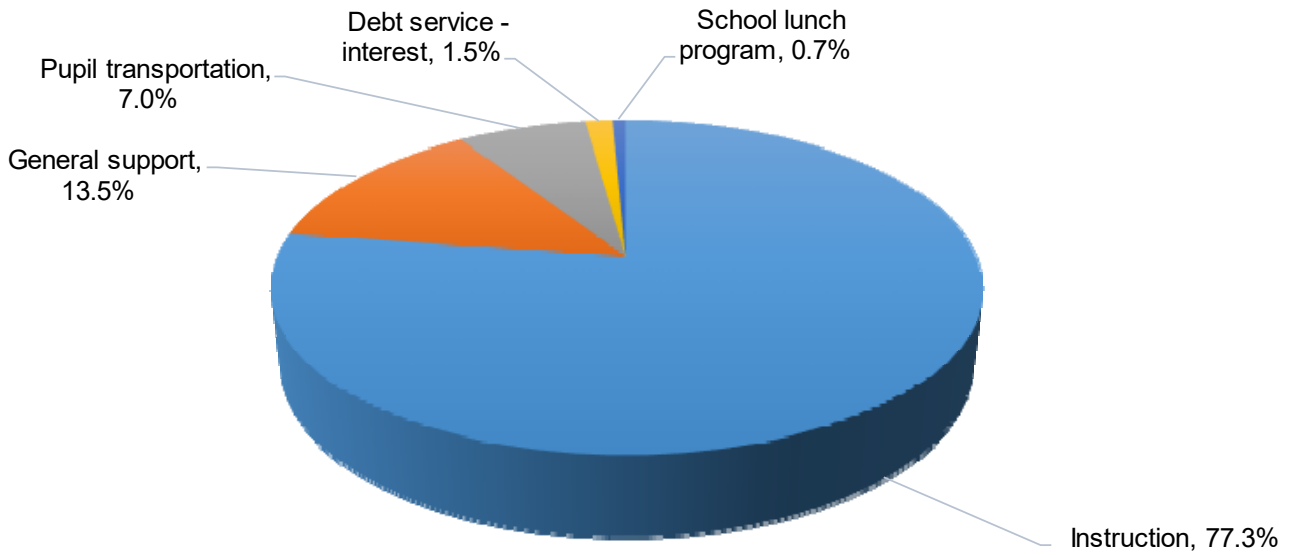
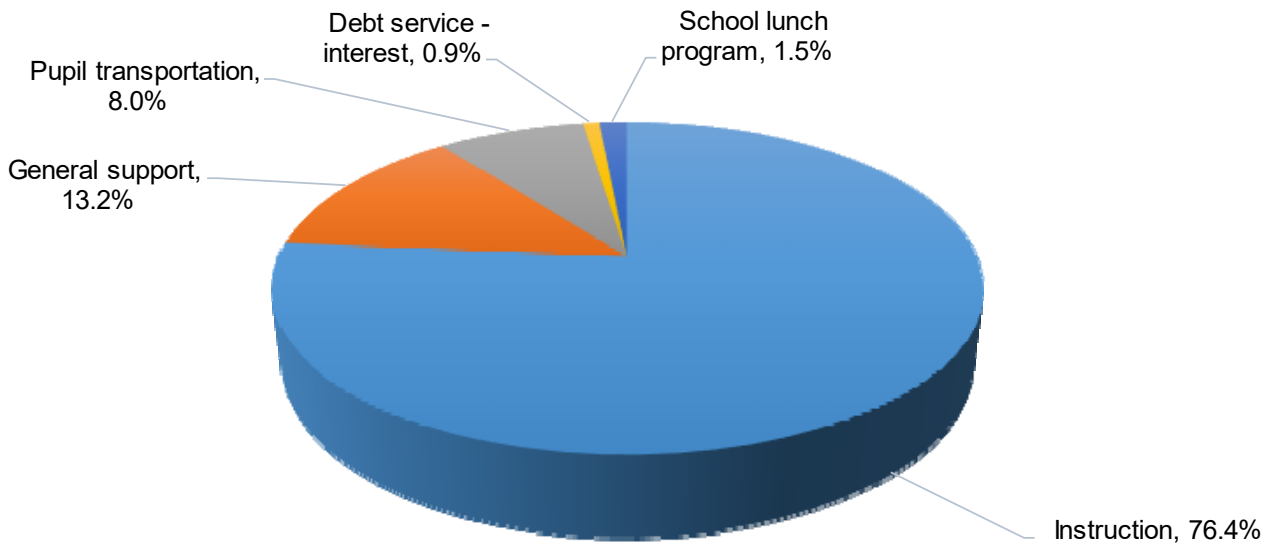


Table A-7: Expenses for Fiscal Year 2022



**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Governmental Activities

Revenues for the District's governmental activities totaled \$210,945,517 while total expenses equaled \$206,801,645. The overall sound financial condition of the District, as a whole, can be credited to:

- Continued leadership of the District's Board and administration;
- Favorable debt costs due to a high Moody's Investors Service rating;
- Reserves to stabilize the impact of cost increases; and
- Strategic use of services from the Western Suffolk BOCES and increased cooperative bidding.

The major changes in revenues and expenses are as follows:

Revenues:

- Real property taxes increased by \$3,461,987. This increase was within the tax cap, reflects a modest tax increase to residents and allows for a continued strong educational program.
- Operating grants decreased by \$4,606,057 based on a decrease in federal source grants for School Lunch.
- Use of money and property increased by \$3,897,656 or 1,969.6%. Use of money and property includes interest and earnings and rental of real property.
- State sources increased by \$2,298,891 primarily due to increases in lottery and BOCES aid.

Expenses:

- General support and instruction related expenses decreased by \$27,545,191, primarily due to the impact of changes in the total OPEB liability and proportionate share of the net pension liabilities related to NYSERS and NYSTRS.

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 liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$74,433,910, which is an increase of \$19,333,046 from the prior year. This increase is due primarily to the increase in use of money and property and proceeds from the issuance of serial bonds, offset by outlay related to ongoing capital projects.

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Fund balances for the District's governmental funds for the past two years were distributed as follows:

Table A-8: Fund Balances - Governmental Funds

	<u>6/30/23</u>	<u>6/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Nonspendable:				
Leases	\$ 65,848	\$ -	\$ 65,848	100.0
Restricted:				
Retirement Contributions - ERS	2,519,526	2,488,871	30,655	1.2
Retirement Contributions - TRS	1,519,993	1,501,500	18,493	1.2
Workers' Compensation	1,656,944	1,636,784	20,160	1.2
Unemployment Insurance	846,771	836,469	10,302	1.2
Employee Benefit Accrued Liability	9,800,055	5,316,100	4,483,955	84.3
Insurance	226,149	223,397	2,752	1.2
Repairs	238,665	195,864	42,801	21.9
Assigned:				
Appropriated for subsequent year's expenditures	13,551,087	13,903,174	(352,087)	(2.5)
Encumbrances	749,316	898,933	(149,617)	(16.6)
Unassigned	<u>8,818,558</u>	<u>8,564,865</u>	<u>253,693</u>	<u>3.0</u>
Total General Fund	<u>39,992,912</u>	<u>35,565,957</u>	<u>4,426,955</u>	<u>12.4</u>
School Lunch Fund				
Nonspendable:				
Inventory	16,103	19,287	(3,184)	(16.5)
Assigned:				
Food Service Program	<u>2,865,988</u>	<u>2,366,674</u>	<u>499,314</u>	<u>21.1</u>
Total School Lunch Fund	<u>2,882,091</u>	<u>2,385,961</u>	<u>496,130</u>	<u>20.8</u>
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships and extraclassroom	458,270	423,992	34,278	8.1
Assigned:				
Student activities	<u>158,656</u>	<u>126,519</u>	<u>32,137</u>	<u>25.4</u>
Total Other Miscellaneous Special Revenue Fund	<u>616,926</u>	<u>550,511</u>	<u>66,415</u>	<u>12.1</u>
Debt Service Fund				
Restricted:				
Debt service	<u>2,012,652</u>	<u>1,394,645</u>	<u>618,007</u>	<u>44.3</u>
Total Debt Service Fund	<u>2,012,652</u>	<u>1,394,645</u>	<u>618,007</u>	<u>44.3</u>
Capital Projects Fund				
Restricted:				
District improvements	<u>28,929,329</u>	<u>15,203,790</u>	<u>13,725,539</u>	<u>90.3</u>
Total Capital Projects Fund	<u>28,929,329</u>	<u>15,203,790</u>	<u>13,725,539</u>	<u>90.3</u>
Total fund balance	<u>\$ 74,433,910</u>	<u>\$ 55,100,864</u>	<u>\$ 19,333,046</u>	<u>35.1</u>

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

General Fund

The General Fund reported an increase in fund balance of \$4,426,955 for fiscal 2023, as compared to an increase of \$4,077,095 for fiscal 2022. Revenues increased \$7,825,714 primarily due to the increases in the budgeted property tax levy and use of money and property. Expenditures increased \$6,863,803 primarily due to increased general support, instruction and employee benefit expenditures, all of which were budgeted for and actual results were below budget. Other financing uses increased \$612,051 due to increased transfers to the Debt Service Fund. As a result of revenues being greater than expenditures, the District reported an increase in the change in fund balance. Compared to projected performance, the District performed better than expected.

General Fund Budgetary Highlights

The District's General Fund original budget for the year ended June 30, 2023 was \$214,645,327. This amount was increased by encumbrances carried forward from the prior year in the amount of \$898,933 and budget revisions of \$25,439 which resulted in a final budget of \$215,569,699. The majority of the actual funding was property taxes, STAR revenue and PILOTS of \$151,019,199.

At June 30, 2023, the District's unassigned fund balance was \$8,818,558 which was in compliance with the allowable 4% of the subsequent year's original budget (\$222,110,181) as promulgated by New York State (see page 59). The following is a reconciliation of the General Fund's unassigned fund balance for the year ended June 30, 2023:

Unassigned fund balance, beginning of year	\$ 8,564,865
Add:	
Prior-year encumbrances	898,933
Prior-year appropriated fund balance	13,903,174
Less:	
Current-year encumbrances	(749,316)
Current-year appropriated fund balance	(13,551,087)
Current-year nonspendable fund balance	(65,848)
Interest allocated to Retirement Contribution Reserve - ERS	(30,655)
Interest allocated to Retirement Contribution Reserve - TRS	(18,493)
Interest allocated to Workers' Compensation Reserve	(20,160)
Interest allocated to Unemployment Insurance Reserve	(10,302)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(4,483,955)
Interest allocated to Insurance Reserve	(2,752)
Transfer to Repairs Reserve (including allocated interest)	(42,801)
Net change in fund balance	4,426,955
Unassigned fund balance, end of year	\$ 8,818,558

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023, the District had invested \$141,314,589 net of depreciation, in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices.

Table A-9: Capital Assets (net of depreciation)

	<u>6/30/23</u>	<u>6/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 3,260,677	\$ 3,260,677	\$ -	-
Construction-in-progress	16,940,625	44,691,683	(27,751,058)	(62.1)
Buildings and building improvements	118,060,082	76,090,262	41,969,820	55.2
Furniture and equipment	1,306,734	1,309,777	(3,043)	(0.2)
Vehicles	247,631	280,209	(32,578)	(11.6)
Site improvements	1,474,796	1,657,325	(182,529)	(11.0)
Right-to-use leased assets	24,044	55,433	(31,389)	(56.6)
Totals	<u>\$141,314,589</u>	<u>\$127,345,366</u>	<u>\$13,969,223</u>	11.0

Long-Term Liabilities

At year-end, the District had \$109,412,423 in general obligation bonds and other long-term liabilities.

Table A-10: Outstanding Long-Term Liabilities

	<u>6/30/23</u>	<u>6/30/22</u>	<u>\$ Change</u>	<u>% Change</u>
General obligation bonds, net	\$ 72,871,606	\$ 51,198,624	\$21,672,982	42.3
Energy performance contract debt payable	23,980,185	26,570,441	(2,590,256)	(9.7)
Workers' Compensation claims payable	249,158	398,715	(149,557)	(37.5)
Lease liabilities	24,332	56,226	(31,894)	(56.7)
Installment purchase debt payable	-	47,112	(47,112)	(100.0)
Compensated absences	12,287,142	12,735,726	(448,584)	(3.5)
Totals	<u>\$109,412,423</u>	<u>\$ 91,006,844</u>	<u>\$18,405,579</u>	20.2

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial status in the future:

- New York State imposed a maximum tax levy increase of the lesser of 2% or the CPI for the fiscal year 2023-2024 budget, subject to certain exclusions. Based on the value of obligatory contractual increases and continued increases in the State's unfunded mandates, it is expected that reductions may be necessary. If the downward economic trend continues, and State mandates and legal requirements continue to escalate, there will be an inevitable negative impact on District programs.
- The General Fund budget for the 2023-2024 school year was approved by the voters in the amount of \$222,110,181. This is an increase of 3.03% over the previous year's budget.

**COMMACK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

- The 2023-2024 budget is impacted by certain trends affecting school districts. These include increases in health insurance costs, workers' compensation judgments, and potential unemployment insurance claims, which are beyond the District's control.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Commack Union Free School District
Laura Newman
Associate Superintendent for Business & Operations
480 Clay Pitts Road
East Northport, New York 11731
631-912-2000

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

ASSETS	
Unrestricted cash	\$ 28,252,226
Receivables:	
State and federal aid	10,920,395
Due from other governments	1,307,294
Leases receivable	3,749,637
Other	233,872
Inventories	16,103
Restricted cash	48,285,221
Capital assets:	
Non-depreciable	20,201,302
Depreciable, net of accumulated depreciation of \$105,965,461	121,113,287
Total assets	234,079,337
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on bond refunding	352,909
Deferred outflows from pensions	56,699,060
Deferred outflows from OPEB	53,084,762
Total deferred outflows of resources	110,136,731
LIABILITIES	
Accounts payable	2,516,127
Accrued liabilities	939,420
Accrued interest payable	376,045
Due to teachers' retirement system	9,062,093
Due to employees' retirement system	561,926
Unearned revenue	395,853
Long-term liabilities, due within one year:	
Bonds payable, net	8,971,293
Energy performance contract debt payable	2,675,897
Workers' Compensation claims payable	249,158
Compensated absences	500,000
Lease liabilities	11,201
Long-term liabilities, due after one year:	
Bonds payable, net	63,900,313
Energy performance contract debt payable	21,304,288
Compensated absences	11,787,142
Proportionate share of net pension liability	19,192,662
Other post-employment benefits obligation	225,090,744
Lease liabilities	13,131
Total liabilities	367,547,293
DEFERRED INFLOWS OF RESOURCES	
Leases	3,683,789
Deferred inflows from pensions	4,327,836
Deferred inflows from OPEB	58,190,948
Total deferred inflows of resources	66,202,573
NET POSITION	
Net investment in capital assets	75,099,737
Restricted:	
Retirement contributions - ERS	2,519,526
Retirement contributions - TRS	1,519,993
Insurance	226,149
Workers' Compensation	1,656,944
Unemployment insurance	846,771
Employee Benefit Accrued Liability	9,800,055
Repairs	238,665
Scholarships and extraclassroom	458,270
Debt Service	765,479
Unrestricted (deficit)	(182,665,387)
Total net position (deficit)	\$ (89,533,798)

The accompanying notes to financial statements are an
integral part of this statement.

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
Functions and programs:				
General support	\$ 27,849,783	\$ 189,845	\$ 916,570	\$ (26,743,368)
Instruction	159,874,227	1,355,481	6,544,257	(151,974,489)
Pupil transportation	14,418,088	2,307	11,138	(14,404,643)
Debt service - interest	3,194,100	-	-	(3,194,100)
School lunch program	1,465,447	1,043,315	881,945	459,813
Total functions and programs	<u>\$ 206,801,645</u>	<u>\$ 2,590,948</u>	<u>\$ 8,353,910</u>	<u>(195,856,787)</u>
General revenues:				
Real property taxes				140,929,638
Other tax items				10,089,561
Use of money and property				4,095,544
Sale of property and compensation for loss				166,686
State sources				43,543,553
Miscellaneous				<u>1,175,677</u>
Total general revenues				<u>200,000,659</u>
Change in net position				4,143,872
Total net position, beginning of year				<u>(93,677,670)</u>
Total net position, end of year				<u>\$ (89,533,798)</u>

The accompanying notes to financial statements are an
integral part of this statement.

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

	Major Funds						Total Governmental Funds	
	Special Revenue Funds					Debt Service		Capital Projects
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue				
ASSETS								
Unrestricted cash	\$ 25,392,869	\$ -	\$ 2,732,845	\$ 126,512	\$ -	\$ -	\$ 28,252,226	
Receivables:								
State and federal aid	4,265,741	5,817,179	9,075	-	-	828,400	10,920,395	
Due from other governments	1,307,294	-	-	-	-	-	1,307,294	
Due from other funds	6,377,244	-	277,632	11,275	765,479	-	7,431,630	
Leases receivable	3,749,637	-	-	-	-	-	3,749,637	
Other	227,021	480	6,371	-	-	-	233,872	
Inventories	-	-	16,103	-	-	-	16,103	
Restricted cash	16,808,103	687,458	-	481,298	1,247,173	29,061,189	48,285,221	
Total assets	<u>\$ 58,127,909</u>	<u>\$ 6,505,117</u>	<u>\$ 3,042,026</u>	<u>\$ 619,085</u>	<u>\$ 2,012,652</u>	<u>\$ 29,889,589</u>	<u>\$ 100,196,378</u>	
LIABILITIES								
Payables:								
Accounts payable	\$ 2,280,982	\$ 156,344	\$ 78,801	\$ -	\$ -	\$ -	\$ 2,516,127	
Accrued liabilities	929,366	10,054	-	-	-	-	939,420	
Due to other funds	996,173	6,301,438	-	2,159	-	131,860	7,431,630	
Due to teachers' retirement system	9,062,093	-	-	-	-	-	9,062,093	
Due to employees' retirement system	561,926	-	-	-	-	-	561,926	
Unearned revenues	277,438	37,281	81,134	-	-	-	395,853	
Total liabilities	<u>14,107,978</u>	<u>6,505,117</u>	<u>159,935</u>	<u>2,159</u>	<u>-</u>	<u>131,860</u>	<u>20,907,049</u>	
DEFERRED INFLOWS OF RESOURCES								
Leases	3,683,789	-	-	-	-	-	3,683,789	
Unavailable revenues	343,230	-	-	-	-	828,400	1,171,630	
Total deferred inflows of resources	<u>4,027,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>828,400</u>	<u>4,855,419</u>	
FUND BALANCE								
Nonspendable	65,848	-	16,103	-	-	-	81,951	
Restricted	16,808,103	-	-	458,270	2,012,652	28,929,329	48,208,354	
Assigned	14,300,403	-	2,865,988	158,656	-	-	17,325,047	
Unassigned	8,818,558	-	-	-	-	-	8,818,558	
Total fund balance	<u>39,992,912</u>	<u>-</u>	<u>2,882,091</u>	<u>616,926</u>	<u>2,012,652</u>	<u>28,929,329</u>	<u>74,433,910</u>	
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 58,127,909</u>	<u>\$ 6,505,117</u>	<u>\$ 3,042,026</u>	<u>\$ 619,085</u>	<u>\$ 2,012,652</u>	<u>\$ 29,889,589</u>	<u>\$ 100,196,378</u>	

The accompanying notes to financial statements are an
integral part of this statement.

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

Total Fund Balance - Governmental Funds		\$ 74,433,910
Amounts reported for governmental activities in the Statement of Net Position are different due to the following:		
Capital assets less accumulated depreciation are included in the Statement of Net Position:		
Capital assets:		
Non-depreciable	\$ 20,201,302	
Depreciable	227,078,748	
Accumulated depreciation	<u>(105,965,461)</u>	141,314,589
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position:		
Bonds payable, net	(72,871,606)	
Energy performance contract debt payable	(23,980,185)	
Workers' Compensation claims payable	(249,158)	
Lease liabilities, net	(24,332)	
Compensated absences payable	<u>(12,287,142)</u>	(109,412,423)
Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.		
		352,909
Proportionate share of long-term asset and liability, deferred outflows of resources and deferred inflows of resources associated with participation in the State retirement systems are not current financial resources or obligations and are not reported in the governmental funds:		
Deferred outflows of resources - pension related	56,699,060	
Proportionate share of net pension liability	(19,192,662)	
Deferred inflows of resources - pension related	<u>(4,327,836)</u>	33,178,562
Total OPEB liability, deferred outflows of resources and deferred inflows of resources associated with the total OPEB liability are not current financial resources or obligations and are not reported in the fund financial statements.		
Deferred outflows of resources - OPEB related	53,084,762	
Total OPEB liability	(225,090,744)	
Deferred inflows of resources - OPEB related	<u>(58,190,948)</u>	(230,196,930)
Revenue that was not recorded on the fund financial statements because it does not meet the availability criteria under the modified accrual basis of accounting is included in the Statement of Net Position.		
		1,171,630
Interest payable applicable to the District's activities are not due and payable in the current period and accordingly are not reported in the fund financial statements. However, these liabilities are included in the Statement of Net Position.		
		<u>(376,045)</u>
Net Position - Governmental Activities		<u>\$ (89,533,798)</u>

The accompanying notes to financial statements are an integral part of this statement.

COMMACK UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds						Total Governmental Funds
	General	Special Revenue Funds			Debt Service	Capital Projects	
		Special Aid	School Lunch	Other Miscellaneous Special Revenue			
REVENUES							
Real property taxes	\$ 140,929,638	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,929,638
Other tax items	10,089,561	-	-	-	-	-	10,089,561
Charges for services	1,547,633	-	-	-	-	-	1,547,633
Use of money and property	3,408,994	-	31,380	-	655,170	-	4,095,544
Sale of property and compensation for loss	166,686	-	-	-	-	-	166,686
State sources	43,543,553	1,903,022	22,429	-	-	-	45,469,004
Federal sources	73,484	5,495,825	859,516	-	-	-	6,428,825
Sales	-	-	1,043,315	-	-	-	1,043,315
Miscellaneous	1,218,916	73,118	4,937	494,272	-	-	1,791,243
Total revenues	<u>200,978,465</u>	<u>7,471,965</u>	<u>1,961,577</u>	<u>494,272</u>	<u>655,170</u>	<u>-</u>	<u>211,561,449</u>
EXPENDITURES							
Current -							
General support	22,091,257	-	-	-	-	-	22,091,257
Instruction	104,329,173	7,952,688	-	427,857	-	-	112,709,718
Pupil transportation	14,337,815	-	-	-	-	-	14,337,815
Employee benefits	40,876,156	-	-	-	-	-	40,876,156
Cost of sales	-	-	1,465,447	-	-	-	1,465,447
Capital outlay	-	-	-	-	-	16,910,731	16,910,731
Debt service -							
Principal	2,679,037	-	-	-	8,425,000	-	11,104,037
Interest	2,171,924	-	-	-	1,159,330	-	3,331,254
Total expenditures	<u>186,485,362</u>	<u>7,952,688</u>	<u>1,465,447</u>	<u>427,857</u>	<u>9,584,330</u>	<u>16,910,731</u>	<u>222,826,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,493,103</u>	<u>(480,723)</u>	<u>496,130</u>	<u>66,415</u>	<u>(8,929,160)</u>	<u>(16,910,731)</u>	<u>(11,264,966)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds of serial bond issuance	-	-	-	-	-	27,230,000	27,230,000
Premium on debt issued	-	-	-	-	128,237	3,230,000	3,358,237
Proceeds of lease obligations	9,775	-	-	-	-	-	9,775
Transfers in	73,730	483,526	-	-	9,418,930	250,000	10,226,186
Transfers out	(10,149,653)	(2,803)	-	-	-	(73,730)	(10,226,186)
Total other financing sources (uses)	<u>(10,066,148)</u>	<u>480,723</u>	<u>-</u>	<u>-</u>	<u>9,547,167</u>	<u>30,636,270</u>	<u>30,598,012</u>
Change in fund balance	4,426,955	-	496,130	66,415	618,007	13,725,539	19,333,046
Fund balance, beginning of year	35,565,957	-	2,385,961	550,511	1,394,645	15,203,790	55,100,864
Fund balance, end of year	<u>\$ 39,992,912</u>	<u>\$ -</u>	<u>\$ 2,882,091</u>	<u>\$ 616,926</u>	<u>\$ 2,012,652</u>	<u>\$ 28,929,329</u>	<u>\$ 74,433,910</u>

The accompanying notes to financial statements are an integral part of this statement.

**COMMACK UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Governmental Funds \$ 19,333,046

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeds depreciation in the current period is:

Capital outlay, net	\$ 17,757,934	
Depreciation expense	<u>(3,788,711)</u>	13,969,223

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds. (670,685)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

Repayment of bond principal	8,425,000	
Premium on refunding bond	(3,230,000)	
Proceeds of serial bond issuance	(27,230,000)	
Repayment of energy performance contract debt payable	2,590,256	
Payment of installment purchase debt	47,112	
Lease liabilities issued	(9,775)	
Principal payments on lease liabilities	<u>41,669</u>	(19,365,738)

Amortization of bond premiums and deferred charges on bond refundings do not affect the governmental funds, but are recorded in the Statement of Activities.

Amortization of bond premiums	362,018	
Amortization of deferred charges	<u>(183,291)</u>	178,727

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Workers' Compensation claims payable	149,557	
Compensated absences payable	448,584	
Accrued interest costs	<u>(41,573)</u>	556,568

Changes in the proportionate share of the collective pension expense of the State retirement plans reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(3,205,771)	
Employees' Retirement System	<u>(1,972,228)</u>	(5,177,999)

Changes in the amount of total OPEB liability, deferred inflows of resources and deferred outflows of resources reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

(4,605,786)

Change in Net Position - Governmental Activities \$ 4,217,356

The accompanying notes to financial statements are an integral part of this statement.

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

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

**COMMACK UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Real property taxes collected for the Library	\$ 4,291,371
DEDUCTIONS	
Disbursements of real property taxes to the Library	4,291,371
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

The accompanying notes to financial statements are an integral part of these statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commack Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles ("GAAP") as applied to government 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 used 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 consisting of five members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB. 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 such criteria the District has determined there are no component units to be included within their reporting entity.

B. Joint venture

The District is a component district in the Western Suffolk Board of Cooperative Educational Services ("BOCES"). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that 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 are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New 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 and capital cost 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.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

During the year, the District was billed \$9,605,007 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,386,719.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of presentation

1. District-wide financial statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These financial statements include the financial activities of the overall government in its entirety.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid (sources), intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, depreciation and amortization, 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.

2. Fund financial statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

Special Aid Fund: Used to account for proceeds received from State and federal grants that are restricted for educational programs.

School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Other Miscellaneous Special Revenue Fund: Used to account for the activities of student groups, extraclassroom activity funds and scholarships for students.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of District 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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

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

Custodial Fund: Used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

D. Measurement focus and basis of accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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, State aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property taxes

Real property taxes for the Towns of Smithtown and Huntington residents are levied annually by the Board of Education no later than October 15th, and become a lien on December 1st. Taxes are collected by the Towns of Smithtown and Huntington and remitted to the District from December to June.

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

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 flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

Advances to/from other funds represent loans to other funds which are not expected to be repaid within the subsequent year. The advances are offset by nonspendable fund balance in the fund financial statements, which indicates that the funds are not "available" for appropriation and are not expendable available financial resources.

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). Eliminations have been made for all interfund receivables and payables between the funds.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

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 12 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets, computation of the expected lease payments or receipts to present value, the proportionate share of net pension assets and liabilities, and the total OPEB liability.

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.

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation ("FDIC") insured commercial banks or trust companies located within the State. Permissible investments include obligations of the 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; obligations of the State and its municipalities and school districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

J. Accounts receivable

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

K. Lease receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

L. Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

M. Other assets/restricted assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the District-wide financial statements as their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond issuance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

N. Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1975. For assets acquired prior to June 30, 1975, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in-progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and building improvements	\$ 5,000	Straight-line	20-40 years
Site improvements	\$ 5,000	Straight-line	5-30 years
Vehicles	\$ 5,000	Straight-line	5-8 years
Furniture and equipment	\$ 5,000	Straight-line	5-20 years

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

O. Right-to-use leased assets

The District has recorded right-to-use leased assets as a result of implementing GASB Statement No. 87. The right-to-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use leased assets are amortized on a straight-line basis over the life of the related lease. Right-to-use leased assets are included in capital assets on the Statement of Net Position.

P. Deferred outflows of resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 can have four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (NYSTRS and NYSERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

Q. Deferred inflows of resources

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District can have four items that qualify for reporting in this category. The first item is related to pensions reported in the Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability (NYSTRS and NYSERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is unavailable revenue. This item is reported only in the governmental funds Balance Sheet. The fourth item is the deferred inflows related to leases reported in the governmental funds Balance Sheet and in the district-wide Statement of Net Position. This represents the future revenue to be recognized over the life of the lease term.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

R. Unearned revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

S. Vested 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.

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

Consistent with GASB Pronouncements, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

T. Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to 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 cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure (see Note 12 for more information).

U. Short-term debt

The District may issue Revenue Anticipation Notes ("RAN") and Tax Anticipation Notes ("TAN"), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes ("BAN"), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes to be converted to long-term financing within seven years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

As of June 30, 2023, the District does not have any outstanding RAN's, TAN's, BAN's or deficiency notes.

V. Accrued liabilities and long-term obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

W. Leases

The District is a lessee for a noncancellable lease for equipment. The District recognizes a liability and an intangible right-to-use leased asset in the District-wide financial statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonable certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

X. Equity classifications

District-wide financial statements

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

1. Net investment in capital assets: Consists of capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
2. Restricted net position: Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position: Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Fund financial statements

In the fund financial statements there are five classifications of fund balance:

1. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the difference between the lease receivable and deferred inflows of resources for leases of \$65,848 and the inventory recorded in the School Lunch Fund of \$16,103.
2. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Workers' Compensation

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

Unemployment Insurance

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

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. 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 sub-fund for contributions to the New York State Teachers' Retirement System is included in this reserve, but is separately administered and complies with all existing provisions of General Municipal Law §6-r.

Insurance

According to General Municipal Law §6-n, 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.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, 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.

Repairs

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

Other Miscellaneous Special Revenue Fund

These funds are restricted for the extraclassroom activities, as well as various scholarship awards.

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of school district property or capital improvement.

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.

3. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2023.
4. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

5. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts have been restricted or assigned.

Fund balances for all governmental funds as of June 30, 2023 were distributed as follows:

	General	School Lunch	Other Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable:						
Inventory	\$ -	\$ 16,103	\$ -	\$ -	\$ -	\$ 16,103
Leases	65,848	-	-	-	-	65,848
Total nonspendable	65,848	16,103	-	-	-	81,951
Restricted:						
Retirement contributions - ERS	2,519,526	-	-	-	-	2,519,526
Retirement contributions - TRS	1,519,993	-	-	-	-	1,519,993
Workers' Compensation	1,656,944	-	-	-	-	1,656,944
Unemployment insurance	846,771	-	-	-	-	846,771
Employee Benefit Accrued Liability	9,800,055	-	-	-	-	9,800,055
Insurance	226,149	-	-	-	-	226,149
Repairs	238,665	-	-	-	-	238,665
Scholarships and extraclassroom	-	-	458,270	-	-	458,270
Debt service	-	-	-	2,012,652	-	2,012,652
District improvements	-	-	-	-	28,929,329	28,929,329
Total restricted	16,808,103	-	458,270	2,012,652	28,929,329	48,208,354
Assigned:						
Appropriated for subsequent year's expenditures	13,551,087	-	-	-	-	13,551,087
Encumbrances	749,316	-	-	-	-	749,316
Student activities	-	-	158,656	-	-	158,656
Food service program	-	2,865,988	-	-	-	2,865,988
Total assigned	14,300,403	2,865,988	158,656	-	-	17,325,047
Unassigned	8,818,558	-	-	-	-	8,818,558
Total	\$39,992,912	\$ 2,882,091	\$ 616,926	\$ 2,012,652	\$28,929,329	\$74,433,910

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school 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 are also excluded from the 4% limitation.

Order of use of fund balance

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the fund financial statements and the District-wide financial statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide financial statements, 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. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental funds Balance Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions.

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

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories. The categories are shown below:

1. Long-term revenue/expense differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences

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

3. Long-term debt transaction differences

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

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

4. Pension and Other Postemployment Benefits differences

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

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

3. **CHANGE IN ACCOUNTING PRINCIPLE**

Effective for the 2023 fiscal year, the District implemented GASB No. 96, *Subscription-Based Information Technology Agreements*. GASB Statement No. 96 provides guidance for identifying certain subscription-based assets and liabilities that were previously classified as expenditures and recognized as inflows or outflows of resources based on payment provisions of the contract. While the Statement has been implemented, the District does not have any material arrangements that require financial statement adjustments or disclosure.

The District considered the effects of GASB Statements No. 91 and 94 and determined both standards did not apply to the District.

4. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

The District administration prepares a proposed budget for approval by the Board of Education 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) that 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 are approved by the Board of Education 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.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

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. The General Fund is the only fund with a legally approved budget for the year ended June 30, 2023.

Budgets are established and used for the individual Capital Projects Fund 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.

The portion of the District's School Lunch Fund fund balance subject to federal regulations 7CFR Part 210.14(b) limit exceeded the amount allowable, which is three months average expenditure level. Actions the District plans to pursue to address this issue include making substantial improvements to the school kitchen serving lines in the upcoming year.

The District did not fulfill its annual reporting requirement to the New York State Education Department in accordance with the requisite due date. Pursuant to NYS Education Law §3601, the ST-3 Annual Financial Report is required to be submitted by September 1, 2023. Information necessary to complete the submission was not readily available, therefore, the Annual Financial Report on Form ST-3 was not prepared on a timely basis. The District will develop a work schedule to ensure timely completion of all financial reports in the upcoming year.

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.

5. CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, AND INTEREST RATE RISKS

The District's aggregate bank balances, including balances not covered by depository insurance at year-end, are collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 78,477,380
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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 as of year-end includes \$48,208,354 within the governmental funds.

Investment and deposit policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Official of the District.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Interest rate risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

6. RECEIVABLES

A. State and federal aid

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

General Fund:	
General aid	\$ 1,879,022
BOCES aid	2,386,719
Special Aid Fund:	
State and federal grants	5,817,179
School Lunch Fund:	
School lunch reimbursement	9,075
Capital Projects Fund:	
State and federal grants	828,400
	\$ 10,920,395

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

B. Due from other governments

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

General Fund:

Other school districts and towns	\$ 1,291,689
Foster tuition	15,605
	<u>\$ 1,307,294</u>

C. Other receivables

Other receivables at June 30, 2023 consisted of the following:

General Fund:

Various	\$ 227,021
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Special Aid Fund:

Various	480
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School Lunch Fund:

Various	6,371
	<u>\$ 233,872</u>

District management has deemed the amounts to be fully collectible.

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 3,260,677	\$ -	\$ -	\$ 3,260,677
Construction-in-progress	44,691,683	9,591,292	(37,342,350)	16,940,625
Total nondepreciable assets	<u>47,952,360</u>	<u>9,591,292</u>	<u>(37,342,350)</u>	<u>20,201,302</u>
Capital assets that are depreciated:				
Buildings and building improvements	169,077,395	7,929,707	37,342,350	214,349,452
Furniture and equipment	4,495,423	187,396	-	4,682,819
Vehicles	1,153,394	39,764	-	1,193,158
Site improvements	6,670,664	-	-	6,670,664
Right-to-use leased assets	172,880	9,775	-	182,655
Total depreciable assets	<u>181,569,756</u>	<u>8,166,642</u>	<u>37,342,350</u>	<u>227,078,748</u>
Less accumulated depreciation:				
Buildings and building improvements	92,987,133	3,302,237	-	96,289,370
Furniture and equipment	3,185,646	190,439	-	3,376,085
Vehicles	873,185	72,342	-	945,527
Site improvements	5,013,339	182,529	-	5,195,868
Right-to-use leased assets	117,447	41,164	-	158,611
Total accumulated depreciation	<u>102,176,750</u>	<u>3,788,711</u>	<u>-</u>	<u>105,965,461</u>
Total capital assets, net	<u>\$ 127,345,366</u>	<u>\$ 13,969,223</u>	<u>\$ -</u>	<u>\$ 141,314,589</u>

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

General support	\$ 464,753
Instruction	3,318,310
Pupil transportation	<u>5,648</u>
	<u>\$ 3,788,711</u>

8. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/28/23 at 4.00%	\$ -	\$ 36,000,000	\$ 36,000,000	\$ -
BAN matured on 6/30/23 at 4.00%	<u>-</u>	<u>30,460,000</u>	<u>30,460,000</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 66,460,000</u>	<u>\$ 66,460,000</u>	<u>\$ -</u>

Interest on short-term debt for the year was \$1,592,269.

9. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds payable	\$ 49,655,000	\$ 27,230,000	\$ 8,425,000	\$ 68,460,000	\$ 8,495,000
Bond premium	1,543,624	3,230,000	362,018	4,411,606	476,293
Bonds payable, net	51,198,624	30,460,000	8,787,018	72,871,606	8,971,293
Energy performance contract debt payable	26,570,441	-	2,590,256	23,980,185	2,675,897
Workers' Compensation claims payable	398,715	757,421	906,978	249,158	249,158
Installment purchase debt payable	47,112	-	47,112	-	-
Lease liabilities	56,226	9,775	41,669	24,332	11,201
Compensated absences	12,735,726	-	448,584	12,287,142	500,000
Total long-term liabilities	<u>\$ 91,006,844</u>	<u>\$ 31,227,196</u>	<u>\$ 12,821,617</u>	<u>\$ 109,412,423</u>	<u>\$ 12,407,549</u>

Additions and deletions to compensated absences are shown net since it is impracticable to determine these amounts separately. The General Fund is typically used to liquidate the liabilities above.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Long-term debt

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/2023
Serial bonds - advanced refunding	2013	2025	2.00 - 4.00%	\$ 8,270,000
Serial bonds - advanced refunding	2020	2029	5.00%	3,680,000
Serial bonds	2021	2036	1.50 - 2.10%	10,080,000
Serial bonds	2021	2036	1.00 - 2.00%	19,200,000
DASNY serial bond	2023	2038	5.00%	<u>27,230,000</u>
				<u>\$ 68,460,000</u>
Energy performance contract - refunding	8/15/2020	2/15/2028	1.90%	\$ 6,645,621
Energy performance contract	1/21/2015	2/21/2028	3.63%	972,292
Energy performance contract	8/26/2019	8/15/2034	2.90%	836,966
Energy performance contract	8/26/2019	8/15/2034	2.29%	11,211,407
Energy performance contract	8/5/2021	7/15/2036	1.48%	<u>4,313,899</u>
				<u>\$ 23,980,185</u>

The following is a summary of the maturing debt service requirements:

	Serial Bonds		Energy Performance Contracts		Total
	Principal	Interest	Principal	Interest	
For The Year Ending					
<u>June 30,</u>					
2024	\$ 8,495,000	\$ 2,659,316	\$ 2,675,897	\$ 492,315	\$ 14,322,528
2025	8,240,000	1,973,974	2,732,948	435,265	13,382,187
2026	4,715,000	1,749,999	2,791,283	376,930	9,633,212
2027	4,625,000	1,597,749	2,850,931	317,281	9,390,961
2028	4,775,000	1,450,174	2,911,926	256,286	9,393,386
2029-2033	21,420,000	5,046,035	7,055,451	715,865	34,237,351
2034-2038	16,190,000	1,638,630	2,961,749	77,066	20,867,445
	<u>\$ 68,460,000</u>	<u>\$ 16,115,877</u>	<u>\$ 23,980,185</u>	<u>\$ 2,671,008</u>	<u>\$ 111,227,070</u>

On June 15, 2023, the District issued a serial bond in the amount of \$27,230,000 with an interest rate of 5.00%.

Lease liabilities

The District has entered into agreements to lease certain equipment. The lease agreements qualify as not short-term leases under GASB Statement No. 87 therefore, they have been recorded at the present value of the future minimum lease payments as of their commencement date.

The first agreement was executed on August 1, 2019, to lease copier machines and required 48 monthly payments of \$77. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.68%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use leased asset with a net book value of \$74 at June 30, 2023.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The second agreement was executed on January 1, 2020, to lease copier machines and required 48 monthly payments of \$415. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.64%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use leased asset with a net book value of \$2,489 at June 30, 2023.

The third agreement was executed on October 1, 2020, to lease postage machines and required 60 monthly payments of \$532. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.38%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use leased asset with a net book value of \$13,945 at June 30, 2023.

The fourth agreement was executed on August 1, 2022, to lease copier machines and required 48 monthly payments of \$215. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.68%, which was the District's borrowing rate at the inception of the lease agreement. As a result of the lease, the District has recorded a right-to-use leased asset with a net book value of \$7,536 at June 30, 2023.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

<u>For The Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 11,201	\$ 331	\$ 11,532
2025	8,786	179	8,965
2026	4,130	46	4,176
2027	215	1	216
	<u>\$ 24,332</u>	<u>\$ 557</u>	<u>\$ 24,889</u>

Interest on long-term liabilities

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

Interest paid	\$ 1,738,985
Less interest accrued in the prior year	(334,472)
Plus amortization of deferred charges	183,291
Less amortization of bond premium	(362,018)
Plus interest accrued in the current year	<u>376,045</u>
Total interest expense	<u>\$ 1,601,831</u>

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Amortization of premium and deferred charges

In the District-wide financial statements, the District is amortizing deferred charges and bond premiums relating to bond issuance as a component of interest expense on a weighted average basis as follows:

<u>For The Year Ending June 30,</u>	<u>Premium</u>	<u>Deferred Charge</u>	<u>Net Decrease in Interest Expense</u>
2024	\$ 476,293	\$ (112,057)	\$ 364,236
2025	397,037	(56,190)	340,847
2026	362,153	(31,601)	330,552
2027	362,153	(31,601)	330,552
2028	362,153	(31,601)	330,552
2029-2033	1,310,151	(64,890)	1,245,261
2034-2038	1,141,666	(24,969)	1,116,697
Total	<u>\$ 4,411,606</u>	<u>\$ (352,909)</u>	<u>\$ 4,058,697</u>

10. PENSION PLANS

General information

The District participates in the New York State Teachers' Retirement System ("NYSTRS") and the New York State and Local Employees' Retirement System ("NYSERS"). These are cost-sharing, multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Provisions and administration

A 10-member Board of Trustees of the New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law ("NYSRSSL"). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in NYSTRS. 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

NYSERS 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 net 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. NYSRSSL governs obligations of employers and employees to contribute, and benefits to employees. 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. NYSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under NYSERS tier VI vary based on a sliding salary scale. For NYSTRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For NYSERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the NYSERS' fiscal year ended March 31.

The District share of the required contributions, based on covered payroll for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

<u>Year</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2023	\$ 1,848,992	\$ 8,218,104
2022	2,404,693	7,765,568
2021	2,277,332	7,214,698

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2023, the District reported the following liability for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of June 30, 2022 for NYSTRS and March 31, 2023 for NYSERS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension 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 NYSTRS and NYSERS Systems in reports provided to the District:

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

	NYSERS	NYSTRS
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 10,109,268	\$ 9,083,394
District's portion of the Plan's total net pension liability	0.04714%	0.47337%

For the year ended June 30, 2023, the District recognized pension expense of \$3,883,286 for NYSERS and pension expense of \$11,916,038 for NYSTRS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSERS	Deferred Inflows of Resources - NYSTRS
Difference between expected experience and actual experience	\$ 1,076,716	\$ 9,518,247	\$ 283,906	\$ 182,015
Changes of assumptions	4,909,712	17,620,247	54,262	3,659,048
Net difference between projected and actual earnings on pension plan investments	-	11,736,606	59,392	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	742,384	1,471,129	22,762	66,451
Employer contributions subsequent to the measurement date	561,926	9,062,093	-	-
Total	\$ 7,290,738	\$ 49,408,322	\$ 420,322	\$ 3,907,514

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

	NYSERS	NYSTRS
<u>Year ended June 30,:</u>		
2024	\$ 1,610,693	\$ 7,209,884
2025	(323,841)	3,896,019
2026	2,199,724	(1,193,628)
2027	2,821,914	23,311,180
2028	-	3,039,094
Thereafter	-	176,166

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Actuarial assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>NYSERS</u>	<u>NYSTRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	*Rates of increase differ based on service
Decrement tables	April 1, 2015 to March 31, 2020 System's Experience	July 1, 2015 to June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%

*The salary scale used for NYSTRS changes based upon levels of service as defined below:

<u>Service</u>	<u>Rate</u>
5	5.18%
15	3.64%
25	2.50%
35	1.95%

For NYSTRS, annuitant mortality rates are based on July 1, 2015 - June 30, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For NYSERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

For NYSTRS, 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 NYSERS, 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.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

The long-term 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>NYSERS</u>		<u>NYSTRS</u>	
	<u>Target allocation</u>	<u>Long-term rate</u>	<u>Target allocation</u>	<u>Long-term rate</u>
Measurement date	March 31, 2023		June 30, 2022	
Asset type				
Cash	1.00%	0.00%	1.00%	-0.30%
Domestic equity	32.00%	4.30%	33.00%	6.50%
Domestic fixed income	-	-	16.00%	1.1%
Global equities	-	-	4.00%	6.90%
Global fixed income	-	-	2.00%	0.60%
High-yield fixed income	-	-	1.00%	3.30%
International equity	15.00%	6.85%	16.00%	7.20%
Opportunistic portfolio	3.00%	5.38%	-	-
Credit	4.00%	5.43%	-	-
Fixed income	23.00%	1.50%	-	-
Private debt	-	-	2.00%	5.30%
Private equity	10.00%	7.50%	8.00%	9.90%
Real assets	3.00%	5.84%	-	-
Real estate debt	-	-	6.00%	2.40%
Real estate equities	9.00%	4.60%	11.00%	6.20%
	<u>100.00%</u>		<u>100.00%</u>	

Discount rate

The discount rate used to calculate the total pension liability was 5.90% for NYSERS and 6.95% for NYSTRS. 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 liability.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

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

<u>NYSERS</u>	1% Decrease (4.90%)	Current assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	\$ (24,429,764)	\$ (10,109,268)	\$ 1,857,173

<u>NYSTRS</u>	1% Decrease (5.95%)	Current assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	\$ (83,753,148)	\$ (9,083,394)	\$ 53,713,380

Pension plan fiduciary net position

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

	(Dollars in Thousands)		
	<u>NYSERS</u>	<u>NYSTRS</u>	<u>Total</u>
Measurement date	March 31, 2023	June 30, 2022	
Employers' total pension liability	\$ 232,627,259	\$ 133,883,474	\$ 366,510,733
Plan net position	<u>211,183,223</u>	<u>131,964,582</u>	<u>343,147,805</u>
Employers' net pension liability	<u>\$ 21,444,036</u>	<u>\$ 1,918,892</u>	<u>\$ 23,362,928</u>
Ratio of plan net position to the employers' total pension liability	90.78%	98.57%	93.63%

Payables to the pension plan

For NYSTRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the system in September, October and November 2023 through a State aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid NYSTRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the NYSTRS System. Accrued employer retirement contributions as of June 30, 2023 amounted to \$9,062,093.

For NYSERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid NYSERS covered wages multiplied by the employer's contribution rate, by tier. Accrued employer retirement contributions as of June 30, 2023 amounted to \$561,926. Employee contributions are remitted monthly.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

11. PENSION PLANS - OTHERS

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023 totaled \$1,042,397 and \$4,895,192, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$512,589.

12. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

	Interfund			
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 6,377,244	\$ 996,173	\$ 73,730	\$ 10,149,653
Special Aid Fund	-	6,301,438	483,526	2,803
School Lunch Fund	277,632	-	-	-
Other Miscellaneous Special Revenue Fund	11,275	2,159	-	-
Debt Service Fund	765,479	-	9,418,930	-
Capital Projects Fund	-	131,860	250,000	73,730
Totals	\$ 7,431,630	\$ 7,431,630	\$ 10,226,186	\$ 10,226,186

Interfund receivables and payables, other than between governmental activities, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

13. OTHER POSTEMPLOYMENT BENEFITS (“OPEB”)

A. General information about the OPEB plan

Plan description

The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees covered by benefit terms

As of July 1, 2022, the date of the most recent actuarial valuation, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	775
Active plan members	812
Total plan members	1,587

B. Total OPEB liability

The District's total OPEB liability of \$225,090,744 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

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, with update procedures used to roll forward the total OPEB liability to the measurement date, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.40% average, including inflation
Discount rate	3.65%
Healthcare cost trend rates	5.8% scaling down to 3.8% over 55 years
Retirees' share of benefit-related costs	0% to 8% of projected health insurance premiums for retirees

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

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions projected to the valuation date with Scale MP-2021.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

C. Changes in the total OPEB liability

Balance as of June 30, 2022	\$ 182,086,709
<u>Changes for the year -</u>	
Service cost	6,323,754
Interest	6,582,329
Change of demographic gains or losses	4,771,107
Change in assumptions or other inputs	30,308,076
Benefit payments	<u>(4,981,231)</u>
Net changes	<u>43,004,035</u>
Balance as of June 30, 2023	<u>\$ 225,090,744</u>

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

	<u>1% Decrease (2.65%)</u>	<u>Current assumption (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB liability as of June 30, 2023	\$263,190,279	\$225,090,744	\$194,408,699

Sensitivity of the total OPEB liability to changes in 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 one percentage point lower (4.80%) or one percentage point higher (6.80%) than the current discount rate:

	<u>1% Decrease (4.80% decreasing to 2.80%)</u>	<u>Current assumption (5.80% decreasing to 3.80%)</u>	<u>1% Increase (6.80% decreasing to 4.80%)</u>
Total OPEB liability as of June 30, 2023	\$188,362,869	\$225,090,744	\$272,405,916

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

D. OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$9,587,017. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources - OPEB	Deferred Inflows of Resources - OPEB
Difference between expected experience and actual experience	\$ 4,479,423	\$ 16,436,165
Changes in assumptions	48,605,339	41,754,783
Total	\$ 53,084,762	\$ 58,190,948

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

Year ended June 30,:	
2024	\$ (3,319,066)
2025	(3,319,066)
2026	(1,615,676)
2027	(3,504,946)
2028	3,954,167
Thereafter	2,698,401

14. RISK MANAGEMENT

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

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. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR").

Claims activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal years ended June 30,:				
2023	\$ 398,715	\$ 757,421	\$ 906,978	\$ 249,158
2022	690,213	872,552	1,164,050	398,715
2021	750,394	567,753	627,934	690,213

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023 (CONTINUED)**

15. CONTINGENCIES AND COMMITMENTS

Government 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 years' experience, the District's administration believes disallowances, if any, would be immaterial.

Property tax cap

In June 2011, the New York State Legislature enacted Chapter 97, Laws of 2011 Real Property Tax Levy Cap and Mandate Relief Provisions. For fiscal years through at least June 15, 2022, growth in the property tax levy (the total amount to be raised through property taxes charged on a municipality's taxable assessed value of property) will be capped at 2 percent, plus the inflation factor (but not less than 0 percent), whichever is less, with some exceptions. The New York State Comptroller set the allowable levy growth factor for local governments for fiscal years beginning July 1, 2022 at 1.02% (before exemptions). School districts can exceed the tax levy limit by a 60% vote of the governing body, subject to voter approval.

Litigation

The District is involved in lawsuits arising from the normal conduct of business. 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. It is the opinion of the District's attorneys that this will not exceed insurance coverage.

16. TAX ABATEMENTS

The Suffolk County Industrial Development Agency enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced by these programs and accordingly the District received payment in lieu of taxes (PILOT) payments totaling \$1,335,087.

17. FUTURE CHANGES IN ACCOUNTING STANDARDS

The District will evaluate the impact each of these upcoming pronouncements may have on its financial statements and will implement them as applicable and when material. The following is a list of GASB pronouncements issued but not yet effective:

<u>GASB Statement No.</u>	<u>GASB Accounting Standard</u>	<u>Effective Fiscal Year</u>
Statement No. 100	Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62	June 30, 2024
Statement No. 101	Compensated Absences	June 30, 2025

18. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 17, 2023, which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Adopted Budget	Final Budget	Actual	Year-end Encumbrances	Variance
REVENUES					
Local sources:					
Real property taxes	\$ 149,681,444	\$ 149,681,444	\$ 140,929,638		\$ (8,751,806)
Other tax items	1,269,466	1,269,466	10,089,561		8,820,095
Charges for services	1,016,400	1,031,850	1,547,633		515,783
Use of money and property	1,783,752	1,783,752	3,408,994		1,625,242
Sale of property and compensation for loss	70,000	75,650	166,686		91,036
Miscellaneous	2,207,500	2,211,839	1,218,916		(992,923)
Total local sources	156,028,562	156,054,001	157,361,428		1,307,427
State sources	43,863,590	43,863,590	43,543,553		(320,037)
Federal sources	100,000	100,000	73,484		(26,516)
Total revenues	199,992,152	200,017,591	200,978,465		960,874
OTHER FINANCING SOURCES					
Leases	-	-	9,775		9,775
Interfund revenues	-	-	73,730		73,730
Appropriated reserves	15,552,108	15,552,108	-		(15,552,108)
Total revenues and other financing sources	215,544,260	215,569,699	201,061,970		(14,507,729)
EXPENDITURES					
General support:					
Board of Education	215,593	227,093	183,190	\$ -	43,903
Central administration	466,800	466,800	396,492	55	70,253
Finance	2,294,477	2,821,007	2,524,765	133,114	163,128
Staff	800,743	819,968	756,369	-	63,599
Central services	16,605,105	17,393,587	15,754,168	198,212	1,441,207
Special items	2,472,634	2,507,833	2,476,273	-	31,560
Total general support	22,855,352	24,236,288	22,091,257	331,381	1,813,650
Instruction:					
Instruction, administration and improvement	8,251,926	8,340,598	7,778,477	21,213	540,908
Teaching - regular school	58,294,727	59,174,751	55,411,437	55,892	3,707,422
Programs for children with handicapping conditions	35,435,297	33,569,612	27,821,875	267,154	5,480,583
Occupational education	773,476	1,018,209	1,018,209	-	-
Teaching - special school	388,274	417,967	338,884	-	79,083
Instructional media	3,203,568	3,507,242	2,837,185	34,963	635,094
Pupil services	9,708,714	9,807,178	9,123,106	7,998	676,074
Total instruction	116,055,982	115,835,557	104,329,173	387,220	11,119,164
Pupil transportation	16,188,781	16,189,154	14,337,815	-	1,851,339
Employee benefits	43,036,601	41,901,156	40,876,156	30,715	994,285
Debt service:					
Principal	4,590,256	4,352,836	2,679,037	-	1,673,799
Interest	1,230,458	1,467,878	2,171,924	-	(704,046)
Total expenditures	203,957,430	203,982,869	186,485,362	749,316	16,748,191
OTHER FINANCING USES					
Interfund transfers	11,586,830	11,586,830	10,149,653	-	1,437,177
Total expenditures and other financing uses	215,544,260	215,569,699	196,635,015	\$ 749,316	18,185,368
Net change in fund balance	\$ -	\$ -	4,426,955		\$ 3,677,639
Fund balance, beginning of year			35,565,957		
Fund balance, end of year			\$ 39,992,912		

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.

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS***

Measurement date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability						
Service cost	\$ 6,323,754	\$ 8,546,971	\$ 7,845,908	\$ 7,130,431	\$ 8,926,090	\$ 8,503,539
Interest	6,582,329	4,842,643	5,068,197	6,461,319	6,244,943	5,912,155
Change of demographic gains or losses	4,771,107	-	(29,389,943)	-	1,326,997	-
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(44,721,452)	15,036,813	34,635,903	(34,378,815)	(40,926)
Changes of assumptions	30,308,076	-	-	-	-	-
Benefit payments	<u>(4,981,231)</u>	<u>(4,438,100)</u>	<u>(4,353,365)</u>	<u>(4,079,505)</u>	<u>(3,686,753)</u>	<u>(3,721,767)</u>
Net change in total OPEB liability	43,004,035	(35,769,938)	(5,792,390)	44,148,148	(21,567,538)	10,653,001
Total OPEB liability - beginning of year	<u>182,086,709</u>	<u>217,856,647</u>	<u>223,649,037</u>	<u>179,500,889</u>	<u>201,068,427</u>	<u>190,415,426</u>
Total OPEB liability - end of year	<u>\$ 225,090,744</u>	<u>\$ 182,086,709</u>	<u>\$ 217,856,647</u>	<u>\$ 223,649,037</u>	<u>\$ 179,500,889</u>	<u>\$ 201,068,427</u>
Covered payroll	\$ 87,867,142	\$ 84,707,775	\$ 84,707,775	\$ 90,673,940	\$ 90,673,940	\$ 104,691,209
Total OPEB liability as a percentage of covered payroll	256.17%	214.96%	257.19%	246.65%	197.96%	192.06%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.87%	3.00%

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 75. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY) - NYSERS & NYSTRS
LAST NINE FISCAL YEARS*
(Dollar amounts in thousands)

<u>ERS</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportionate share of the net pension asset (liability)	0.04714%	0.04596%	0.04598%	0.04612%	0.04736%	0.04991%	0.05125%	0.50900%	0.04869%
District's proportionate share of the net pension asset (liability)	\$ (10,109)	\$ 3,757	\$ (46)	\$ (12,212)	\$ (3,355)	\$ (1,611)	\$ (4,815)	\$ (8,177)	\$ (1,645)
District's covered payroll	\$ 15,899	\$ 16,416	\$ 16,001	\$ 15,919	\$ 15,533	\$ 15,200	\$ 14,578	\$ 14,706	\$ 14,051
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	63.58%	22.89%	0.29%	76.71%	21.60%	10.60%	33.03%	55.60%	11.71%
Plan fiduciary net position as a percentage of the total pension asset (liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

The amounts presented for each fiscal year were determined (bi-annually) as of March 31.

<u>TRS</u>									
District's proportionate share of the net pension asset (liability)	0.47337%	0.48008%	0.47976%	0.49731%	0.50328%	0.51331%	0.52556%	0.51957%	0.51166%
District's proportionate share of the net pension asset (liability)	\$ (9,083)	\$ 83,194	\$ (13,257)	\$ 12,920	\$ 9,101	\$ 3,902	\$ (5,629)	\$ 53,967	\$ 56,995
District's covered payroll	\$ 84,659	\$ 81,919	\$ 81,862	\$ 83,660	\$ 81,924	\$ 81,342	\$ 81,614	\$ 78,055	\$ 75,515
District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	10.73%	101.56%	16.19%	15.44%	11.11%	4.80%	6.90%	69.14%	75.48%
Plan fiduciary net position as a percentage of the total pension asset (liability)	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

The amounts presented for each fiscal year were determined (bi-annually) as of June 30.

***Note to Required Supplementary Information**

Ten years of historical information was not available upon implementation of GASB Statement No. 68. An additional year of historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NYSTRS
LAST TEN FISCAL YEARS
(Dollar amounts in thousands)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ERS										
Contractually required contribution	\$ 1,849	\$ 2,405	\$ 2,277	\$ 2,251	\$ 2,277	\$ 2,271	\$ 2,239	\$ 2,552	\$ 2,695	\$ 2,695
Contributions in relation to the contractually required contribution	<u>1,849</u>	<u>2,405</u>	<u>2,277</u>	<u>2,251</u>	<u>2,277</u>	<u>2,271</u>	<u>2,239</u>	<u>2,552</u>	<u>2,695</u>	<u>2,695</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,928	\$ 16,085	\$ 15,950	\$ 16,536	\$ 15,531	\$ 15,200	\$ 14,460	\$ 14,985	\$ 14,524	\$ 13,740
Contributions as a percentage of covered payroll	11.61%	14.95%	14.28%	13.61%	14.66%	14.94%	15.48%	17.03%	18.56%	19.61%
TRS										
Contractually required contribution	\$ 8,218	\$ 7,766	\$ 7,215	\$ 8,816	\$ 8,034	\$ 8,029	\$ 9,533	\$ 10,754	\$ 13,859	\$ 12,334
Contributions in relation to the contractually required contribution	<u>8,218</u>	<u>7,766</u>	<u>7,215</u>	<u>8,816</u>	<u>8,034</u>	<u>8,029</u>	<u>9,533</u>	<u>10,754</u>	<u>13,859</u>	<u>12,334</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 84,972	\$ 84,659	\$ 81,940	\$ 81,862	\$ 75,649	\$ 81,924	\$ 81,342	\$ 81,101	\$ 79,059	\$ 75,902
Contributions as a percentage of covered payroll	9.67%	9.17%	8.80%	10.77%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Change from adopted budget to final budget:

Original budget	\$ 214,645,327	
Add: Prior year's encumbrances	<u>898,933</u>	
Adopted budget		\$ 215,544,260
Add supplemental appropriations:		
Salaries		15,450
Supplies		4,340
Repairs		<u>5,649</u>
Final budget		<u><u>\$ 215,569,699</u></u>

§1318 of real property tax law limit calculation:

2023-2024 voter-approved budget		<u><u>\$ 222,110,181</u></u>
Maximum allowed (4% of 2023-2024 budget)		<u><u>\$ 8,884,407</u></u>
General Fund fund balance subject to §1318 of real property tax law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 14,300,403	
Unassigned fund balance	<u>8,818,558</u>	\$ 23,118,961
Less:		
Appropriated fund balance	13,551,087	
Encumbrances	<u>749,316</u>	<u>14,300,403</u>
General Fund fund balance subject to §1318 of real property tax law		<u><u>\$ 8,818,558</u></u>
Actual percentage		<u><u>3.97%</u></u>

**OTHER
SUPPLEMENTARY
INFORMATION**

**COMMACK UNION FREE SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023**

Capital assets, net		\$ 141,314,589
Add:		
Deferred charges for advance refunding	\$ 352,909	
Restricted capital cash	29,061,189	
Restricted debt service cash	<u>1,247,173</u>	30,661,271
Deduct:		
Short-term portion of lease liability	11,201	
Long-term portion of lease liability	13,131	
Short-term portion of bonds payable	8,971,293	
Long-term portion of bonds payable	63,900,313	
Short-term portion of energy performance contract debt payable	2,675,897	
Long-term portion of energy performance contract debt payable	<u>21,304,288</u>	<u>96,876,123</u>
Net investment in capital assets		<u>\$ 75,099,737</u>

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass - Through Grantor/ Cluster Title/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. Department of Education</u>			
<u>Passed Through Programs From:</u>			
New York State Department of Education			
Special Education Cluster:			
IDEA, Part B, Section 611, Special Education Grants to States	84.027A	0032-23-0911	\$ 1,220,133
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-23-0911	<u>68,075</u>
Total Special Education Cluster			<u>1,288,208</u>
Title I			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-23-3100	<u>145,611</u>
Total Title I			<u>145,611</u>
CARES Act, Education Stabilization Fund Cluster:			
CARES Act, ESF, Elementary and Secondary School Emergency Relief 2	84.425D	5891-21-3100	2,161,751
CARES Act, ESF, Governor's Emergency Education Relief Fund	84.425C	5895-21-3100	8,600
CARES Act, ESF, Governor's Emergency Education Relief Fund 2	84.425C	5896-21-3100	737,715
ARP Act, ESF, Elementary and Secondary School Emergency Relief Fund 3	84.425U	5880-21-3100	376,420
ARP Act, ESF, Full Day Universal Pre-K	84.425U	5870-22-9057	<u>577,800</u>
Total CARES Act, Education Stabilization Fund Cluster			<u>3,862,286</u>
Title II			
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-22-3100	145,753
ESEA, Title II, Part A, Improving Teacher Quality State Grants	84.367A	0147-23-3100	<u>29,922</u>
Total Title II			<u>175,675</u>
Title III			
ESEA, Title III, Part A, Language Enhancement and Academic Achievement Act	84.365A	0293-22-3100	10,018
ESEA, Title III, Part A, Language Enhancement and Academic Achievement Act	84.365A	0293-23-3100	<u>827</u>
Total Title III			<u>10,845</u>
Title IV			
ESEA, Title IV, Part A, Student Support and Academic Enrichment Program	84.424A	0204-23-3100	<u>13,200</u>
Total Title IV			<u>13,200</u>
Total U.S. Department of Education			<u><u>5,495,825</u></u>
<u>U.S. Department of Agriculture</u>			
<u>Passed Through Programs From:</u>			
New York State Office of General Services			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	60
National School Lunch Program	10.555	N/A	705,763
P-EBT Grant	10.649	N/A	5,024
Summer Food Service Program	10.565	N/A	<u>148,669</u>
Total Child Nutrition Cluster			<u>859,516</u>
Total U.S. Department of Agriculture			<u>859,516</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 6,355,341</u></u>

The accompanying notes should be read
in conjunction with this schedule.

**COMMACK UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Commack Union Free School District (the "District") under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

2. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

Non-monetary assistance is reported in the schedule at the fair market value of commodities received, which is provided by New York State.

3. INDIRECT COSTS

The Commack Union Free School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. SUBRECIPIENTS

No amounts were provided to subrecipients.

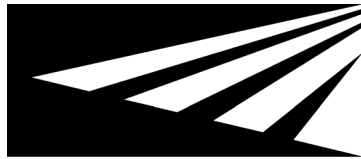
5. OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

6. MAJOR PROGRAM DETERMINATION

The District was deemed to be a "low-risk auditee", therefore, major programs were determined based on 20% of total federal award expenditures.



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CERTIFIED PUBLIC ACCOUNTANTS

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 of the
Commack Union Free School District
Towns of Huntington and Smithtown, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund and the Fiduciary Funds of the Commack Union Free School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 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.

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Report on Compliance and Other Matters

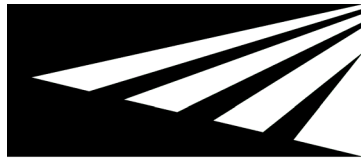
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

Hauppauge, New York
October 17, 2023

A handwritten signature in black ink that reads "Nawrocki Smith LLP". The signature is written in a cursive, flowing style.



NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of the
Commack Union Free School District
Towns of Huntington and Smithtown, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Commack Union Free School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hauppauge, New York
October 17, 2023

Nawrocki Smith LLP

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies or material weaknesses were reported during the audit of the financial statements.
3. No instances of noncompliance were disclosed during the audit of the financial statements.
4. No significant deficiencies or material weaknesses were reported during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion.
6. No audit findings relative to the major federal award programs that are required to be reported in accordance with section 2 CFR 200.516 (a) of the Uniform Guidance, were disclosed during the audit.
7. The programs tested as a major program included:

CFDA Number

Name of Federal Program

U.S. Department of Education

Special Education Cluster

84.027A

IDEA, Part B, Section 611, Special Education Grants to States

84.173A

IDEA, Part B, Section 619, Special Education Preschool Grants

Education Stabilization Fund

84.425C

ESF, Governor's Emergency Education Relief Fund

84.425C

ESF, Governor's Emergency Education Relief Fund 2

84.425D

ESF, Elementary and Secondary School Emergency Relief 2

84.425U

ESF, Elementary and Secondary School Emergency Relief Fund 3

84.425U

ESF, Full Day Universal Pre-K

8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Auditee was determined to be a low-risk auditee.

2. Findings - Financial Statement Audit

None reported.

3. Findings And Questioned Costs - Major Federal Award Program Audit

None reported.

**COMMACK UNION FREE SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Findings - Financial Statement Audit

None reported.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

**COMMACK UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

CURRENT YEAR FINDINGS AND RECOMMENDATIONS:

1. Financial reporting timetable

In connection with the fiscal year-end audit, numerous adjusting entries were required to be made by the District to the books and records to correctly state the governmental funds trial balances to enable us to perform audit procedures.

We recommend that efforts be made to ensure all requisite adjustments are recorded throughout the course of the year. In this manner, interim financial information may be more accurate and the year-end reporting process may be more streamlined.

2. Capitalization policy

During the current year's audit, we noted that the District does not have a formal capitalization policy for right-to-use assets and subscription-based information technology arrangements. The absence of a formal policy may increase the risk that an inconsistent approach to capitalizing assets may occur.

We recommend that the District develop a formal capitalization policy for right-to-use assets and subscription-based information technology arrangements. In this manner, financial reporting of right-to-use assets and subscription-based information technology arrangements may be enhanced.

STATUS OF PRIOR YEAR RECOMMENDATIONS:

None noted