



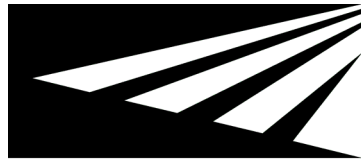
**DEER PARK UNION FREE SCHOOL DISTRICT
TOWN OF BABYLON, NEW YORK**

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

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

**DEER PARK UNION FREE SCHOOL DISTRICT
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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Deer Park Union Free School District
Town of Babylon, 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 Deer Park 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 Deer Park Union Free School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Deer Park 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.

Change in Accounting Principle

As described in Note 3 to the financial statements, in fiscal 2023 the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The effect of GASB Statement No. 96 did not require a restatement to the financial statements and was handled prospectively. Our opinion is not modified with respect to this matter.

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 54-57, 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.

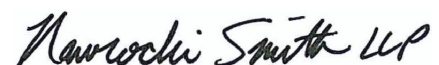
Supplementary Information

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

Hauppauge, New York
October 16, 2023



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

The following is a discussion and analysis of the Deer Park 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 investment in capital assets, net of related debt, increased \$4,181,209 due to the District making improvements to its' buildings and upgrading their equipment and instructional technology, offset by depreciation charges.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$123,270,323. Of this amount, \$8,355,800 was offset by program charges for services and operating grants. General revenues of \$127,543,926 amount to 94% of total revenues.
- Total governmental fund's assets exceeded liabilities and deferred inflows of resources by \$36,627,228 (see pages 18 and 20).

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 District's 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.

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 supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

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

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

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.

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

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, one needs 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 governmental funds 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 governmental funds 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.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's net position increased by \$12,629,403 from the year before to a net deficit position of \$153,108,915, as detailed in Tables A-2 and A-3.

The restricted net position balance of \$18,073,298 represents the District's reserves for employee benefit accrued liabilities, unemployment insurance, retirement contributions, tax reductions, workers' compensation, scholarships and extraclassroom activities. These assets 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 position of \$193,420,185. This deficit is driven by the District's required recognition of its obligation to post-employment benefits which currently totals \$176,248,175.

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

	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets	\$ 18,640,152	\$ 20,230,830	\$ 1,590,678	8.5
Other assets	71,200,817	24,862,437	(46,338,380)	(65.1)
Capital assets, net	<u>35,911,935</u>	<u>41,017,819</u>	<u>5,105,884</u>	14.2
Total assets	<u>\$ 125,752,904</u>	<u>\$ 86,111,086</u>	<u>\$ (39,641,818)</u>	(31.5)
Deferred outflows of resources	<u>\$ 36,844,154</u>	<u>\$ 43,641,488</u>	<u>\$ 6,797,334</u>	18.4
Current liabilities	\$ 9,585,680	\$ 10,735,856	\$ 1,150,176	12.0
Noncurrent liabilities	<u>185,527,284</u>	<u>218,757,695</u>	<u>33,230,411</u>	17.9
Total liabilities	<u>\$ 195,112,964</u>	<u>\$ 229,493,551</u>	<u>\$ 34,380,587</u>	17.6
Deferred inflows of resources	<u>\$ 133,222,412</u>	<u>\$ 53,367,938</u>	<u>\$ (79,854,474)</u>	(59.9)
Net position:				
Net investment in capital assets	\$ 18,056,763	\$ 22,237,972	\$ 4,181,209	23.2
Restricted	15,234,592	18,073,298	2,838,706	18.6
Unrestricted (deficit)	<u>(199,029,673)</u>	<u>(193,420,185)</u>	<u>5,609,488</u>	2.8
Total net position	<u>\$ (165,738,318)</u>	<u>\$ (153,108,915)</u>	<u>\$ 12,629,403</u>	7.6

As of June 30, 2022, the District had positive working capital of \$9,494,974 as compared to \$9,054,472 as of June 30, 2022. The increase is primarily due to an increase in unrestricted cash.

Other assets decreased \$46,338,380 primarily due to the District's proportionate share of pension assets becoming pension liabilities after the recent valuation performed during the fiscal year. Noncurrent liabilities increased \$33,230,411 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 during the fiscal year.

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

Changes in Net Position

The District's fiscal year 2023 revenues totaled \$135,899,727 (See Table A-3). Property taxes, other tax items and State sources accounted for most of the District's revenue by contributing 52 cents, 9 cents and 29 cents, respectively, of every dollar raised (See Table A-4). The remainder came from fees charged for services, operating grants, sale of property and compensation for loss, use of money and property, and other miscellaneous sources.

- Real property tax revenue increased \$1,793,600 as a result of a budgeted increase in the levy for fiscal 2022-23.
- State sources increased \$5,740,281 as a result of the District receiving more in general and lottery aid.
- Instruction expenses increased \$14,962,483 as a result of the net change in the District's share of pension liabilities.

The District's fiscal year 2023 expenses totaled \$123,270,324 (See Table A-3) on the full accrual basis of accounting. These expenses (91%) 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>6/30/2022</u>	<u>6/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program revenues:				
Charges for services	\$ 697,030	\$ 1,074,594	\$ 377,564	54.2
Operating grants	6,716,122	7,281,207	565,085	8.4
General revenues:				
Real property taxes	68,981,234	70,774,834	1,793,600	2.6
Other tax items	12,042,427	12,537,065	494,638	4.1
Use of money and property	356,362	868,876	512,514	143.8
Sale of property and compensation for loss	76,314	92,569	16,255	21.3
State sources	33,308,494	39,048,775	5,740,281	17.2
Federal sources - Medicaid	132,189	143,871	11,682	8.8
Miscellaneous	3,675,280	4,077,936	402,656	11.0
Total revenues	<u>125,985,452</u>	<u>135,899,727</u>	<u>9,914,275</u>	7.9
Expenses				
General support	12,918,683	14,705,235	1,786,552	13.8
Instruction	82,754,376	97,716,859	14,962,483	18.1
Pupil transportation	6,593,957	8,015,819	1,421,862	21.6
Debt service - interest	815,541	1,378,456	562,915	69.0
School lunch program	1,674,783	1,453,955	(220,828)	(13.2)
Total expenses	<u>104,757,340</u>	<u>123,270,324</u>	<u>18,512,984</u>	17.7
Change in net position	21,228,112	12,629,403	(8,598,709)	(40.5)
Net position (deficit), beginning of year	<u>(186,966,430)</u>	<u>(165,738,318)</u>	<u>21,228,112</u>	11.4
Net position (deficit), end of year	<u>\$ (165,738,318)</u>	<u>\$ (153,108,915)</u>	<u>\$ 12,629,403</u>	7.6

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

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

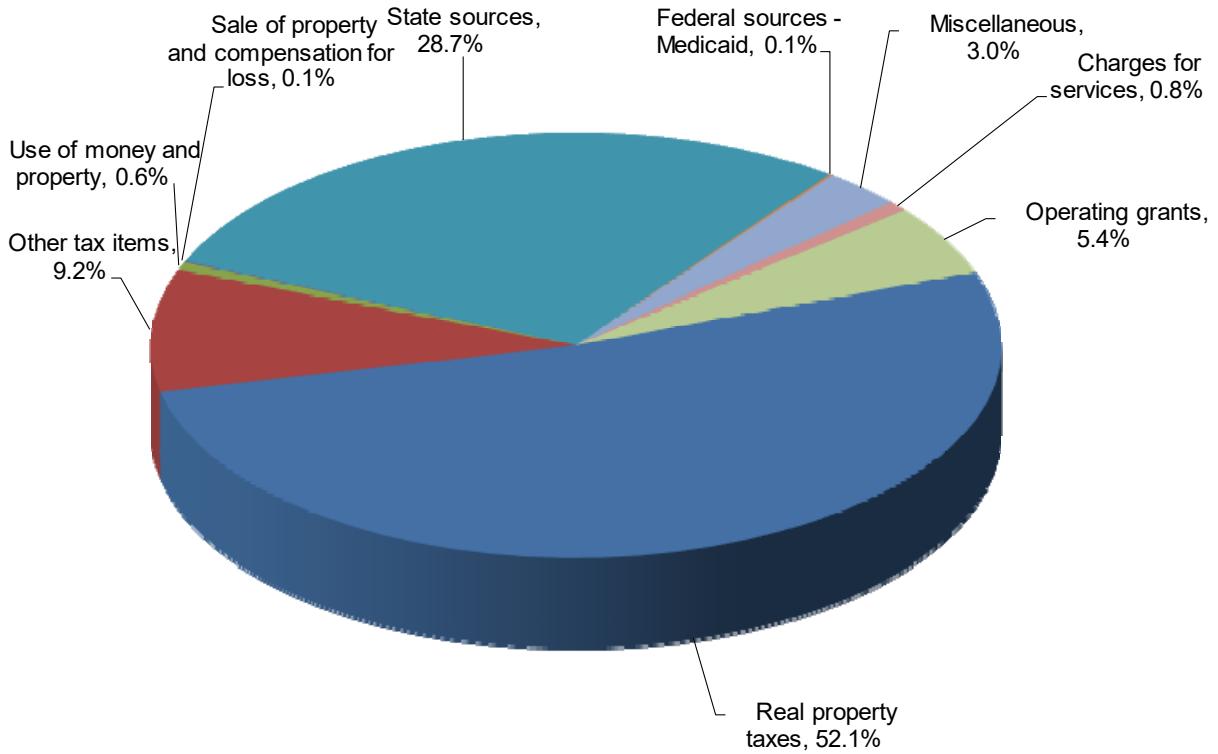
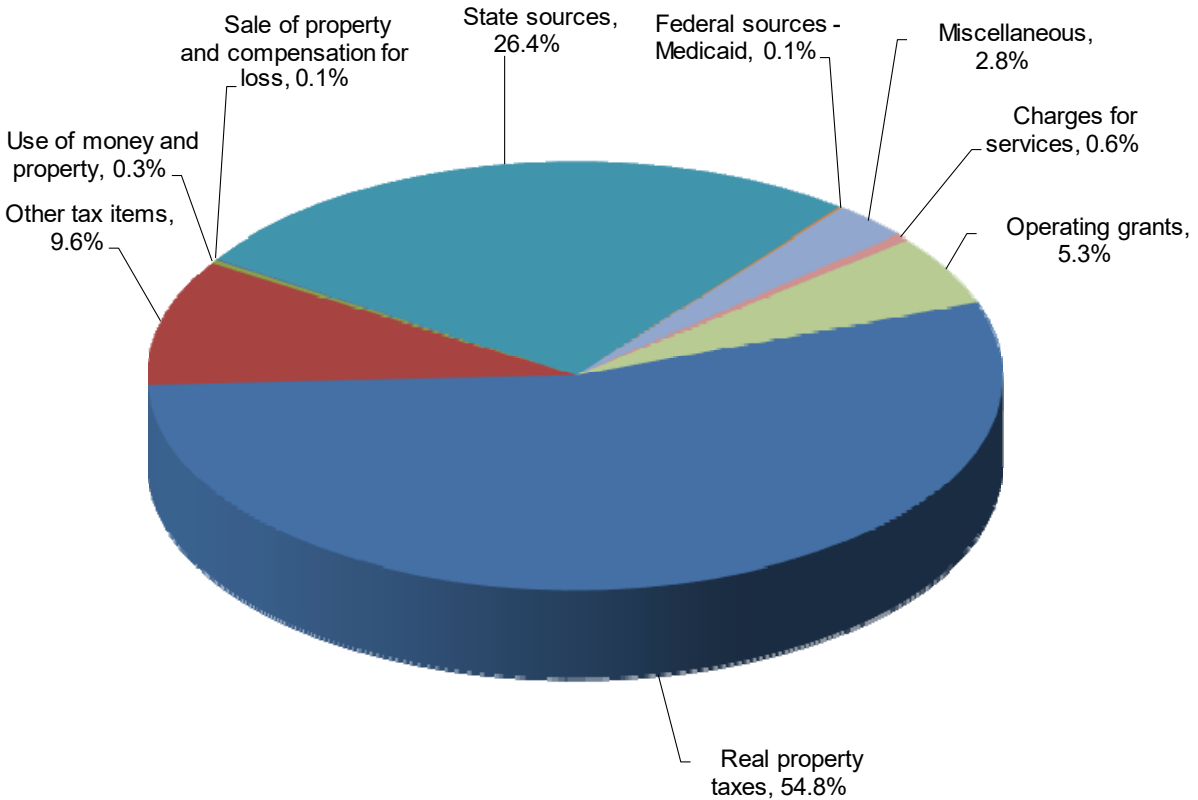


Table A-5: Sources of Revenues for Fiscal Year 2022



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

Table A-6: Expenses for Fiscal Year 2023

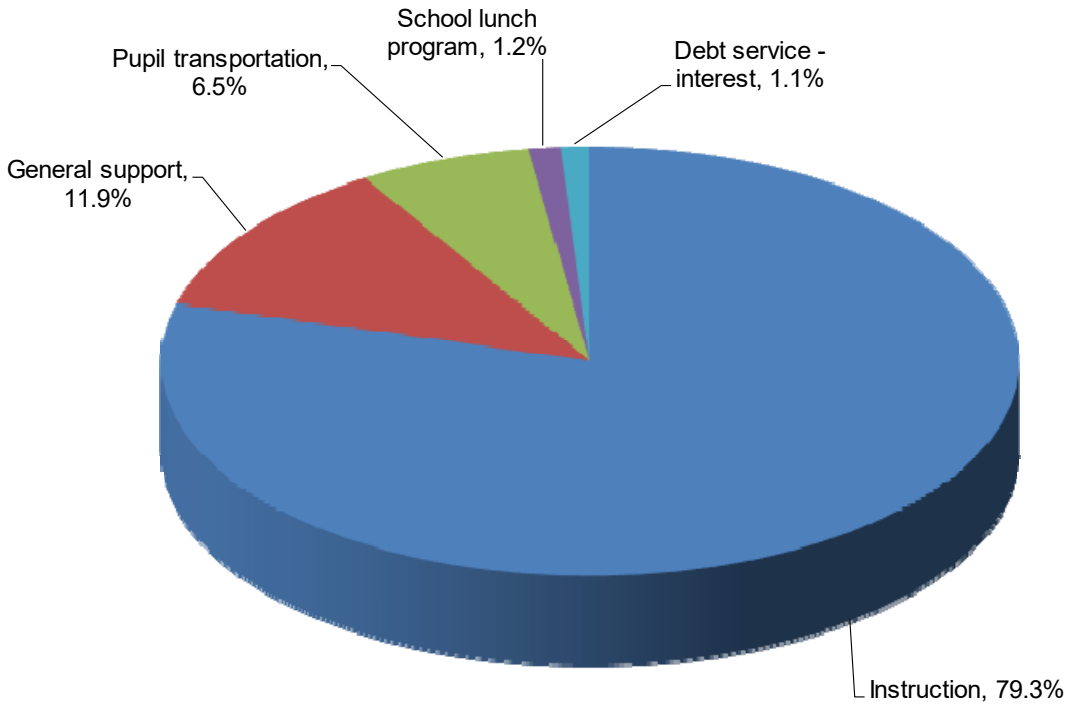
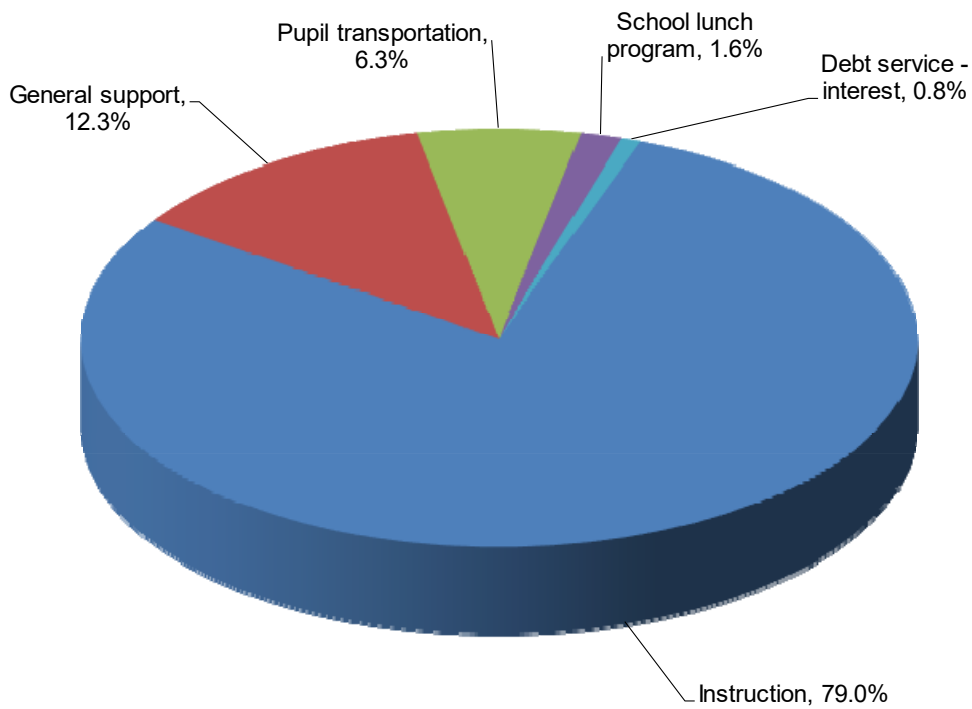


Table A-7: Expenses for Fiscal Year 2022



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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased 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.

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$36,627,228 which is an increase of \$8,332,670 from June 30, 2022.

General Fund

The General Fund reported an increase in fund balance of \$3,606,213 for fiscal 2023, as compared to an increase in fund balance of \$1,465,647 for fiscal 2022. Revenues increased \$9,228,182 mainly as a result of an increase in real property taxes and state sources. Expenditures increased \$7,074,183 due to increases in all categories. Other financing sources (uses) equated to \$120,463, which is a decrease of \$13,433 from the prior year.

Special Aid Fund

Increases in federal and state grant funding caused an increase in revenue in the Special Aid Fund. Revenues increased \$1,217,718. The General Fund transferred \$250,000 to the Special Aid Fund as the required amount to be subsidized for summer school handicap programs. The remaining costs of that program are paid by State aid and are a receivable of the District.

School Lunch Fund

The School Lunch Fund reported an increase in fund balance of \$235,280 for fiscal 2023. Federal sources revenue decreased as a result of less funding related to the conclusion of the free lunch program. Expenses related to food service operations decreased \$220,828 as a result of a decrease in food services costs during the fiscal year.

Capital Projects Fund

The District spent \$3,533,427 on necessary District-wide improvements in fiscal 2022-23. The General Fund transferred \$750,000 to the fund to subsidize those improvements. The District issued installment purchase debt in the amount of \$7,240,056. As a result of the long-term financing, the Capital Projects Fund fund balance ended in a net position of \$5,363,810.

**DEER PARK UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL 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>6/30/2022</u>	<u>6/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
General Fund				
Restricted:				
Employee Benefit Accrued Liability	\$ 3,991,152	\$ 5,204,399	\$ 1,213,247	30.4
Unemployment Insurance	941,991	957,709	15,718	1.7
Retirement Contributions	3,306,437	5,908,185	2,601,748	78.7
Tax Reduction	5,129,090	4,414,674	(714,416)	(13.9)
Workers' Compensation	1,656,152	1,359,066	(297,086)	(17.9)
Assigned:				
Appropriated for subsequent year's expenditures	2,211,284	2,250,000	38,716	1.8
Encumbrances	2,580,409	2,876,787	296,378	11.5
Unassigned	5,102,409	5,554,317	451,908	8.9
Total General Fund	<u>24,918,924</u>	<u>28,525,137</u>	<u>3,606,213</u>	14.5
School Lunch Fund				
Nonspendable:				
Inventory	-	29,756	29,756	100.0
Assigned:				
Food service operations	1,585,748	1,792,332	206,584	13.0
Encumbrances	687,988	686,928	(1,060)	(0.2)
Total School Lunch Fund	<u>2,273,736</u>	<u>2,509,016</u>	<u>235,280</u>	10.3
Other Miscellaneous Special Revenue Fund				
Restricted:				
Scholarships and extraclassroom activities	209,770	229,265	19,495	9.3
Total Other Miscellaneous Special Revenue Fund	<u>209,770</u>	<u>229,265</u>	<u>19,495</u>	9.3
Capital Projects Fund				
Restricted:				
Capital Projects	892,128	5,363,810	4,471,682	501.2
Total Capital Projects Fund	<u>892,128</u>	<u>5,363,810</u>	<u>4,471,682</u>	501.2
	<u>\$ 28,294,558</u>	<u>\$ 36,627,228</u>	<u>\$ 8,332,670</u>	29.4

General Fund Budgetary Highlights

Reference is made to page 54, which presents original and final budget amounts, as well as actual results for the District's General Fund.

- Actual revenues were greater than the final budgeted revenues by \$2,627,634. Other tax items resulted in higher balance related to PILOT amounts.
- Actual expenditures were \$2,879,610 less than budget primarily due to reduced spending and lower than anticipated employee benefit costs.

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

At June 30, 2023, the District's unassigned fund balance was \$5,554,317, which was within the allowable 4% of the subsequent year's budget (\$138,857,904) as promulgated by New York State (see page 58). 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	\$ 5,102,409
Add:	
Prior-year appropriated fund balance	2,211,284
Prior-year encumbrances	2,580,409
Board approved use of Workers' Compensation Reserve	324,721
Board approved transfer from Tax Reduction Reserve	800,000
Net change in fund balance	3,606,213
Less:	
Current-year appropriated fund balance	(2,250,000)
Transfer to Employee Benefit Accrued Liability Reserve (including allocated interest)	(1,213,247)
Transfer to Unemployment Insurance Reserve (including allocated interest)	(15,718)
Transfer to Retirement Contributions Reserve (including allocated interest)	(2,601,748)
Transfer to Workers' Compensation Reserve (including allocated interest)	(27,635)
Transfer to Tax Reduction Reserve (including allocated interest)	(85,584)
Current-year encumbrances	<u>(2,876,787)</u>
 Unassigned fund balance, end of year	 <u><u>\$ 5,554,317</u></u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023, the District had invested \$41,017,819 net of depreciation (Table A-9), in a broad range of capital assets, including school buildings, maintenance facilities, athletic facilities, computer and audio-visual equipment, and administrative offices. See Note 7 in the accompanying notes to the financial statements for more information on capital assets.

	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
Land	\$ 230,750	\$ 230,750	\$ -	0.0
Construction-in-progress	17,598,404	21,005,614	3,407,210	19.4
Land improvements	148,263	131,544	(16,719)	(11.3)
Buildings and building improvements	14,884,260	14,805,009	(79,251)	(0.5)
Furniture and equipment	2,749,490	3,999,183	1,249,693	45.5
Right-to-use lease assets	300,768	722,147	421,379	140.1
Subscription-based IT arrangement assets	-	123,572	123,572	100.0
Totals	<u>\$ 35,911,935</u>	<u>\$ 41,017,819</u>	<u>\$ 5,105,884</u>	14.2

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

Long-Term Liabilities

At year-end, the District had \$207,919,350 in general obligations bonds and other long-term liabilities.

Table A-10: Outstanding Long-Term Liabilities

	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
Bonds payable, net	\$ 14,291,336	\$ 13,230,808	\$ (1,060,528)	(7.4)
Installment purchase debt payable	4,182,926	10,235,885	6,052,959	144.7
Workers' compensation claims payable	1,608,326	1,359,066	(249,260)	(15.5)
Lease liabilities	273,038	669,516	396,478	145.2
Subscription-based IT arrangements liabilities	-	7,448	7,448	100.0
Other post-employment benefits	161,608,212	176,248,175	14,639,963	9.1
Compensated absences	<u>5,693,066</u>	<u>6,168,452</u>	<u>475,386</u>	8.4
Totals	<u>\$187,656,904</u>	<u>\$207,919,350</u>	<u>\$ 20,262,446</u>	10.8

FACTORS BEARING ON THE FUTURE OF DISTRICT

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 health in the future:

- The use of reserves to assist in balancing the budget each year will be more difficult because of the inability to fund them to the extent the District was able to in the past. The "Tax Levy Limitation Law" which was enacted on June 24, 2011 restricts the amount of property taxes that may be levied by or on behalf of a school district in a particular year. Although there are exceptions, exemptions and overrides to the limitation, the Law is expected to make budgetary decision more difficult.
- The General Fund budget for the 2023-2024 school year is impacted by certain trends affecting school districts. These include potential increases in health insurance costs, retirement costs, workers' compensation judgments, and potential unemployment insurance claims, which are beyond the District's control.
- 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.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Deer Park Union Free School District
District Offices
Attn: Assistant Superintendent of Business
1881 Deer Park Avenue
Deer Park, NY 11729
(631) 274-4020

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

ASSETS	
Unrestricted cash	\$ 14,460,708
Receivables:	
State and federal aid	3,734,975
Due from other governments	1,668,954
Other	336,437
Inventories	29,756
Noncurrent assets:	
Restricted cash	24,862,437
Capital assets:	
Non-depreciable/amortizable	21,236,364
Depreciable/amortizable, net	<u>19,781,455</u>
Total assets	<u>86,111,086</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from OPEB	7,885,683
Deferred outflows from pensions	<u>35,755,805</u>
Total deferred outflows of resources	<u>43,641,488</u>
LIABILITIES	
Accounts payable	498,740
Accrued liabilities	731,896
Accrued interest payable	235,381
Due to other governments	107
Due to teachers' retirement system	5,915,307
Due to employees' retirement system	394,512
Compensated absences	64,344
Retainage	223,572
Long-term liabilities, due within one year:	
Lease liabilities	204,411
Subscription-based IT arrangement liabilities	5,956
Bond payable, net	1,060,528
Installment purchase debt payable	1,401,102
Long-term liabilities, due after one year:	
Lease liabilities	465,105
Subscription-based IT arrangement liabilities	1,492
Bond payable, net	12,170,280
Installment purchase debt payable	8,834,783
Workers' compensation claims payable	1,359,066
Compensated absences	6,168,452
Proportionate share of net pension liability	13,510,342
Other postemployment benefits liability	<u>176,248,175</u>
Total liabilities	<u>229,493,551</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pensions	2,714,714
Deferred inflows from OPEB	49,792,091
Deferred inflows from grants received in advance	<u>861,133</u>
Total deferred inflows of resources	<u>53,367,938</u>
NET POSITION	
Net investment in capital assets	22,237,972
Restricted:	
Retirement Contributions	5,908,185
Workers' Compensation	1,359,066
Tax Reduction	4,414,674
Unemployment Insurance	957,709
Employee Benefit Accrued Liability	5,204,399
Scholarships and extraclassroom	229,265
Unrestricted (deficit)	<u>(193,420,185)</u>
Total net position (deficit)	<u>\$ (153,108,915)</u>

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

**DEER PARK 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	\$ 14,705,235	\$ 77,812	\$ 739,494	\$ (13,887,929)
Instruction	97,716,859	517,060	4,913,968	(92,285,831)
Pupil transportation	8,015,819	42,415	403,098	(7,570,306)
Debt service - interest	1,378,456	-	-	(1,378,456)
School lunch program	1,453,955	437,307	1,224,647	207,999
Total functions and programs	<u>\$ 123,270,324</u>	<u>\$ 1,074,594</u>	<u>\$ 7,281,207</u>	<u>(114,914,523)</u>
General revenues:				
Real property taxes				70,774,834
Other tax items				12,537,065
Use of money and property				868,876
Sale of property and compensation for loss				92,569
State sources				39,048,775
Federal sources - medicaid assistance				143,871
Miscellaneous				4,077,936
Total general revenues				<u>127,543,926</u>
Change in net position				12,629,403
Total net position, beginning of year				<u>(165,738,318)</u>
Total net position, end of year				<u>\$ (153,108,915)</u>

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

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

	Special Revenue Funds					Total Governmental Funds
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	
ASSETS						
Unrestricted cash	\$ 11,950,130	\$ -	\$ 2,510,578	\$ -	\$ -	\$ 14,460,708
Receivables:						
State and federal aid	1,305,237	2,352,279	77,459	-	-	3,734,975
Due from other funds	6,913,172	1,277,785	-	-	-	8,190,957
Due from other governments	1,668,954	-	-	-	-	1,668,954
Other	336,437	-	-	-	-	336,437
Inventories	-	-	29,756	-	-	29,756
Restricted cash	17,844,033	1,196,677	-	229,265	5,592,462	24,862,437
Total assets	<u>\$ 40,017,963</u>	<u>\$ 4,826,741</u>	<u>\$ 2,617,793</u>	<u>\$ 229,265</u>	<u>\$ 5,592,462</u>	<u>\$ 53,284,224</u>
LIABILITIES						
Payables:						
Accounts payable	\$ 394,160	\$ -	\$ 104,580	\$ -	\$ -	\$ 498,740
Accrued liabilities	731,896	-	-	-	-	731,896
Due to other governments	-	-	107	-	-	107
Due to other funds	3,992,607	3,965,608	4,090	-	228,652	8,190,957
Due to teachers' retirement system	5,915,307	-	-	-	-	5,915,307
Due to employees' retirement system	394,512	-	-	-	-	394,512
Compensated absences	64,344	-	-	-	-	64,344
Total liabilities	<u>11,492,826</u>	<u>3,965,608</u>	<u>108,777</u>	<u>-</u>	<u>228,652</u>	<u>15,795,863</u>
DEFERRED INFLOWS OF RESOURCES						
Grants received in advance	-	861,133	-	-	-	861,133
Total liabilities and deferred inflows of resources	<u>11,492,826</u>	<u>4,826,741</u>	<u>108,777</u>	<u>-</u>	<u>228,652</u>	<u>16,656,996</u>
FUND BALANCE						
Fund balance:						
Nonspendable	-	-	29,756	-	-	29,756
Restricted	17,844,033	-	-	229,265	5,363,810	23,437,108
Assigned	5,126,787	-	2,479,260	-	-	7,606,047
Unassigned	5,554,317	-	-	-	-	5,554,317
Total fund balance	<u>28,525,137</u>	<u>-</u>	<u>2,509,016</u>	<u>229,265</u>	<u>5,363,810</u>	<u>36,627,228</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 40,017,963</u>	<u>\$ 4,826,741</u>	<u>\$ 2,617,793</u>	<u>\$ 229,265</u>	<u>\$ 5,592,462</u>	<u>\$ 53,284,224</u>

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

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

Total Fund Balance - Governmental Funds		\$ 36,627,228
<p>Amounts reported for governmental activities in the Statement of Net Position are different due to the following:</p>		
<p>Capital assets less accumulated depreciation are included in the Statement of Net Position:</p>		
<p>Capital assets:</p>		
Non-depreciable/amortizable	\$ 21,236,364	
Depreciable/amortizable	83,764,992	
Accumulated depreciation/amortization	<u>(63,983,537)</u>	41,017,819
<p>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:</p>		
Lease liabilities	(669,516)	
Subscription-based IT arrangement liabilities	(7,448)	
Bonds payable, net	(13,230,808)	
Retainage payable	(223,572)	
Installment purchase debt payable	(10,235,885)	
Workers' compensation claims payable	(1,359,066)	
Compensated absences	<u>(6,168,452)</u>	(31,894,747)
<p>Proportionate share of long-term asset (liability), deferred outflows 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:</p>		
Deferred outflows of resources - pension related	35,755,805	
Proportionate share of net pension liability	(13,510,342)	
Deferred inflows of resources - pension related	<u>(2,714,714)</u>	19,530,749
<p>Long-term liability, deferred outflows and deferred inflows of resources associated with OPEB are not current financial resources or obligations and are not reported in the governmental funds:</p>		
Deferred outflows of resources - OPEB related	7,885,683	
Deferred inflows of resources - OPEB related	(49,792,091)	
Total OPEB liability	<u>(176,248,175)</u>	(218,154,583)
<p>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.</p>		
		<u>(235,381)</u>
Net Position - Governmental Activities		<u>\$ (153,108,915)</u>

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

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

	Special Revenue Funds					Total Governmental Funds
	General	Special Aid	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	
REVENUES						
Real property taxes	\$ 70,774,834	\$ -	\$ -	\$ -	\$ -	\$ 70,774,834
Other tax items	12,537,065	-	-	-	-	12,537,065
Charges for services	637,287	-	-	-	-	637,287
Use of money and property	853,823	-	-	-	15,053	868,876
Sale of property and compensation for loss	92,569	-	-	-	-	92,569
State sources	39,048,775	1,546,127	31,134	-	-	40,626,036
Federal sources	509,840	4,144,464	1,193,513	-	-	5,847,817
Sales	-	-	437,307	-	-	437,307
Miscellaneous	3,242,395	7,979	27,281	530,763	-	3,808,418
Total revenues	<u>127,696,588</u>	<u>5,698,570</u>	<u>1,689,235</u>	<u>530,763</u>	<u>15,053</u>	<u>135,630,209</u>
EXPENDITURES						
Current:						
General support	12,168,282	-	-	-	-	12,168,282
Instruction	69,100,238	5,648,808	-	511,268	-	75,260,314
Pupil transportation	6,070,615	299,762	-	-	-	6,370,377
Employee benefits	32,807,059	-	-	-	-	32,807,059
Cost of sales	-	-	1,453,955	-	-	1,453,955
Capital outlay	-	-	-	-	3,533,427	3,533,427
Debt service:						
Principal	2,443,190	-	-	-	-	2,443,190
Interest	1,380,528	-	-	-	-	1,380,528
Total expenditures	<u>123,969,912</u>	<u>5,948,570</u>	<u>1,453,955</u>	<u>511,268</u>	<u>3,533,427</u>	<u>135,417,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,726,676</u>	<u>(250,000)</u>	<u>235,280</u>	<u>19,495</u>	<u>(3,518,374)</u>	<u>213,077</u>
OTHER FINANCING SOURCES (USES)						
Issuance of installment purchase debt	-	-	-	-	7,240,056	7,240,056
Premium on debt issuance	269,518	-	-	-	-	269,518
Proceeds of subscription-based IT arrangements	13,633	-	-	-	-	13,633
Proceeds of lease issuance	596,386	-	-	-	-	596,386
Transfers in	-	250,000	-	-	750,000	1,000,000
Transfers out	(1,000,000)	-	-	-	-	(1,000,000)
Total other financing sources (uses)	<u>(120,463)</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>7,990,056</u>	<u>8,119,593</u>
Change in fund balance	3,606,213	-	235,280	19,495	4,471,682	8,332,670
Fund balance, beginning of year	24,918,924	-	2,273,736	209,770	892,128	28,294,558
Fund balance, end of year	<u>\$ 28,525,137</u>	<u>\$ -</u>	<u>\$ 2,509,016</u>	<u>\$ 229,265</u>	<u>\$ 5,363,810</u>	<u>\$ 36,627,228</u>

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

**DEER PARK 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 \$ 8,332,670

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	\$ 6,338,156	
Depreciation/amortization expense	<u>(1,232,272)</u>	5,105,884

Amortization of bond premium on bond issuances do not affect the governmental funds, but are recorded in the Statement of Activities. 10,528

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	1,050,000	
Issuance of installment purchase debt	(7,240,056)	
Repayment of installment purchase debt payable	1,187,097	
Principal payments on subscription-based IT arrangement liabilities	6,185	
Issuance of subscription-based IT arrangement liabilities	(13,633)	
Principal payments on lease liabilities	199,908	
Issuance of leases	<u>(596,386)</u>	(5,406,885)

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	249,260	
Compensated absences	(475,386)	
Retainage payable	346,239	
Accrued interest costs	<u>(8,456)</u>	111,657

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	(1,760,284)	
Employees' Retirement System	<u>(1,637,468)</u>	(3,397,752)

Changes in the amounts related to the OPEB liability 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. 7,873,301

Net Change in Net Position - Governmental Activities \$ 12,629,403

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

**DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023**

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

**DEER PARK UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Real property taxes collected for the library	\$ 1,000,000
Total additions	1,000,000
DEDUCTIONS	
Real property taxes remitted to the library	1,000,000
Total deductions	1,000,000
Change in net position	-
Net position, beginning of year	-
Net position, end of year	\$ -

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

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

1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

The 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 that 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 County 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.

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

During the year, the District was billed \$10,982,278 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,516,750.

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, 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 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 and depreciation, 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.

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 from State and federal grants that are restricted for specific educational programs.

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

School Lunch Fund: Use to account for child nutrition or other activities whose funds are restricted as to use. Revenue sources include State and federal aid, and user charges for food service.

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, major repair of capital facilities, leasing and other capital assets.

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 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.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including leases liabilities and subscription liabilities, as well as expenditures related to compensated absences, claims and judgements and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use leased assets and subscription assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

E. Property taxes

Real property taxes are levied annually by the Board of Education in October and become a lien on December 1st. Taxes are collected during the period from December 1st to June 30th. Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

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.

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.

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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

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

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 and obligations of the State and its municipalities and school districts.

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. 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 inventory 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 (nonspendable) in the amount of these non-liquid assets (inventories) has been identified as not available for other subsequent expenditures.

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

L. 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.

Debt issuance costs, except any portion related to prepaid insurance costs, should be recognized as an expense in the period incurred on both the District-wide and fund financial statements. On the District-wide financial statements, prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic rational manner over the duration of the related debt.

M. 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.

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	\$ 50,000	Straight line	20-40 years
Land improvements	\$ 25,000	Straight line	20 years
Furniture and equipment	\$ 5,000	Straight line	5-20 years

N. 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 and ancillary charges necessary to place the lease into service, less lease incentives. 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.

O. Subscription assets

The District has recorded subscription-based IT arrangements assets as a result of implementing GASB Statement No. 96. The subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the subscription term. The subscription assets are amortized on a straight-line basis over the life of the related subscription. Subscription assets are included in capital assets on the Statement of Net Position.

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

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 assets 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 assets 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 five items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. 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 (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 third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth 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 fifth item is related to leases which are recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable and are amortized on a straight-line basis over the term of the lease.

R. Unearned revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet, which 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.

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

S. Vested employee benefits - compensated absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation 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 District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

T. Other benefits

District employees participate in the New York State 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.

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.

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.

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

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 and other post-employment benefits 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.

1. The District uses the interest rate charged by the lessor at 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.

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

2. 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. Subscriptions

The District is a subscriber for IT based arrangements. The District recognizes a liability and an intangible subscription asset in the District-wide financial statements.

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

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

1. The District uses the interest rate charged by the subscriber at the discount rate. When the interest rate charged by the subscriber is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
2. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription 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 subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the Statement of Net Position.

Y. 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.

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

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.
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:

Tax Reduction

According to Education Law §1604, permits the District to retain the proceeds from the sale of school district real property that are not needed to pay any debts. The proceeds are used to reduce real property taxes over a period not to exceed ten years. It may be established and expended without voter approval.

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.

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 school 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.

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

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.

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.

3. Committed - Includes amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Education is the decision-making authority that can, by Board resolution, commit fund balance.
4. Assigned - Includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed, except for tax stabilization. The intent can be expressed by the Board or through the Board delegating this responsibility to the District administration through the budgetary process. The classification also includes the remaining positive fund balances for all governmental funds except for the General Fund.
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. The unassigned classification also includes negative residual balances of any other governmental fund that cannot be eliminated by offsetting assigned fund balances.

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

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

	General	School Lunch	Other Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 29,756	\$ -	\$ -	\$ 29,756
Restricted:					
Tax Reduction	4,414,674	-	-	-	4,414,674
Employee Benefit Accrued Liability	5,204,399	-	-	-	5,204,399
Unemployment Insurance	957,709	-	-	-	957,709
Retirement Contributions	5,908,185	-	-	-	5,908,185
Workers' Compensation	1,359,066	-	-	-	1,359,066
Capital Projects	-	-	-	5,363,810	5,363,810
Scholarships and extraclassroom	-	-	229,265	-	229,265
Total restricted	17,844,033	-	229,265	5,363,810	23,437,108
Assigned:					
Appropriated for subsequent year's expenditures	2,250,000	-	-	-	2,250,000
Encumbrances	2,876,787	686,928	-	-	3,563,715
Food Service Operations	-	1,792,332	-	-	1,792,332
Total assigned	5,126,787	2,479,260	-	-	7,606,047
Unassigned	5,554,317	-	-	-	5,554,317
Total	\$ 28,525,137	\$ 2,509,016	\$ 229,265	\$ 5,363,810	\$ 36,627,228

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 either restricted or 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.

Sometimes the District will fund outlays for a particular purpose from both restricted (i.e. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the District-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**DEER PARK 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.

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, right-to-use leased assets and subscription assets in the fund financial statements and depreciation and amortization 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.

**DEER PARK 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 Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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.

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

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

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

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. Generally, all unencumbered appropriations lapse at year-end, except those for capital project funds. Open encumbrances at fiscal year-end are included in restricted or assigned fund balance, as appropriate. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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 purchasing several new pieces of kitchen equipment and making substantial improvements to the school kitchen serving lines in the upcoming year.

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, in the District's name	\$ 37,086,715
Collateralized with securities held by the pledging financial institution's trust department or agent not in the District's name	\$ -

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 \$24,862,437 in 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.

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.

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

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 item.

- 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 receivables

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

General Fund:	
New York State aid - Excess Cost Aid	\$ 1,305,237
Special Aid Fund:	
State and Federal grants	2,352,279
School Lunch Fund:	
School breakfast and lunch reimbursement	<u>77,459</u>
	<u>\$ 3,734,975</u>

B. Due from other governments

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

General Fund:	
BOCES aid	\$ 1,166,610
Foster tuition	456,164
PILOT	<u>46,180</u>
	<u>\$ 1,668,954</u>

The District has deemed the amounts to be fully collectible.

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

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Reductions/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets not depreciated:				
Land	\$ 230,750	\$ -	\$ -	\$ 230,750
Construction-in-progress	17,598,404	3,407,210	-	21,005,614
Total nondepreciable assets	17,829,154	3,407,210	-	21,236,364
Capital assets that are depreciated:				
Land improvements	2,150,534	-	-	2,150,534
Buildings and building improvements	67,316,718	9,500	-	67,326,218
Furniture and equipment	11,007,810	2,111,209	-	13,119,019
Right-to-use lease assets	401,113	665,380	(42,129)	1,024,364
Subscription-based IT arrangement assets	-	144,857	-	144,857
Total depreciable assets	80,876,175	2,930,946	(42,129)	83,764,992
Less accumulated depreciation:				
Land improvements	2,002,271	16,719	-	2,018,990
Buildings and building improvements	52,432,458	88,751	-	52,521,209
Furniture and equipment	8,258,320	861,516	-	9,119,836
Right-to-use lease assets	100,345	244,001	(42,129)	302,217
Subscription-based IT arrangement assets	-	21,285	-	21,285
Total accumulated depreciation	62,793,394	1,232,272	(42,129)	63,983,537
Total capital assets, net	\$ 35,911,935	\$ 5,105,884	\$ -	\$ 41,017,819

Depreciation expense was charged to governmental functions as follows:

General support	\$ 131,660
Instruction	1,025,473
Pupil transportation	75,139
	<u>\$ 1,232,272</u>

8. SHORT-TERM DEBT

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

	Beginning Balance	Issued	Redeemed	Ending Balance
TAN matured on 6/28/23 at 4.00%	\$ -	\$ 20,500,000	\$ 20,500,000	\$ -

Interest on short-term debt for the year was \$420,649.

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

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	\$ 14,165,000	\$ -	\$ 1,050,000	\$ 13,115,000	\$ 1,050,000
Unamortized bond premiums	126,336	-	10,528	115,808	10,528
Total bonds payable, net	14,291,336	-	1,060,528	13,230,808	1,060,528
Installment purchase debt payable	4,182,926	7,240,056	1,187,097	10,235,885	1,401,102
Lease liabilities	273,038	596,386	199,908	669,516	204,411
Subscription-based IT arrangements liabilities	-	13,633	6,185	7,448	5,956
Workers' compensation claims payable	1,608,326	597,509	846,769	1,359,066	-
Other post-employment benefits	161,608,212	19,744,469	5,104,506	176,248,175	-
Compensated absences	5,693,066	475,386	-	6,168,452	64,344
Total long-term liabilities	<u>\$ 187,656,904</u>	<u>\$ 28,667,439</u>	<u>\$ 8,404,993</u>	<u>\$ 207,919,350</u>	<u>\$ 2,736,341</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 these liabilities.

The following is a summary of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 6/30/23
Installment purchase debt	04/19/11	08/15/26	3.24%	\$ 3,019,910
Installment purchase debt	08/23/19	09/15/23	2.215%	182,316
Installment purchase debt	09/23/22	10/30/26	5.87%	98,607
Installment purchase debt	11/15/22	11/15/37	3.75%	6,935,052
Serial bond	08/09/18	08/01/33	2.00-3.00%	13,115,000
				<u>\$ 23,350,885</u>

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

Year Ended June 30,	Installment Purchase Debt		Bonds Payable		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,401,102	\$ 357,667	\$ 1,050,000	\$ 377,700	\$ 3,186,469
2025	1,261,057	311,357	1,075,000	345,825	2,993,239
2026	1,304,816	267,598	1,125,000	312,825	3,010,239
2027	890,335	222,300	1,150,000	278,700	2,541,335
2028	426,645	197,839	1,165,000	243,975	2,033,459
2029-2033	2,388,186	734,237	6,260,000	668,100	10,050,523
2034-2038	2,563,744	246,436	1,290,000	19,350	4,119,530
	<u>\$ 10,235,885</u>	<u>\$ 2,337,434</u>	<u>\$ 13,115,000</u>	<u>\$ 2,246,475</u>	<u>\$ 27,934,794</u>

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

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

Interest paid	\$	959,879
Less interest accrued in the prior year		(226,925)
Less amortization of bond premium		(10,528)
Plus interest accrued in the current year		<u>235,381</u>
Interest expense	\$	<u><u>957,807</u></u>

Lease liabilities

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and therefore, have been recorded at the present value of the future minimum lease payments as of their commencement date.

The first agreement was executed June 1, 2021, to lease an equipment and requires 48 monthly payments of \$286. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.25%, 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 \$6,382 as of June 30, 2023.

The second agreement was executed July 29, 2021, to lease an equipment and requires 48 monthly payments of \$7,662. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.25%, 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 \$178,279 as of June 30, 2023.

The third agreement was executed July 29, 2022, to lease an equipment and requires 60 monthly payments of \$10,524. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.25%, 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 \$484,855 as of June 30, 2023.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 204,411	\$ 17,247	\$ 221,658
2025	210,354	11,018	221,372
2026	120,315	5,968	126,283
2027	123,954	2,329	126,283
2028	10,482	26	10,508
	<u>\$ 669,516</u>	<u>\$ 36,588</u>	<u>\$ 706,104</u>

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

Subscription liabilities

The District has entered into subscription arrangements for certain IT software. The subscription arrangements qualify as other than short-term subscription-based IT arrangements under GASB Statement No. 96 and therefore, have been recorded at the present value of the future minimum subscription payments as of July 1, 2022.

The first subscription was executed July 1, 2022 and requires annual payments of \$6,200. There are no variable payment components of the subscription. The subscription liability is measured at a discount rate of 2.02%, which was the District's borrowing rate at the inception of the subscription arrangement. As a result of the subscription, the District has recorded a subscription liability with a net book value of \$7,448 as of June 30, 2023.

The second subscription was executed December 30, 2022 and was paid in full during the year. The subscription liability was initially measured at a discount rate of 3.14%, which was the District's borrowing rate at the inception of the subscription arrangement.

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 5,956	\$ 244	\$ 6,200
2025	1,492	123	1,615
	<u>\$ 7,448</u>	<u>\$ 367</u>	<u>\$ 7,815</u>

10. PENSION OBLIGATIONS

The District participates in the New York State and Local Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS") (the "Systems").

Plan descriptions and benefits provided

Employees' Retirement System

The New York State and Local Employees' Retirement System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all 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 NYSERS. NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in NYSERS, 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 ("NYSGLIP"), which provides death benefits in the form of life insurance. NYSERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

Teachers' Retirement System

The New York State Teachers' Retirement System is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS is governed by a 10 member Board of Trustees. NYSTRS benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York public schools and BOCES who elected to participate in NYSTRS. Once a public employer elects to participate in NYSTRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding NYSTRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial Report which can be found on the NYSTRS website at www.nystrs.org.

Contributions

The Systems are noncontributory for the employee who joined prior to July 27, 1976 (tiers I and II). For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary (tiers III and IV). For NYSERS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3% of their salary (tier V). For NYSTRS, employees who joined the System between January 1, 2010 and April 1, 2012, are required to contribute 3.5% of their salary (tier V). In addition, employee contribution rates (3% to 6%) under NYSERS and NYSTRS tier VI (those who joined after April 1, 2012) vary based on a sliding salary scale. With the exception of NYSERS and NYSTRS tier V and VI employees, employees in the System more than ten years are no longer required to contribute. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were as follows:

Year	NYSERS		NYSTRS	
	Contribution	Percentage of Covered Payroll	Contribution	Percentage of Covered Payroll
2023	\$ 1,338,093	10.47%	\$ 5,131,178	9.43%
2022	1,808,012	14.51%	4,782,449	8.99%
2021	1,607,965	13.69%	4,455,128	8.73%

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

The net pension liability was measured as of March 31, 2023 for NYSERS and June 30, 2022 for NYSTRS. The total pension liability used to calculate the net pension asset 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 NYSERS and NYSTRS Systems in reports issued to the District.

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

At June 30, 2023, the District reported the following for its proportionate share of the net pension liability for each of the Systems:

	NYSERS	NYSTRS
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 7,838,898	\$ 5,671,444
District's portion of the Plans' total net position liability	0.0365552%	0.2955580%

For the year ended June 30, 2023, the District recognized pension expense of \$2,975,560 for NYSERS and \$7,277,478 for NYSTRS. At June 30, 2023, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources - NYSERS	Deferred Inflows of Resources - NYSERS	Deferred Outflows of Resources - NYSTRS	Deferred Inflows of Resources - NYSTRS
Differences between expected experience and actual experience	\$ 834,904	\$ 220,145	\$ 5,942,955	\$ 113,646
Changes of assumptions	3,807,075	42,075	11,001,642	2,284,618
Net difference between projected and actual earnings on pension plan investments	-	46,053	7,328,043	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	548,187	-	299,999	8,177
Employer contributions made subsequent to the measurement date	394,512	-	5,598,488	-
Total	<u>\$ 5,584,678</u>	<u>\$ 308,273</u>	<u>\$ 30,171,127</u>	<u>\$ 2,406,441</u>

District contributions subsequent to the measurement date will be recognized as a reduction 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:

Year Ended June 30,	NYSERS	NYSTRS
2024	\$ 1,236,081	\$ 4,339,644
2025	(249,921)	2,289,484
2026	1,714,397	(852,085)
2027	2,181,336	14,447,034
2028	-	1,855,119
Thereafter	-	87,002

**DEER PARK 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.

Significant actuarial assumptions used in the valuations were as follows:

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

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. 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.

**DEER PARK 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 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%)
Credit	4.00%	5.43%	-	-
Domestic equities	32.00%	4.30%	33.00%	6.50%
Fixed income	23.00%	1.50%	16.00%	1.10%
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%	-	-
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.

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>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<u>NYSERS</u>	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (18,943,255)	\$ (7,838,898)	\$ 1,440,084

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

<u>NYSTRS</u>	<u>1% Decrease (5.95%)</u>	<u>Current assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (52,293,371)	\$ (5,671,444)	\$ 33,537,291

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 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 wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$394,512.

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 retirement contributions as of June 30, 2023 amounted to \$5,598,488.

11. INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

<u>Fund</u>	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 6,913,172	\$ 3,992,607	\$ -	\$ 1,000,000
Special Aid	1,277,785	3,965,608	250,000	-
School Lunch	-	4,090	-	-
Capital Projects	-	228,652	750,000	-
Totals	<u>\$ 8,190,957</u>	<u>\$ 8,190,957</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

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

Interfund receivables and payables are eliminated on the Statement of Net Position. Amounts owed to the General Fund represent borrowings to pay for expenditures incurred in the Special Aid Fund. Special Aid Fund revenues are mostly reimbursement-type grants. The Capital Projects Fund owes interest and bond premiums to the General Fund to offset future debt service.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. Interfund transfers from the General Fund to the Capital Projects Fund are part of the voter approved budget. Interfund transfers from the General Fund to the Special Aid Fund are for the District's portion of summer school special education programs.

12. 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.

Benefits provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent of 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, 2021, 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	594
Active plan members	<u>391</u>
Total plan members	<u><u>985</u></u>

B. Total OPEB liability

The District's total OPEB liability of \$176,248,175 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

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

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 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	5.1% scaling down to 4.1% over 54 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 GO 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2021.

C. Changes in the total OPEB liability

Balance as of June 30, 2022	<u>\$ 161,608,212</u>
<u>Changes for the year -</u>	
Service cost	5,447,280
Interest	5,824,200
Change in assumptions or other inputs	8,472,989
Benefit payments	<u>(5,104,506)</u>
Net changes	<u>14,639,963</u>
Balance as of June 30, 2023	<u><u>\$ 176,248,175</u></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	\$205,311,417	\$176,248,175	\$152,770,369

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

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 (4.1%) or one percentage point higher (6.1%) than the current discount rate:

	1% Decrease (4.10% decreasing to 3.10%)	Current assumption (5.10% decreasing to 4.10%)	1% Increase (6.10% decreasing to 5.10%)
Total OPEB liability as of June 30, 2023	\$147,180,429	\$176,248,175	\$213,718,264

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 \$2,768,795. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Demographic gains or losses	\$ 234,880	\$ 15,385,193
Changes of assumptions	7,650,803	34,406,898
Total	\$ 7,885,683	\$ 49,792,091

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

<u>Year Ended June 30,</u>	
2024	\$ (14,040,275)
2025	(12,423,304)
2026	(8,965,909)
2027	(6,956,524)
2028	479,604

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

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

The District participates in the Suffolk County Schools Cooperative Self-Insurance Plan, a risk-retained pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$1,359,066.

14. 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, 2023, 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.

Service concession arrangements

In accordance with GASB Pronouncements, the District is required to recognize a liability for certain obligations to sacrifice financial resources (i.e. capital improvements) under the terms of a service concession arrangement or, a deferred inflow of resources for up-front or installment payments received from the operator in advance of the revenue being earned. The District did not have any service concession arrangements for the fiscal year ended June 30, 2023, and accordingly, no liability or deferred inflow of resources was reflected on the District's financial statements.

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.

15. TAX ABATEMENTS

The Town of Babylon Industrial Development Agency ("IDA"), enters into various property tax abatement programs for the purpose of economic development. The District receives Payment in Lieu of Tax (PILOT) payments to compensate the District for any tax reductions from these tax abatement programs.

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

16. 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

17. SUBSEQUENT EVENTS

The District has evaluated subsequent events occurring after the Statement of Net Position through the date of October 16, 2023 which is the date the financial statements were available to be issued, noting no matters requiring further consideration.

**DEER PARK 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**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Year-end Encumbrances</u>	<u>Variance</u>
REVENUES					
Local sources:					
Real property taxes	\$ 70,639,650	\$ 70,774,816	\$ 70,774,834		\$ 18
Other tax items	11,557,618	11,422,452	12,537,065		1,114,613
Charges for services	670,000	670,000	637,287		(32,713)
Use of money and property	359,638	359,638	853,823		494,185
Sale of property and compensation for loss	100	100	92,569		92,469
Miscellaneous	<u>2,855,000</u>	<u>2,855,000</u>	<u>3,242,395</u>		<u>387,395</u>
Total local sources	86,082,006	86,082,006	88,137,973		2,055,967
State sources	38,891,948	38,891,948	39,048,775		156,827
Federal sources	<u>95,000</u>	<u>95,000</u>	<u>509,840</u>		<u>414,840</u>
Total revenues	125,068,954	125,068,954	127,696,588		2,627,634
OTHER FINANCING SOURCES					
Premium on bond issuance	280,000	280,000	269,518		(10,482)
Issuance of leases	-	-	596,386		596,386
Issuance of subscription-based IT arrangements	-	-	13,633		13,633
Prior year encumbrances	2,580,409	2,580,409	-		N/A
Appropriated reserves	<u>2,211,284</u>	<u>2,796,946</u>	<u>-</u>		<u>N/A</u>
Total revenues and other financing sources	<u>130,140,647</u>	<u>130,726,309</u>	<u>128,576,125</u>		<u>\$ 3,227,171</u>
EXPENDITURES					
General support:					
Board of Education	91,279	89,280	76,011	\$ 3,237	\$ 10,032
Central administration	362,149	378,849	375,020	249	3,580
Finance	1,402,900	1,308,352	1,247,172	23,126	38,054
Staff	608,833	718,812	640,334	72,097	6,381
Central services	9,328,281	9,615,090	8,624,867	755,240	234,983
Special items	<u>1,150,092</u>	<u>1,272,127</u>	<u>1,204,878</u>	<u>690</u>	<u>66,559</u>
Total general support	<u>12,943,534</u>	<u>13,382,510</u>	<u>12,168,282</u>	<u>854,639</u>	<u>359,589</u>
Instruction:					
Instruction, administration and improvement	5,494,437	5,566,189	5,489,991	19,545	56,653
Teaching - regular school	34,409,810	34,451,104	33,465,583	337,932	647,589
Programs for children with handicapping conditions	19,263,294	19,217,971	17,968,469	1,160,730	88,772
Teaching - special school	155,353	148,000	115,190	30,000	2,810
Instructional media	3,705,513	4,671,417	4,372,313	269,229	29,875
Pupil services	<u>7,926,254</u>	<u>8,176,350</u>	<u>7,688,692</u>	<u>56,659</u>	<u>430,999</u>
Total instruction	<u>70,954,661</u>	<u>72,231,031</u>	<u>69,100,238</u>	<u>1,874,095</u>	<u>1,256,698</u>
Pupil transportation	5,996,713	6,368,304	6,070,615	124,963	172,726
Employee benefits	35,344,626	34,028,414	32,807,059	4,853	1,216,502
Debt service:					
Principal	2,631,700	2,512,831	2,443,190	18,237	51,404
Interest	<u>1,269,413</u>	<u>1,203,219</u>	<u>1,380,528</u>	<u>-</u>	<u>(177,309)</u>
Total expenditures	<u>129,140,647</u>	<u>129,726,309</u>	<u>123,969,912</u>	<u>2,876,787</u>	<u>2,879,610</u>
OTHER FINANCING USES					
Interfund transfers out	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing uses	<u>130,140,647</u>	<u>130,726,309</u>	<u>124,969,912</u>	<u>\$ 2,876,787</u>	<u>\$ 2,879,610</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,606,213		
Fund balance, beginning of year			<u>24,918,924</u>		
Fund balance, end of year			<u>\$ 28,525,137</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

**DEER PARK 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	\$ 5,447,280	\$ 7,786,040	\$ 7,824,977	\$ 7,825,926	\$ 8,827,845	\$ 8,570,723
Interest	5,824,200	4,780,639	4,690,533	7,589,747	6,753,906	6,447,605
Changes in benefit terms	-	-	-	(8,538)	-	-
Differences between expected and actual experience	-	(23,395,521)	-	729,368	-	(228,370)
Changes in assumptions or other inputs	8,472,989	(38,629,695)	1,747,102	(15,523,524)	(17,760,967)	-
Benefit payments	<u>(5,104,506)</u>	<u>(4,919,909)</u>	<u>(5,355,263)</u>	<u>(5,071,699)</u>	<u>(5,132,273)</u>	<u>(4,546,148)</u>
Net change in total OPEB liability	14,639,963	(54,378,446)	8,907,349	(4,458,720)	(7,311,489)	10,243,810
Total OPEB liability - beginning of year	<u>161,608,212</u>	<u>215,986,658</u>	<u>207,079,309</u>	<u>211,538,029</u>	<u>218,849,518</u>	<u>208,605,708</u>
Total OPEB liability - end of year	<u>\$ 176,248,175</u>	<u>\$ 161,608,212</u>	<u>\$ 215,986,658</u>	<u>\$ 207,079,309</u>	<u>\$ 211,538,029</u>	<u>\$ 218,849,518</u>
Covered payroll	\$ 39,000,486	\$ 39,000,486	\$ 37,791,911	\$ 37,791,911	\$ 52,468,704	\$ 52,468,704
Total OPEB liability as a percentage of covered payroll	451.91%	414.37%	571.52%	547.95%	403.17%	417.10%
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 meets 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.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NYSERS										
District's proportionate share of the net pension asset/(liability)	0.03656%	0.03449%	0.03365%	0.03341%	0.03306%	0.03320%	0.03309%	0.34160%	0.33999%	0.33999%
District's proportionate share of the net pension asset/(liability)	\$ (7,839)	\$ 2,820	\$ (34)	\$ (8,846)	\$ (2,342)	\$ (1,072)	\$ (3,109)	\$ (5,483)	\$ (1,149)	\$ (1,536)
District's covered payroll	\$ 12,637	\$ 12,286	\$ 11,653	\$ 11,583	\$ 9,957	\$ 10,197	\$ 9,801	\$ 9,574	\$ 9,450	\$ 9,427
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	62.03%	22.95%	0.29%	76.37%	23.52%	10.51%	31.72%	57.27%	12.16%	16.29%
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%	97.20%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	7.50%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NYSTRS										
District's proportionate share of the net pension asset/(liability)	0.29556%	0.29566%	0.29625%	0.29809%	0.30365%	0.30365%	0.30662%	0.30253%	0.30687%	0.30582%
District's proportionate share of the net pension asset/(liability)	\$ (5,671)	\$ 51,235	\$ (8,186)	\$ 7,744	\$ 5,470	\$ 2,308	\$ (3,284)	\$ 31,424	\$ 34,184	\$ 2,013
District's covered payroll	\$ 53,163	\$ 51,005	\$ 51,205	\$ 50,558	\$ 50,026	\$ 53,532	\$ 60,079	\$ 42,020	\$ 33,088	\$ 41,674
District's proportionate share of the net pension asset/(liability) as a percentage of covered payroll	10.67%	100.45%	15.99%	15.32%	10.93%	4.31%	5.47%	74.78%	103.31%	4.83%
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%	100.70%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%

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

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS - NYSERS & NTSTRS
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>
NYSERS										
Contractually required contribution	\$ 1,338	\$ 1,808	\$ 1,608	\$ 1,502	\$ 1,409	\$ 1,433	\$ 1,455	\$ 1,673	\$ 1,827	\$ 2,033
Contributions in relation to the contractually required contribution	<u>1,338</u>	<u>1,808</u>	<u>1,608</u>	<u>1,502</u>	<u>1,409</u>	<u>1,433</u>	<u>1,455</u>	<u>1,673</u>	<u>1,827</u>	<u>2,033</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,782	\$ 12,463	\$ 11,745	\$ 11,905	\$ 10,853	\$ 10,321	\$ 9,801	\$ 9,574	\$ 9,450	\$ 9,427
Contributions as a percentage of covered payroll	10.47%	14.51%	13.69%	12.61%	12.99%	13.89%	14.85%	17.47%	19.33%	21.57%
NYSTRS										
Contractually required contribution	\$ 5,131	\$ 4,782	\$ 4,455	\$ 5,284	\$ 4,829	\$ 5,640	\$ 6,274	\$ 7,966	\$ 7,366	\$ 5,377
Contributions in relation to the contractually required contribution	<u>5,131</u>	<u>4,782</u>	<u>4,455</u>	<u>5,284</u>	<u>4,829</u>	<u>5,640</u>	<u>6,274</u>	<u>7,966</u>	<u>7,366</u>	<u>5,377</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-employee payroll	\$ 54,407	\$ 53,163	\$ 51,005	\$ 51,205	\$ 50,558	\$ 50,026	\$ 53,532	\$ 60,079	\$ 42,020	\$ 33,088
Contributions as a percentage of covered-employee payroll	9.43%	8.99%	8.73%	10.32%	9.55%	11.27%	11.72%	13.26%	17.53%	16.25%

**DEER PARK 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 revised budget:

Adopted budget		\$ 127,560,238
Add:		
Prior year's encumbrances		<u>2,580,409</u>
Original budget		130,140,647
Budget revisions		<u>585,662</u>
Final budget		<u><u>\$ 130,726,309</u></u>

§ 1318 of the real property tax law limit calculation:

2023-2024 voter-approved expenditure budget		<u><u>\$ 138,857,904</u></u>
Maximum allowed (4% of 2023-2024 budget)		<u><u>\$ 5,554,316</u></u>

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

Unrestricted fund balance:		
Assigned fund balance	\$ 5,126,787	
Unassigned fund balance	<u>5,554,317</u>	\$ 10,681,104
Less:		
Appropriated fund balance	2,250,000	
Encumbrances	<u>2,876,787</u>	<u>5,126,787</u>
Fund Balance Subject to § 1318 of Real Property Tax Law		<u><u>\$ 5,554,317</u></u>
Actual percentage		<u><u>4.00%</u></u>

**OTHER
SUPPLEMENTARY
INFORMATION**

**DEER PARK UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING SOURCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023**

Project Title	Expenditures					Methods of Financing					Fund Balance June 30, 2023
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	
Additional Roof Repairs	\$ 90,000	\$ 358,599	\$ 347,886	\$ -	\$ 347,886	\$ 10,713	\$ -	\$ -	\$ 358,599	\$ 358,599	\$ 10,713
Capital Project/Rescue	159,882	181,468	75,813	-	75,813	105,655	-	-	181,468	181,468	105,655
Facilities Inspection	46,736	90,233	84,945	-	84,945	5,288	-	-	90,233	90,233	5,288
JFK Asbestos Abatement	103,838	117,251	116,613	-	116,613	638	-	-	123,596	123,596	6,983
May Moore Asbestos Abatement	1,034	164,000	-	160,736	160,736	3,264	-	-	160,736	160,736	-
High School Asbestos Abatement	96,475	92,894	91,414	-	91,414	1,480	-	-	92,894	92,894	1,480
JQA Asbestos Abatement	903	154,039	-	148,888	148,888	5,151	-	-	148,888	148,888	-
High School Improvements	1,224,097	1,264,547	1,228,037	14,177	1,242,214	22,333	-	-	1,264,547	1,264,547	22,333
JFK Awning	-	135,838	142,596	-	142,596	(6,758)	6,758	-	135,838	142,596	-
JFK Electric	-	139,867	5,194	38,150	43,344	96,523	-	-	141,754	141,754	98,410
High School Asbestos Removal and Flooring	70,089	99,000	-	28,026	28,026	70,974	-	-	28,026	28,026	-
High School Auditorium Stage Lighting	83,840	92,974	10,092	23,745	33,837	59,137	-	-	47,345	47,345	13,508
Energy Conservation Project	-	7,113,839	-	2,993,488	2,993,488	4,120,351	7,122,135	-	-	7,122,135	4,128,647
Buses	-	126,217	-	126,217	126,217	-	126,217	-	-	126,217	-
Unallocated Funds	1,547,649	1,002,681	-	-	-	1,002,681	-	-	970,793	970,793	970,793
Undesignated Projects	46,897	46,897	-	-	-	46,897	-	-	-	-	-
Totals	\$ 3,471,440	\$ 11,180,344	\$ 2,102,590	\$ 3,533,427	\$ 5,636,017	\$ 5,544,327	\$ 7,255,110	\$ -	\$ 3,744,717	\$ 10,999,827	\$ 5,363,810

**OTHER
SUPPLEMENTARY
INFORMATION**

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

Capital assets, net		\$ 41,017,819
Add:		
Unspent bond proceeds		5,363,810
Deduct:		
Short-term portion of lease liabilities	\$ 204,411	
Long-term portion of lease liabilities	465,105	
Short-term portion of subscription-based IT arrangement liabilities	5,956	
Long-term portion of subscription-based IT arrangement liabilities	1,492	
Short-term portion of bond payable, net	1,060,528	
Long-term portion of bond payable, net	12,170,280	
Short-term portion of installment purchase debt payable	1,401,102	
Long-term portion of installment purchase debt payable	<u>8,834,783</u>	<u>24,143,657</u>
Net investment in capital assets		<u><u>\$ 22,237,972</u></u>

**DEER PARK 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	0032-23-0876	\$ 908,188
American Rescue Plan - IDEA, Part B, Section 611, Special Education Grants to States	84.027X	5532-22-0876	113,383
IDEA, Part B, Section 619, Special Education Preschool Grants	84.173A	0033-23-0876	46,763
American Rescue Plan - IDEA, Part B, Section 619, Special Education Preschool Grants	84.173X	5533-22-0876	<u>20,707</u>
Total Special Education Cluster			<u>1,089,041</u>
Title I, Part A, Cluster:			
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-22-2950	37,370
ESEA, Title I, Part A, Grants to Local Educational Agencies	84.010A	0021-23-2950	<u>397,619</u>
Total Title I, Part A, Cluster			<u>434,989</u>
Education Stabilization Funds:			
ESF, Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-2950	1,186,731
ESF, Governor's Emergency Education Relief Fund	84.425C	5896-21-2950	162,973
ESF, Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-2950	739,594
ESF, ESSER - Comprehensive After School	84.425U	5883-21-2950	74,537
ESF, ESSER - Summer Learning and Enrichment	84.425U	5882-21-2950	144,055
ESF, ESSER - Learning Loss	84.425U	5883-21-2950	413,691
ESF, ESSER - Homeless Children	84.425U	5882-21-2950	<u>810</u>
Total Education Stabilization Funds			<u>2,722,391</u>
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-22-1535	19,554
ESEA, Title IV, Part A, Student Support and Academic Enrichment	84.424A	0204-23-1535	<u>32,843</u>
Total Title IV			<u>52,397</u>
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-22-2950	29,724
ESEA, Title III, Part A, English Language Acquisition Grants	84.365A	0293-23-2950	<u>15,458</u>
Total Title III			<u>45,182</u>
ESEA, Title II, Part A, Training	84.367A	0147-22-2950	48,899
ESEA, Title II, Part A, Training	84.367A	0147-23-2950	<u>60,997</u>
Total Title II			<u>109,896</u>
Total U.S. Department of Education			<u>4,453,896</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	155,502
Supply Chain Assistance	10.555	N/A	117,251
National School Lunch Program	10.555	N/A	<u>920,760</u>
Total U.S. Department of Agriculture			<u>1,193,513</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 5,647,409</u>

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

DEER PARK 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 Deer Park 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 requirement 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 or changes in net position 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 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.

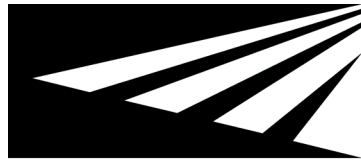
5. Other Disclosures

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
Deer Park Union Free School District
Town of Babylon, 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 Deer Park Union Free School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated October 16, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance And Other Matters

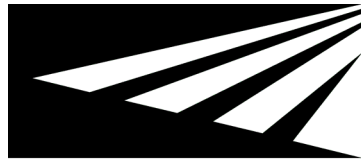
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as item 2023-001.

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 16, 2023

Nawrocki Smith LLP



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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
Deer Park Union Free School District
Town of Babylon, New York:

Report on Compliance For Each Major Federal Program

Opinion of Each Major Federal Program

We have audited the Deer Park Union Free School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on 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 compiled, 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 16, 2023

Nawrocki Smith LLP

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

A. Summary Of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No deficiencies or material weaknesses were disclosed during the audit of the financial statements.
3. One instance of noncompliance was disclosed during the audit as discussed in section B below.
4. No deficiencies or material weaknesses were disclosed 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 major programs included:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.425	<u>U.S. Department of Education</u> Education Stabilization Fund
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

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

B. Findings - Financial Statement Audit

2023-001 The submission of the Annual Financial Report on Form ST-3 to the New York State Education Department did not occur until subsequent to the filing deadline.

Condition: The District did not fulfill its annual reporting requirement to the New York State Education Department in accordance with the requisite due date.

Criteria: Pursuant to NYS Education Law §3601, the ST-3 Annual Financial Report is required to be submitted by September 1 2023.

Effect: The District did not fulfill its New York State Education Department reporting requirement as of the required submission date.

Cause: 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.

Recommendation: The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Response: The District will develop a work schedule to ensure timely completion of all financial reports in the upcoming year.

C. Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

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

Findings - Financial Statement Audit

2022-001 Recommendation - The District should implement procedures to ensure sufficient time to comply with New York State Education Department reporting requirements.

Status - We noted this recommendation was not implemented.

Findings And Questioned Costs - Major Federal Award Programs Audit

None reported.

**DEER PARK UNION FREE SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023**

This section presents our findings and recommendations noted during the audit of the financial statements of the Deer Park Union Free School District as of and for the year ended June 30, 2023, as well as the status of recommendations made in connection with prior audits of the financial statements.

CURRENT YEAR RECOMMENDATION:

1. Capitalization Policy

During the current year's audit, we noted that the District does not have a formal capitalization policy for right-to-use leased 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 leased assets and subscription-based information technology arrangements. In this manner, financial reporting of right-to-use leased assets and subscription-based information technology arrangements may be enhanced.

STATUS OF PRIOR YEAR RECOMMENDATION:

1. Recommendation – It was recommended that the detailed capital asset listings be maintained on a current basis and be periodically reconciled to annual activity. We also recommended the District conduct a full physical inventory of its capital assets during the upcoming year.

Status - We noted that this recommendation was implemented.