

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
FINANCIAL REPORT
JUNE 30, 2023**

MIDDLEBURGH CENTRAL SCHOOL DISTRICT

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BUSINESS
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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Middleburgh Central School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Middleburgh Central 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Middleburgh Central 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Adjustment – Correction of an Error

As discussed in Note 8, during the year ended June 30, 2023 management became aware of an error in the District's receivables in the capital projects fund. The District recorded an adjustment as of July 1, 2022 to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-15, budgetary comparison information on pages 63-64, schedule of changes in total OPEB liability on page 65, schedules of proportionate share of net pension liability (asset) on page 66 and schedules of District contributions on page 67 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 Middleburgh Central School District's basic financial statements. The supplementary information on pages 68-70 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. These supplementary schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information and 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 5, 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 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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 5, 2023

MIDDLEBURGH CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2023. The section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It considers both the government-wide and fund-based financial statements. The results of the current year are analyzed 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 School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The 2022-2023 budget was approved by the voters for \$23,811,377 and actual expenditures for the fiscal year were \$23,095,300, equating to a favorable difference of \$600,128 net of encumbrances. These results are primarily due to carefully monitoring of expenditures and reduction of cost associated with special education and employee benefits. The favorable difference approximates 13% of the total budget.
- In May 2023, the 2023-2024 budget proposal of \$24,312,490 was voter approved.
- The School District applied \$921,815 of its fund balance to balance the 2023-2024 budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

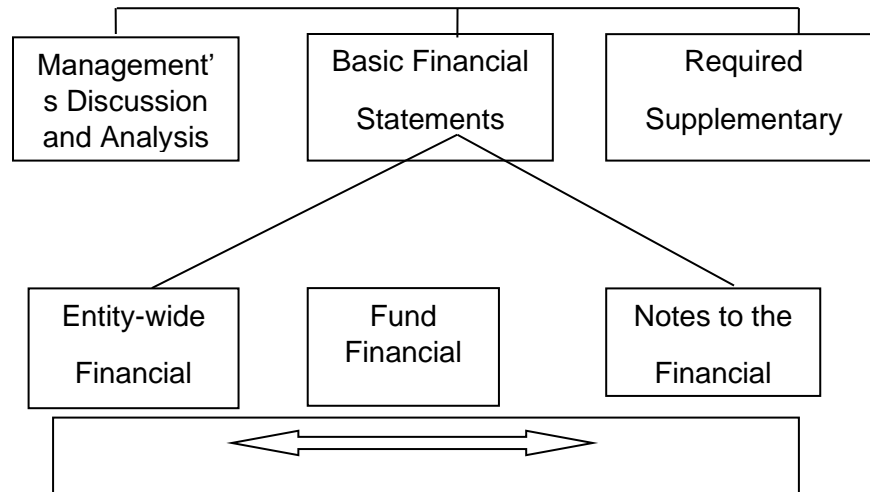
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year. Table A-1 shows how the various sections of this annual report are arranged and related to one another.

Table A-1 Organization of the School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-2 summarizes the major features of the School District’s financial statements, including the portion of the School District’s activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-2 Major Features of the School District-Wide and Fund Financial Statements

	Fund Financial Statements		
	School District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire School District (except fiduciary funds)	The day-to-day operating activities of the School District, such as instruction and special education.	Instances in which the School District administers resources on behalf of someone else.
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 revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term.	Assets, deferred inflows/outflows of deferred resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid.	Revenue 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.

School District-Wide Statements

The School District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District’s assets, deferred inflow/outflows of resources, and liabilities. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the School District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

School District-Wide Statements (Continued)

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

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

School District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net position invested in capital assets
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are those that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has two kinds of funds:

- *Governmental Funds*: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 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 School District's programs. Because this information does not encompass the additional long-term focus of the School District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, and the capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

- *Fiduciary Funds:* The School District is the trustee, or fiduciary, for assets that belong to others. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the School District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's net position as of June 30, 2023 is detailed in Tables A-3 and A-4

Table A-3 Condensed Statement of Net Position

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2023</u>	<u>Restated 2022</u>	
<u>ASSETS:</u>			
Current and Other Assets	\$ 9,968,869	\$ 17,116,453	\$ (7,147,584)
Capital and Lease Assets	28,872,289	28,889,496	(17,207)
Total Assets	<u>\$ 38,841,158</u>	<u>\$ 46,005,949</u>	<u>\$ (7,164,791)</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	<u>\$ 18,361,296</u>	<u>\$ 31,179,167</u>	<u>\$ (12,817,871)</u>
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 95,739,214	\$ 99,290,011	\$ (3,550,797)
Other Liabilities	2,701,149	2,752,179	(51,030)
Total Liabilities	<u>\$ 98,440,363</u>	<u>\$ 102,042,190</u>	<u>\$ (3,601,827)</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	<u>\$ 28,144,639</u>	<u>\$ 38,823,361</u>	<u>\$ (10,678,722)</u>
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 13,823,626	\$ 12,807,815	\$ 1,015,811
Restricted	3,347,252	2,379,743	
Unrestricted	(86,553,426)	(78,867,993)	(7,685,433)
Total Net Position	<u>\$ (69,382,548)</u>	<u>\$ (63,680,435)</u>	<u>\$ (6,669,622)</u>

Deferred outflows of resources and long-term liabilities both increased significantly due to assumption changes made by the actuary in determining other post-employment benefits.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Changes in Net Position (Continued)

The School District's 2022-2023 revenue was \$25,944,501 (See Table A-4). Property taxes and New York State and Federal aid accounted for the majority of revenue by contributing 52% and 46% of the total revenue raised, respectively (see Table A-5). The remainder of revenue came from fees for services, use of money and property, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$31,646,614 for 2022-2023.

Table A-4 Changes in Net Position from Operating Results Governmental Activities Only

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2023</u>	<u>Restated</u> <u>2022</u>	<u>Variance</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 295,158	\$ 160,975	\$ 134,183
Operating Grants & Contributions	2,032,883	2,322,226	(289,343)
Total Program	\$ 2,328,041	\$ 2,483,201	\$ (155,160)
<u>General -</u>			
Property Taxes	\$ 10,158,145	\$ 10,094,424	\$ 63,721
State and Federal Aid	13,108,843	11,038,751	2,070,092
Investment Earnings	131,190	12,966	118,224
Compensation for Loss	484	24,896	(24,412)
Miscellaneous	217,798	202,661	15,137
Total General	\$ 23,616,460	\$ 21,373,698	\$ 2,242,762
TOTAL REVENUES	\$ 25,944,501	\$ 23,856,899	\$ 2,087,602
<u>EXPENSES:</u>			
General Support	\$ 2,333,746	\$ 2,401,910	\$ (68,164)
Instruction	11,298,836	11,096,945	201,891
Employee Benefits	14,293,863	13,397,878	895,985
Pupil Transportation	1,350,854	1,230,071	120,783
Community Services	22,200	21,124	1,076
School Lunch	419,763	467,113	(47,350)
Capital Outlay	-	183,318	(183,318)
Depreciation and Amortization	1,172,055	1,106,696	65,359
Interest	755,297	207,575	547,722
TOTAL EXPENSES	\$ 31,646,614	\$ 30,112,630	\$ 1,533,984
CHANGE IN NET POSITION	\$ (5,702,113)	\$ (6,255,731)	
NET POSITION, BEGINNING			
OF YEAR (restated)	(63,680,435)	(57,424,704)	
NET POSITION, END OF YEAR	\$ (69,382,548)	\$ (63,680,435)	

The significant decrease in net position for 2023 was largely the result of recognizing approximately (\$9m) change in other net pension asset/liability.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-5 Sources of Revenue for 2023

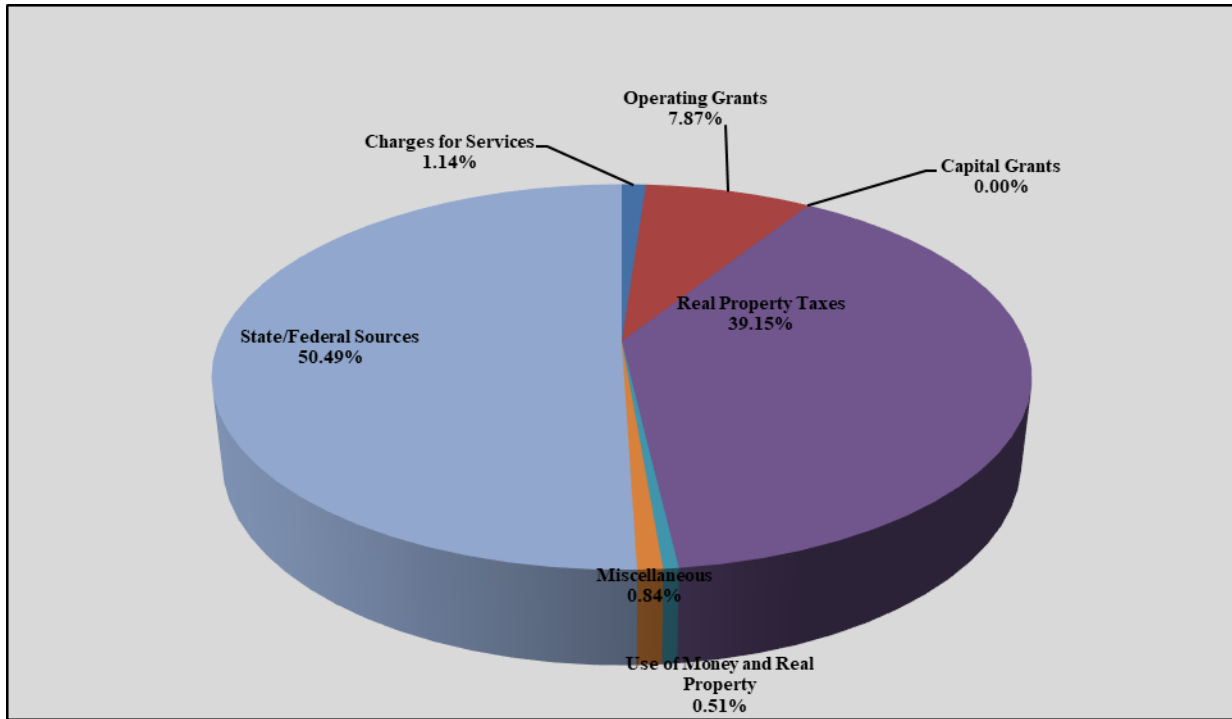
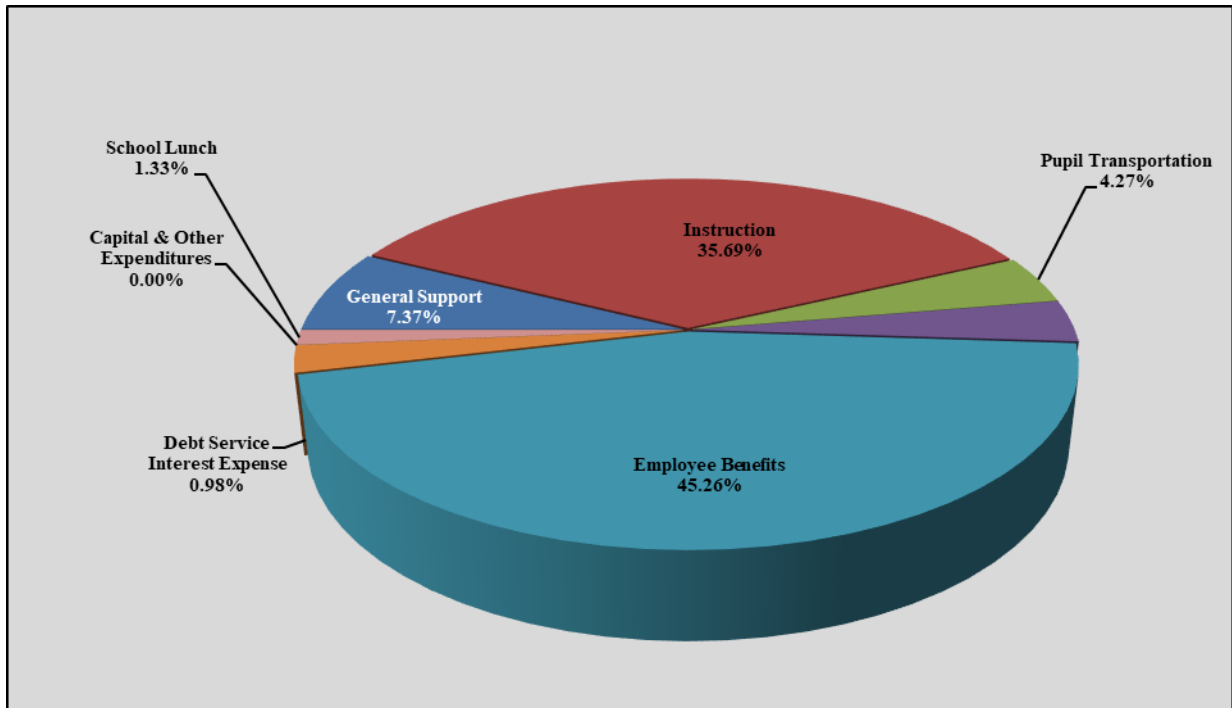


Table A-6 Sources of Expenses for 2023



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Revenue for the School District's governmental activities totaled \$25,944,501, while total expenses were \$31,677,764, accordingly, net position decreased \$5,735,263. The net result of the change in the School District's financial condition can be credited to:

- Recognition of \$9 million pension liability change.
- Reduction in other post employment and benefit obligation.

Table A-7 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the local share of the School District's taxpayers by each of these functions.

Table A-7 Net Costs of Governmental Activities

	Total Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Percent Change	(Net) Cost of Services <u>2023</u>	(Net) Cost of Services <u>2022</u>	Percent Change
Gross Expenses:						
General Support	\$ 2,333,746	\$ 2,401,910	-2.84%	\$ 2,333,746	\$ 2,401,910	-2.84%
Instruction	11,298,836	11,096,945	1.82%	9,374,711	9,115,266	2.85%
Employee Benefits	14,293,863	13,397,878	6.69%	14,293,863	13,397,878	6.69%
Pupil Transportation	1,350,854	1,230,071	9.82%	1,350,854	1,230,071	9.82%
Community Services	22,200	21,124	5.09%	22,200	21,124	5.09%
School Lunch	419,763	467,113	-10.14%	15,847	(34,409)	-146.05%
Capital Outlay	-	183,318	-100.00%	-	183,318	-100.00%
Depreciation and Amortization	1,172,055	1,106,696	5.91%	1,172,055	1,106,696	5.91%
Interest	755,297	207,575	263.87%	755,297	207,575	263.87%
Total Expenses	<u>\$ 31,646,614</u>	<u>\$ 30,112,630</u>	5.09%	<u>\$ 29,318,573</u>	<u>\$ 27,629,429</u>	6.11%

- The cost of all governmental activities for the year was \$31,646,614.
- The users of the School District's programs financed \$295,158 of the cost.
- The federal and state government operating grants financed \$2,041,156 of the cost.
- The majority of costs, \$29,310,300, were financed by the School District's taxpayers and unallocated NYS aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Governmental Fund Highlights

The following is a brief description of the activity in the governmental funds for 2023:

General Fund: Revenue exceeded expenditures by \$723,074 in the 2022-2023 year.

Special Aid Fund: By the nature of the fund, special aid does not generate a fund balance. Revenue is recognized as expenditures are made. Approximately \$1,702,521 was received for state and federal grants in this fund.

School Lunch Fund: The school lunch fund ended 2022-2023 fiscal year with a deficit income of \$5,784 compared to surplus income of \$48,222 for the previous year. Beginning with the 2018-2019 school year the School District outsourced the school lunch program with a food service management company. Due to this change the School District was able to reduce the operating loss of the program. In prior years, the loss was subsidized by transfer from general funds.

Special Revenue Fund: This fund is used to account for the scholarships of the District. The fund ended the year with \$91,744 in restricted fund balance.

Capital Projects Fund: \$927,705 was expended for capital projects for the year ended June 30, 2023. The capital projects fund ended 2022-2023 fiscal year with a deficit fund balance of \$937,925 compared to a deficit fund balance of \$465,161 for the previous year.

Debt Service Fund: The debt service fund ended the year with a \$231,812 fund balance.

General Fund Budgetary Highlights

For the 2022-2023 school year, the voters of the School District approved a budget of \$23,811,834. That budget was subsequently increased by \$51,886 due to encumbrances carried over from 2021-2022.

Through the careful monitoring and control of general fund expenditures for 2022-2023, the School District had a favorable variance of \$1,528,933 budget vs. actual for fiscal 2023.

The School District considers the results achieved regarding the 2022-2023 finances to be very satisfactory. The School District also met its target to have \$921,815 in fund balance available on June 30, 2023 to support the 2023-24 budget. Further, the School District was able to appropriately fund the contribution levels for the Teachers' Retirement System and the Employees' Retirement System.

The general fund is the only fund which a budget is submitted for the approval of the resident voters and legally adopted.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Table A-8 General Fund Budgetary Highlights

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual</u>
Revenues					
Real Property Taxes	\$ 10,104,199	\$ 10,104,199	\$ 9,138,851	\$ -	\$ (965,348)
Real Property Tax Items	79,546	79,546	1,019,294	-	939,748
Changes for Services	145,000	145,000	229,877	-	84,877
Use of Money and Property	7,007	7,007	129,969	-	122,962
Investment Earnings	-	-	484	-	484
Miscellaneous	126,000	126,000	199,329	-	73,329
State Sources	12,367,817	12,367,817	12,945,363	-	577,546
Federal Sources	60,000	60,000	155,207	-	95,207
Total Revenue and Other Sources	<u>22,889,569</u>	<u>22,889,569</u>	<u>23,818,374</u>	<u>-</u>	<u>928,805</u>
Expenditures					
Board of Education	\$ 30,200	\$ 33,275	\$ 22,309	\$ 349	\$ (10,617)
Central Administration	286,001	234,926	228,093	446	(6,387)
Finance	321,219	335,710	327,898	420	(7,392)
Staff	97,086	123,518	123,093	-	(425)
Central Services	1,322,784	1,858,206	1,581,179	128,213	(148,814)
Special Items	178,052	169,691	168,111	-	(1,580)
Instruction, Administration and Improvement	544,362	592,523	560,153	14,486	(17,884)
Teaching - Regular School	5,599,540	5,154,776	4,983,383	28,156	(143,237)
Programs for Students with Disabilities	3,134,075	2,582,173	2,473,818	10,759	(97,596)
Occupational Education	436,155	397,755	396,398	-	(1,357)
Instructional Media	725,624	803,063	758,706	15,708	(28,649)
Pupil Services	914,553	888,185	794,639	26,307	(67,239)
Pupil Transportation	1,372,081	1,400,850	1,345,238	22,353	(33,259)
Employee Benefits	6,883,892	7,331,991	7,297,448	-	(34,543)
Debt Service	1,857,646	1,907,983	1,907,982	-	(1)
Interfund Transfer	160,000	128,000	126,852	-	(1,148)
	<u>\$ 23,863,270</u>	<u>\$ 23,942,625</u>	<u>\$ 23,095,300</u>	<u>\$ 247,197</u>	<u>\$ (600,128)</u>
Net Change in Fund Equity			723,074		
Fund equity - beginning			7,166,743		
Fund equity - ending			<u>\$ 7,889,817</u>		

- As noted above in the results vs. budget table, the School District has an overall favorable budgetary surplus of \$1,528,933. This was a result of State Aid revenues exceeding estimates by approximately \$577,000 and interest and earnings exceeding estimates by approximately \$122,000. Additionally, there was a decrease in the cost of instruction-related expenses – the District had more grant allocations than in year's past, thus, allowing the district to use other funding for some of these expenses. These expenses include salaries, benefits, and contractual costs.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Capital Assets

As of June 30, 2023, the School District had \$28,872,289 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers, and other educational equipment.

Table A-9 Capital Assets (Net of Depreciation, in Thousands of Dollars)

	<u>2023</u>	<u>2022</u>
Capital Assets:		
Land	\$ 120,400	\$ 120,400
Work in Progress	14,204,806	14,204,806
Buildings and Improvements	11,621,426	12,245,248
Machinery and Equipment	2,864,465	2,236,339
Total Capital Assets	<u>\$ 28,811,097</u>	<u>\$ 28,806,793</u>
Lease Assets:		
Equipment	\$ 61,192	\$ 82,703
Total	<u>\$ 28,872,289</u>	<u>\$ 28,889,496</u>

As of June 30, 2023, the School District had \$95.7 million in general obligation bonds and other long-term liabilities outstanding. More detailed information about the School District's long-term liabilities is included in the notes to the financial statements.

Table A-10 Outstanding Long-Term Liabilities (In Thousands of Dollars)

<u>Type</u>	<u>2023</u>	<u>2022</u>
Serial Bonds	\$ 13,445,000	\$ 14,110,000
Unamortized Bond Premium	1,097,599	1,256,911
Retainage Payable	-	218,045
OPEB	78,626,013	83,610,526
Net Pension Liability	2,280,185	-
Compensated Absences	290,417	312,574
Total Long-Term Obligations	<u>\$ 95,739,214</u>	<u>\$ 99,508,056</u>

During 2023, the School District paid down its debt by retiring \$665,000 of outstanding bonds.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District continues to be aware of the following existing circumstances that could affect its future financial health (both positive and negative):

- The cost of health insurance and other post-retirement benefit costs continue to increase and could potentially affect the School District's financial health. The District continues to pursue opportunities for efficiencies in health insurance and other post-retirement benefit costs.
- The property tax cap will affect how future budgets are developed. The 2023/2024 year budget process and with future budget processes the District will incorporate an analysis of this property tax cap on future budgets as part of a long-range financial plan.
- The District will be examining closely the fund balance projection in future school years to determine if funding is needed in restricted fund balances (reserves).
- The District will continue to explore cost-saving efficiencies for energy and supply costs to help offset rising costs due to inflation.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Middleburgh Central School District Business Office
291 Main Street
PO Box 606
Middleburgh, New York 12122

MIDDLEBURGH CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

ASSETS

Cash and cash equivalents	\$ 3,278,425
Restricted cash and cash equivalents	575,992
Investments	410,817
Restricted Investments	3,023,696
Accounts receivable	2,662,716
Inventories	17,223
Capital assets, net	28,811,097
Lease assets, net	61,192
TOTAL ASSETS	<u>\$ 38,841,158</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources	<u>\$ 18,361,296</u>
--------------------------------	-----------------------------

LIABILITIES

Accounts payable	\$ 415,166
Accrued liabilities	234,583
Due to other governments	251
Due to teachers' retirement system	733,925
Due to employees' retirement system	86,046
Bond anticipation notes payable	1,141,341
Other Liabilities	89,837
Long-Term Obligations:	
Due in one year	1,115,137
Due in more than one year	94,624,077
TOTAL LIABILITIES	<u>\$ 98,440,363</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources	<u>\$ 28,144,639</u>
-------------------------------	-----------------------------

NET POSITION

Net investment in capital assets	\$ 13,823,626
Restricted	3,347,252
Unrestricted	(86,553,426)
TOTAL NET POSITION	<u>\$ (69,382,548)</u>

MIDDLEBURGH CENTRAL SCHOOL DISTRICT

Statement of Activities

For The Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 2,333,746	\$ -	\$ -	\$ -	\$ (2,333,746)
Instruction	11,298,836	229,877	1,694,248	-	(9,374,711)
Employee benefits	14,293,863	-	-	-	(14,293,863)
Pupil transportation	1,350,854	-	-	-	(1,350,854)
Community services	22,200	-	-	-	(22,200)
School lunch	419,763	65,281	338,635	-	(15,847)
Depreciation - unallocated	1,137,745	-	-	-	(1,137,745)
Amortization - unallocated	34,310	-	-	-	(34,310)
Interest	755,297	-	-	-	(755,297)
Total Functions/Programs	\$ 31,646,614	\$ 295,158	\$ 2,032,883	\$ -	\$ (29,318,573)

General Revenues:

Property taxes and tax items	\$ 10,158,145
State and federal aid	13,108,843
Investment earnings	131,190
Compensation for loss	484
Miscellaneous	217,798
Total General Revenues	\$ 23,616,460
Changes in Net Position	\$ (5,702,113)
Net Position, Beginning of Year, as Originally Reported	(63,306,189)
Prior Period Adjustment - Correction of an Error	(374,246)
Net Position, Beginning of Year, as Restated	(63,680,435)
Net Position, End of Year	\$ (69,382,548)

See accompanying notes to financial statements.

MIDDLEBURGH CENTRAL SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	Special Aid Fund	School Lunch Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 3,202,267	\$ 9,273	66,885	-	\$ -	\$ -	\$ 3,278,425
Restricted cash and cash equivalents	87,718	-	-	91,744	231,812	164,718	575,992
Investments	410,817	-	-	-	-	-	410,817
Restricted Investments	3,023,696	-	-	-	-	-	3,023,696
Receivables	2,253,153	368,396	2,469	-	-	38,698	2,662,716
Inventories	-	-	17,223	-	-	-	17,223
Due from other funds	398,754	-	-	-	-	-	398,754
TOTAL ASSETS	\$ 9,376,405	\$ 377,669	\$ 86,577	\$ 91,744	\$ 231,812	\$ 203,416	\$ 10,367,623
LIABILITIES AND EQUITY (DEFICIENCY)							
Liabilities -							
Accounts payable	\$ 415,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,166
Accrued liabilities	161,614	6,901	-	-	-	-	168,515
Notes payable - bond anticipation notes	-	-	-	-	-	1,141,341	1,141,341
Due to other funds	-	370,768	27,986	-	-	-	398,754
Due to other governments	-	-	251	-	-	-	251
Due to TRS	733,925	-	-	-	-	-	733,925
Due to ERS	86,046	-	-	-	-	-	86,046
Other liabilities	89,837	-	-	-	-	-	89,837
TOTAL LIABILITIES	\$ 1,486,588	\$ 377,669	\$ 28,237	\$ -	\$ -	\$ 1,141,341	\$ 3,033,835
Fund Equity (Deficiency) -							
Nonspendable	\$ -	\$ -	\$ 17,223	\$ -	\$ -	\$ -	\$ 17,223
Restricted	3,023,696	-	-	91,744	231,812	-	3,347,252
Assigned	1,169,012	-	41,117	-	-	-	1,210,129
Unassigned	3,697,109	-	-	-	-	(937,925)	2,759,184
TOTAL FUNDEQUITY (DEFICIENCY)	\$ 7,889,817	\$ -	\$ 58,340	\$ 91,744	\$ 231,812	\$ (937,925)	\$ 7,333,788
TOTAL LIABILITIES							
DEFERRED INFLOWS AND							
FUND EQUITY (DEFICIENCY)	\$ 9,376,405	\$ 377,669	\$ 86,577	\$ 91,744	\$ 231,812	\$ 203,416	

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

Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	28,872,289
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(66,068)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(13,445,000)
OPEB	(78,626,013)
Compensated absences	(290,417)
Unamortized premium	(1,097,599)
Deferred outflow - pension	5,321,255
Deferred outflow - OPEB	13,040,041
Net pension liability	(2,280,185)
Deferred inflow - pension	(522,610)
Deferred inflow - OPEB	(27,622,029)
Net Position of Governmental Activities	\$ (69,382,548)

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Equity
Governmental Funds
For The Year Ended June 30, 2023

	General	Special	School	Special	Debt	Capital	Total
	Fund	Aid	Lunch	Revenue	Service	Projects	Governmental
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
REVENUES							
Real property taxes and tax items	\$ 10,158,145	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,158,145
Charges for services	229,877	-	-	-	-	-	229,877
Use of money and property	129,969	-	9	92	-	1,136	131,206
Sale of property and compensation for loss	484	-	-	-	-	-	484
Miscellaneous	199,329	-	10,055	900	-	-	210,284
State sources	12,945,363	291,093	8,754	-	-	-	13,245,210
Federal sources	155,207	1,411,428	329,881	-	-	-	1,896,516
Sales	-	-	65,280	-	-	-	65,280
TOTAL REVENUES	\$ 23,818,374	\$ 1,702,521	\$ 413,979	\$ 992	\$ -	\$ 1,136	\$ 25,937,002
EXPENDITURES							
General support	\$ 2,450,683	\$ 8,273	\$ -	\$ -	\$ -	\$ -	\$ 2,458,956
Instruction	9,967,097	1,620,086	-	-	-	-	11,587,183
Pupil transportation	1,345,238	37,254	-	-	-	692,883	2,075,375
Community services	-	-	-	22,200	-	-	22,200
Employee benefits	7,297,448	63,769	-	-	-	-	7,361,217
Debt service - principal	1,011,300	-	-	-	-	-	1,011,300
Debt service - interest	896,682	-	-	-	-	-	896,682
Cost of sales	-	-	419,763	-	-	-	419,763
Capital outlay	-	-	-	-	-	234,822	234,822
TOTAL EXPENDITURES	\$ 22,968,448	\$ 1,729,382	\$ 419,763	\$ 22,200	\$ -	\$ 927,705	\$ 26,067,498
EXCESS (DEFICIENCY) OF REVENUES							
OVER EXPENDITURES	\$ 849,926	\$ (26,861)	\$ (5,784)	\$ (21,208)	\$ -	\$ (926,569)	\$ (130,496)
OTHER FINANCING SOURCES (USES)							
Transfers - in	\$ -	\$ 26,852	\$ -	\$ -	\$ -	\$ 100,000	\$ 126,852
Transfers - out	(126,852)	-	-	-	-	-	(126,852)
BAN's redeemed from appropriations	-	-	-	-	-	346,300	346,300
Premium on obligations issued	-	-	-	-	-	7,505	7,505
TOTAL OTHER FINANCING SOURCES (USES)	\$ (126,852)	\$ 26,852	\$ -	\$ -	\$ -	\$ 453,805	\$ 353,805
NET CHANGE IN FUND EQUITY	\$ 723,074	\$ (9)	\$ (5,784)	\$ (21,208)	\$ -	\$ (472,764)	\$ 223,309
FUND EQUITY, BEGINNING							
OF YEAR, AS ORIGINALLY REPORTED	7,166,743	9	64,124	112,952	231,812	(90,915)	7,484,725
PRIOR PERIOD ADJUSTMENT -							
CORRECTION OF AN ERROR	-	-	-	-	-	(374,246)	(374,246)
FUND EQUITY, BEGINNING							
OF YEAR, AS RESTATED	7,166,743	9	64,124	112,952	231,812	(465,161)	7,110,479
FUND EQUITY, END OF YEAR	\$ 7,889,817	\$ -	\$ 58,340	\$ 91,744	\$ 231,812	\$ (937,925)	\$ 7,333,788

See accompanying notes to financial statements.

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Reconciliation of Statement of Revenues, Expenditures, and Changes in
Fund Equity of the Governmental Funds to the Statement of Activities
For The Year Ended June 30, 2023

NET CHANGE IN FUND EQUITY -
TOTAL GOVERNMENTAL FUNDS \$ 223,309

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

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 following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Additions to Assets, Net	\$ 1,142,049	
Lease Additions, Net	12,799	
Amortization of Lease Assets	(34,310)	
Depreciation	<u>(1,137,745)</u>	(17,207)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 1,011,300	
Proceeds from BAN Redemption	<u>(346,300)</u>	665,000

Amortization of bond premium is an adjustment to interest expense in the statement of activities 159,313

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (17,927)

The Retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds 218,045

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (6,316,952)

(Increase) decrease in proportionate share of net pension asset/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

Teachers' Retirement System		(341,103)
Employees' Retirement System		(296,748)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>22,157</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (5,702,113)**

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Middleburgh Central School District ("the District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standards-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 Middleburgh Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

As a result of applying this guidance and due to the administrative involvement defined in footnote 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund:

The Extraclassroom Activity Fund

The extraclassroom activity fund of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found at the District's business office, located at 291 Main Street, Middleburgh, NY 12122.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Joint Venture

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

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year ended June 30, 2023, the District was billed \$2,138,335 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$749,885. Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

District-wide statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, 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 the particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The accounts of the District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the District are as follows:

The following are the District governmental funds:

1. General Fund

The General Fund is the principal operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of special revenue sources that are legally restricted to expenditure for specified purposes. Special Revenue Funds include the following funds:

a. Special Aid Fund

These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

b. School Lunch Fund

The school lunch fund is used to account for child nutrition activities whose funds are restricted as to use.

c. Special Revenue Fund

Used to account for revenues legally restricted to expenditure for specified purposes such as scholarships.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Basis of Presentation

Fund financial statements

3. Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or equipment.

4. Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

Other Fund Type:

Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent 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. There are no activities that meet the criteria to be reported as fiduciary funds.

D. Basis of Accounting/Measurement Focus

General Information

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 are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Basis of Accounting/Measurement Focus

General Information

The governmental fund 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 ninety days after the end of the fiscal year.

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

E. Refundable Advances

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenues are recognized.

F. Property Taxes

I. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on July 27, 2022. Taxes are collected during the period September 1 to October 31, 2022.

II. Enforcement

Uncollected real property taxes are subsequently enforced by the County Treasurer of Schoharie County in which the District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement, is paid by the County to the District later than the following April 1.

G. 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.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

I. Budget Policies

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the program line-item level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following were supplemental appropriations for June 30, 2023:

From appropriated reserves:

Employee benefit accrued liability	\$ 79,355
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- e. 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.
- f. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

II. Encumbrances

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Budgetary Procedures and Budgetary Accounting

III. Budget Basis of Accounting

Under GASB No. 34, budgetary comparison information is required to be presented for the General Fund and each major Special Revenue Fund with a legally adopted budget. The District is not legally required to adopt a budget for its Special Revenue Funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

I. Cash and Investments

The District investment policies are governed by New York State statutes. District monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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. Investments are stated at fair value.

J. Accounts Receivable

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

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

L. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowing. 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 statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary 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.

M. Short-Term Debt

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

The District may issue 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

N. Fund Equity - Reservations and Designations

District-wide statements

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

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

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund statements:

In the governmental funds statements there are five classifications of fund equity:

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund equity includes the following:

	<u>Total</u>
Inventory in School Lunch	\$ 17,223
Total Nonspendable Fund Balance	<u>\$ 17,223</u>

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of all other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund equity. The District has established the following restricted fund equity:

Reserve for Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Unemployment Insurance Reserve

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Insurance Reserve

The Insurance Reserve (GML §6-n) is used to fund certain uninsured losses, claims, actions, or judgments for which the local government is authorized or required to purchase or maintain insurance, with a number of exceptions. An insurance reserve fund may also be used to pay for expert or professional services in connection with the investigation, adjustment, or settlement of claims, actions, or judgments.

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. 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. During a fiscal year, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The portion of the reserve for TRS is \$574,549 and \$458,206 for ERS.

Repairs

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

Property Loss and Liability

According to Education Law §1709 (8)(C), these reserve funds are used to cover property loss and liability claims incurred. The reserve may be established by board action, and is funded by budgetary appropriations. The total amount of reserves cannot exceed 3 percent of the annual budget (exclusive of any planned balance presently authorized) or \$15,000, whichever is larger.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Capital Reserve

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law.

Special Revenue Fund

Restricted for scholarships for students that meet donor specified criteria.

Debt Service

Used to account for unspent proceeds of debt restricted for debt service.

Restricted fund equity includes the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 150,427
Unemployment Costs	147,929
Retirement Contribution - ERS	458,206
Retirement Contribution - TRS	574,549
Insurance	250,712
Repair	200,569
Liability	200,570
Capital Reserves	501,424
Employee Benefit Accrued Liability	539,310
<u>Misc Special Revenue Fund -</u>	
Scholarships	91,744
<u>Debt Service Fund -</u>	
Debt Service	231,812
Total Restricted Fund Balance	<u><u>\$ 3,347,252</u></u>

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

Debt Service

Assigned - Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund equity represents the residual amount of fund equity. Assigned fund equity also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund.

Appropriated fund balance includes the following:

	Total
General Fund - Encumbrances	\$ 247,197
General Fund - Appropriated for Taxes	921,815
School Lunch Fund - Year End Equity	41,117
Total Assigned Fund Balance	\$ 1,210,129

Reserve for Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances

General Fund -

General Support	\$ 129,428
Instruction	95,416
Pupil Transportation	22,353
Total General Fund Significant Encumbrances	\$ 247,197

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

N. Fund Equity - Reservations and Designations

NYS Real Property Tax Law Section 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity 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. The District exceeded the 4% limitation by \$2,724,609 at June 30, 2023.

Net Position/Fund Equity:

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., 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.

Fund Equity Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Equity:

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

O. Post-Employment Benefits

In addition to providing the retirement benefits described in Note 4.B.I, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these 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-employment benefits is shared between the District and the retired employee. See Note 6.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P. Payables, 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 compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that 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 and payable after one year in the Statement of Net Position.

Q. Capital Assets

Capital assets are reported at actual cost or estimated historical cost based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair value at the time received.

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

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	SL	15-50 Years
Machinery and Equipment	\$ 1,000	SL	5-25 Years

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences, other post-employment benefits, potential contingent liabilities, actuarial calculation of net pension asset/liability, deferred inflows/outflows, and useful lives of long-term assets.

S. Vested Employee Benefits

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

S. Vested Employee Benefits

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in, first-out (LIFO) basis.

Upon retirement, resignation, or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements at year-end. The compensated absences liability is calculated based on the applicable contract rates in effect at year-end.

In the fund 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. Implementation of New Accounting Standards

The District has adopted all current Statements of the GASB that are applicable. At June 30, 2023, the District implemented the following new standards issued by GASB:

GASB has issued Statement 91 *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement 99, *Omnibus 2022*, effective for the year ending June 30, 2023.

U. Future Changes in Accounting Standards

GASB has issued Statement 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

V. Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 5 years based on the contract terms and/or estimated replacement of the assets.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities and changes in net position compared with the current financial resources focus of the governmental funds.

Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

Total fund equity of the District's governmental funds differs from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position

Differences between the governmental funds statement of revenues, expenditures and changes in fund equity and the statement of activities and changes in net position fall into one of five broad categories. The differences represent:

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered "available", whereas the statement of activities and changes in net position reports revenue 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 in the statement of activities and changes in net position.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported in the statement of activities and changes in net position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities and changes in net position.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities and changes in net position as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities and Changes in Net Position

Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

3. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Deficit Fund Equity

There was a deficit fund equity in the capital projects fund of \$937,925. This deficit is caused by financing the project with bond anticipation notes. When the bond anticipation notes are refinanced with bonds, this deficit will be removed.

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023 all deposits were fully insured and collateralized by the District's agent in the District's name.

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 Administrator of the District.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Interest Rate Risk

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

Credit Risk

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

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

Custodial Credit Risk

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

The District restricts the securities to the following eligible items:

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in active markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District's investments are valued based on Level 2 of the hierarchy.

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2023, the District held \$3,434,513 in these investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative as of June 30, 2023, based on unaudited numbers, are \$8,484,879,933, which consisted of \$2,536,129,715 in repurchase agreements, \$202,788,599 in FDIC insured bank deposits, \$860,366,521 in collateralized bank deposits and \$4,885,592,138 in U.S. Government Treasury Securities.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

I. Cash and Investments

Investments

The following valuation inputs are included as investments.

	Investments in Securities at Value	Level 1	Valuation Inputs Level 2	Level 3	Total
General Fund	\$	-	3,434,513	-	\$3,434,513

The above amounts represent the fair value of the investment pool shares. For the year ended June 30, 2023, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes could materially affect the amounts reported in the statement of net position.

Restricted Cash and Investments

Restricted cash and investments consists of the following:

	Total
General Fund:	
Workers' Compensation	\$ 150,427
Unemployment Costs	147,929
Retirement Contribution - ERS	458,206
Retirement Contribution - TRS	574,549
Insurance	250,712
Repair	200,569
Liability	200,570
Capital Reserves	501,424
Employee Benefit Accrued Liability	539,310
Extraclassroom Activity Fund	87,718
Misc Special Revenue Fund -	
Scholarships	91,744
Debt Service Fund -	
Debt Service	231,812
Capital Projects Fund-	
Capital Projects	164,718
Total	<u>\$ 3,599,688</u>

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

II. Receivables

Receivable balances for the year ended June 30, 2023 are:

<u>Description</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 96,463	\$ -	\$ -	\$ 631	\$ 97,094
Due From State and Federal	2,156,690	368,396	38,698	1,838	2,565,622
Total Receivables	<u>\$ 2,253,153</u>	<u>\$ 368,396</u>	<u>\$ 38,698</u>	<u>\$ 2,469</u>	<u>\$ 2,662,716</u>

III. Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

During 2022-23, the General fund transferred \$26,852 to the Special Aid Fund for the Districts share of the special education summer school program its students attended and \$100,000 to the Capital Projects Fund for state approved projects.

Interfund transactions and balances at June 30, 2023 are as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 398,754	\$ -	\$ -	\$ 126,852
Special Aid Fund	-	370,768	26,852	-
School Lunch Fund	-	27,986	-	-
Debt Service Fund	-	-	-	-
Capital Projects Fund	-	-	100,000	-
Total	<u>\$ 398,754</u>	<u>\$ 398,754</u>	<u>\$ 126,852</u>	<u>\$ 126,852</u>

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

IV. Capital Assets

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

<u>Type</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 120,400	\$ -	\$ -	\$ 120,400
Work in progress	14,204,806		-	14,204,806
<i>Total Nondepreciable</i>	<u>\$ 14,325,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,325,206</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 23,943,353	\$ -	\$ -	\$ 23,943,353
Machinery and equipment	6,626,188	1,142,049	-	7,768,237
<i>Total Depreciated Assets</i>	<u>\$ 30,569,541</u>	<u>\$ 1,142,049</u>	<u>\$ -</u>	<u>\$ 31,711,590</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 11,698,105	\$ 623,822		\$ 12,321,927
Machinery and equipment	4,389,849	513,923		4,903,772
<i>Total Accumulated Depreciation</i>	<u>\$ 16,087,954</u>	<u>\$ 1,137,745</u>	<u>\$ -</u>	<u>\$ 17,225,699</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 14,481,587</u>	<u>\$ 4,304</u>	<u>\$ -</u>	<u>\$ 14,485,891</u>
Total Capital Assets	<u><u>\$ 28,806,793</u></u>	<u><u>\$ 4,304</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,811,097</u></u>

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

A. Assets

V. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District may have four items that qualify for reporting in this category. First is the deferred loss on refunding reported in the Statement of Net Position. A deferred loss 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 proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The fourth item relates to the OPEB and pension systems reporting in the District Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and change in assumptions.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District may have two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportionate share of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to the OPEB and pension systems report in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

General Information

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

Plan Descriptions

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The system is governed by a 10 member Board of Trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information 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 System's website at www.nystrs.org.

Employees' Retirement System

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. The net position of the System is held in the New York State Common Retirement Fund (The Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Employees' Retirement System

Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at www.osc.state.ny.us/retire/publications/index.php.

Contributions

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

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 214,464	\$ 695,363
2022	314,103	632,890
2021	293,721	733,762

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

Pension Liabilities

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of the dates noted below.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ 1,481,750	\$ 798,435
District's portion of the Plan's total net pension asset/(liability)	0.007%	0.042%

Pension Expense (Credit)

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$517,952 for ERS and \$1,013,029 for TRS.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 157,818	\$ 836,659	\$ 41,613	\$ 15,999
Changes of assumptions	719,633	1,548,830	7,953	321,632
Net difference between projected and actual earnings on pension plan investments	-	1,031,654	8,705	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	35,214	171,476	27,196	99,512
Subtotal	<u>\$ 912,665</u>	<u>\$ 3,588,619</u>	<u>\$ 85,467</u>	<u>\$ 437,143</u>
District's contributions subsequent to the measurement date	86,046	733,925	-	-
Grand Total	<u>\$ 998,711</u>	<u>\$ 4,322,544</u>	<u>\$ 85,467</u>	<u>\$ 437,143</u>

Deferred Outflows and Inflows of Resources Related to Pensions

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2024 for ERS and June 30, 2023 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 635,858
2024	191,450	341,609
2025	(77,459)	(104,477)
2026	309,946	2,024,891
2027	403,261	251,276
Thereafter	-	2,319
Total	<u>\$ 827,198</u>	<u>\$ 3,151,476</u>

Actuarial Assumptions

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

	<u>ERS</u>	<u>TRS</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%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries MP-2020. For TRS, 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-2020.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Actuarial Assumptions

	Long Term Expected Rate of Return	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
<u>Asset Type -</u>		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Opportunistic/ARS portfolio	5.38%	0.00%
Real assets	5.84%	0.00%
Bonds and mortgages	0.00%	0.60%
Cash	0.00%	-0.30%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	1.50%	1.10%
Credit	5.43%	0.00%

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2023 calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (4.9% for ERS and 5.95% for TRS) or one percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

<u>ERS</u>	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset (liability)	\$ (3,580,753)	\$ (1,481,750)	\$ 272,212

<u>TRS</u>	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	\$ (7,361,948)	\$ (798,435)	\$ 4,721,436

Changes in Assumptions

Changes in assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expenses includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2023 is \$515,562 for ERS and \$1,056,543 for TRS.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

I. Pension Plans

Payables to Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$86,046.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$733,925.

Other Benefits

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

II. Indebtedness

1. Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Transactions in short-term debt are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
BAN	7/15/2022	0.29%	\$ 668,100	\$ -	\$ 668,100	\$ -
BAN	7/15/2022	0.29%	491,000	-	491,000	-
BAN	7/14/2023	3.50%	-	1,141,341	-	1,141,341
Total Short-Term Debt			\$ 1,159,100	\$ 1,141,341	\$ 1,159,100	\$ 1,141,341

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

1. Short-Term Debt

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

Interest Paid	\$	2,982
Less: Interest Accrued in the Prior Year		(2,733)
Plus: Interest Accrued in the Current Year		38,282
Total Short-Term Interest Expense	\$	<u>38,531</u>

2. Long-Term Debt

a. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

Interest Paid	\$	893,700
Less: Interest Accrued in the Prior Year		(45,408)
Less: Amortization of bond premium		(159,312)
Plus: Interest Accrued in the Current Year		27,786
Total Long-Term Interest Expense	\$	<u>716,766</u>

Long-Term Obligations

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

b. Other Long-Term Debt

In addition to the above long-term debt, the District had the following noncurrent liabilities:

Compensated Absences - Represent the value of the earned and unused portion of the liability for employees' vacation and sick pay which has not been accrued in the General Fund.

Other Post-employment Benefits - Represents the net liability for other post-employment benefits calculated in accordance with GASB 75 (See Note 6).

3. Changes

The changes in the District's indebtedness during the year ended June 30, 2023, are summarized as follows:

	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 14,110,000	\$ -	\$ 665,000	\$ 13,445,000	\$ 960,000
Bond Premium, Net of Amortization	1,256,911	-	159,312	1,097,599	155,137
Total Bonds and Notes Payable	\$ 15,366,911	\$ -	\$ 824,312	\$ 14,542,599	\$ 1,115,137
<u>Other Liabilities -</u>					
Net Pension Liability	\$ -	\$ 2,280,185	\$ -	\$ 2,280,185	\$ -
OPEB	83,610,526	-	4,984,513	78,626,013	-
Retainage Payable	218,045	-	218,045	-	-
Compensated Absences	312,574	-	22,157	290,417	-
Total Other Liabilities	\$ 84,141,145	\$ 2,280,185	\$ 5,224,715	\$ 81,196,615	\$ -
Total Long-Term Obligations	\$ 99,508,056	\$ 2,280,185	\$ 6,049,027	\$ 95,739,214	\$ 1,115,137

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

4. Maturity

The following is a summary of maturity of indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
Serial Bond 2020	\$ 12,405,000	2020	2025	0.85% - 0.90%	\$ 540,000
Serial Bond 2022	13,320,000	2022	2038	5.00%	12,905,000
Total Serial Bonds					<u><u>\$ 13,445,000</u></u>

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

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 960,000	\$ 666,850
2025	1,005,000	621,500
2026	750,000	574,000
2027	790,000	536,500
2028	825,000	497,000
2029-32	4,800,000	1,822,000
2033-37	4,315,000	519,000
Total	<u><u>\$ 13,445,000</u></u>	<u><u>\$ 5,236,850</u></u>

As of June 30, 2023, the District had authorized the issuance of \$306,500 for purchases of busses, which remained unissued.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

4. DETAIL NOTES ON ALL FUNDS

B. Liabilities

II. Indebtedness

5. Constitutional Debt Limit

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the average full valuation of taxable real estate within such District. At June 30, 2023 the District has exhausted 30.58% of its constitutional debt limit.

III. Deferred Inflows of Resources

Deferred inflows of resources on the balance sheet - governmental funds arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. This includes amounts received from retirees in advance of payment of insurance premiums. The District has established a ninety-day availability period.

IV. Deferred Outflows and Inflows of Resources

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 5,321,255	\$ 522,610
OPEB	13,040,041	27,622,029
Total	<u>\$ 18,361,296</u>	<u>\$ 28,144,639</u>

5. COMMITMENTS AND CONTINGENCIES

A. Litigation

The District has been named as defendant in various actions. A review of these actions by District management indicates that they are either fully covered by insurance or not substantial enough to materially affect the financial position of the District.

B. Federal and State Grants

The District receives federal and state the distance for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies or expenditures disallowed under the terms of the grant.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

5. COMMITMENTS AND CONTINGENCIES

C. Risk Financing and Related Insurance

General Information

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

Self-Insured Pharmacy

All of the District's health pharmacy is self insured.

All known claims filed and an estimate of all incurred, but not reported claims existing at June 30, 2023, have been recorded as an accrued liabilities in the general fund.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflects past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

Health Insurance Plan

The District is a member of the Capital Area Schools Health Insurance Consortium (the "Consortium"), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2023, the District's prescription drug plan account balance maintained by the Consortium is \$1,191,221.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

5. COMMITMENTS AND CONTINGENCIES

C. Risk Financing and Related Insurance

Health Insurance Plan

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of \$0. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year's claims, effectively representing reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past fiscal year and when available in future years, comparative data will also be reported:

	<u>2022-2023</u>
Claims and Administration Fees	\$ 3,319,175
Claim Payments	(2,990,922)
Estimated Incurred but not reported as of June 30	-
Balance at End of Year	<u><u>\$ 328,253</u></u>

Risks of Losses of Unemployment and Worker's Compensation

The District does not purchase insurance for the risk of losses of unemployment and workers compensation claims. Instead, the District manages its risk for these losses internally and accounts for these in the District's general fund, including provisions for unexpected and unusual claims.

The activity for the unemployment insurance reserve for the year ended June 30, 2023, is as follows:

	<u>Beginning Balance</u>	<u>Change in Estimates</u>	<u>Payments Made (Transfers)</u>	<u>Ending Balance</u>
Unemployment insurance reserve	<u>\$ 145,613</u>	<u>\$ -</u>	<u>\$ (2,316)</u>	<u>\$ 147,929</u>

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

5. COMMITMENTS AND CONTINGENCIES

C. Risk Financing and Related Insurance

Risks of Losses of Unemployment and Worker's Compensation

Claims are recognized as expenditures when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. At June 30, 2023, management estimates there are no outstanding liabilities.

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Plan Description

The District administers the post-employment benefits as a single-employer defined benefit plan (the Plan), through which retirees and their spouses receive benefits. The Plan provides for continuation of medical and/or dental/vision benefits for certain retirees and their survivors and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in trust that meet the criteria in paragraph 4 of Statement No. 75.

The obligations of the Plan members, employers and other contributing entities are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are eligible for the retiree health benefits upon meeting the following requirements: Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Funding Policy

The contribution requirements of Plan members and the District are established by the Board of Education. Until changes are made in the NYS law to permit funding, there is no legal authority to fund other post-employment benefit, other than "pay as you go".

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Employees Covered by Benefit Terms

At the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	154
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>142</u>
Total	<u><u>296</u></u>

Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2023; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumption and Other Inputs

The total OPEB liability at June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.9% - 10.0% based on NYS TRS or ERS Assumptions
Discount Rate	4.13%
Healthcare Cost Trend Rates	
Medical/RX	Initial rate of 6.0% for 2021 decreasing to an ultimate rate of 4.04%
Part B	Initial rate of 6.0% for 2021 decreasing to an ultimate rate of 4.04%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

Mortality rates were based Pub-2010 General Employees Headcount-Weighted table projected fully generationally using MP-2021 for employees participating in NYS ERS and TRS.

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

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

Actuarial Assumption and Other Inputs

Changes in the District's net OPEB liability were as follows:

Balance at June 30, 2022	<u>\$ 83,610,526</u>
<u>Changes for the Year -</u>	
Service cost	\$ 1,834,776
Interest	2,979,320
Changes of benefit terms	-
Differences between expected and actual experience	37,311
Changes in assumptions or other inputs	(7,245,964)
Benefit payments	<u>(2,589,956)</u>
Net Changes	<u>\$ (4,984,513)</u>
Balance at June 30, 2023	<u>\$ 78,626,013</u>

Changes in assumptions or other inputs for the year ended June 30, 2023 related to the change in discount rate in accordance with provision of GASB Statement No. 75.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 91,493,782	\$ 78,626,013	\$ 68,259,981

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.0% decreasing to 3.04%) or 1 percentage point higher (7.0% decreasing to 5.04%) than the current healthcare cost trend rate:

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

	1% Decrease (5.0% Decreasing to 3.04%)	Healthcare Cost Trend Rates (6.0% Decreasing to 4.04%)	1% Increase (7.0% Decreasing to 5.04%)
Total OPEB Liability	\$ 66,526,286	\$ 78,626,013	\$ 93,962,932

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

6. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS PAYABLE

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 \$8,906,908. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,459,704	\$ 7,852,307
Changes of assumptions	6,580,337	19,769,722
Total	\$ 13,040,041	\$ 27,622,029

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

<u>Year</u>	
2024	\$ 4,414,949
2025	(8,198,036)
2026	(8,396,016)
2027	(1,201,442)
2028	(1,201,443)
Thereafter	-
Total	\$ (14,581,988)

**MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

7. LEASE ASSETS

A summary of the lease asset activity during the year ended June 30, 2023 is as follows:

<u>Type</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
<u>Lease Assets:</u>				
Equipment	\$ 114,044	\$ 12,799	\$ -	\$ 126,843
<i>Total Lease Assets</i>	<u>\$ 114,044</u>	<u>\$ 12,799</u>	<u>\$ -</u>	<u>\$ 126,843</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 31,341	\$ 34,310	\$ -	\$ 65,651
<i>Total Accumulated Amortization</i>	<u>\$ 31,341</u>	<u>\$ 34,310</u>	<u>\$ -</u>	<u>\$ 65,651</u>
<i>Total Lease Assets, Net</i>	<u><u>\$ 82,703</u></u>	<u><u>\$ (21,511)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,192</u></u>

Amortization expense of \$34,310 is included in depreciation and amortization - unallocated on the statement of activities.

8. PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2023, the district re-evaluated a long-standing receivable for disaster aid in the capital projects fund. It was determined that no further amounts would be received and the District has adjusted fund equity on the statement of revenues, expenditures, and changes in fund equity and net position on the statement of activities as of the beginning of the year as follows:

	<u>Government-Wide Statements</u>	<u>Capital Projects Fund</u>
Net position / fund equity		
beginning of year, as originally reported	\$ (63,306,189)	\$ (90,915)
Adjustments for accounts payable	\$ 21,290	\$ 21,290
Adjustments for accounts receivable	<u>(395,536)</u>	<u>(395,536)</u>
Net position / fund equity		
beginning of year, as restated	<u><u>\$ (63,680,435)</u></u>	<u><u>\$ (465,161)</u></u>

9. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 5, 2023, which is the date these financial statements were issued. All subsequent events requiring recognition as of June 30, 2023, have been incorporated into these statements herein.

Required Supplementary Information
MIDDLEBURGH CENTRAL 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</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 10,104,199	\$ 10,104,199	\$ 9,138,851	\$ (965,348)
Real property tax items	79,546	79,546	1,019,294	939,748
Charges for services	145,000	145,000	229,877	84,877
Use of money and property	7,007	7,007	129,969	122,962
Sale of property and compensation for loss	-	-	484	484
Miscellaneous	126,000	126,000	199,329	73,329
State Sources -				
Basic formula	11,552,664	11,552,664	10,701,005	(851,659)
Lottery aid	-	-	1,421,454	1,421,454
BOCES	754,631	754,631	749,885	(4,746)
Textbooks	50,798	50,798	27,699	(23,099)
All Other Aid -				
Computer software	9,724	9,724	19,404	9,680
Library loan	-	-	2,050	2,050
Other aid	-	-	23,866	23,866
Federal Sources	<u>60,000</u>	<u>60,000</u>	<u>155,207</u>	<u>95,207</u>
TOTAL REVENUES	<u>\$ 22,889,569</u>	<u>\$ 22,889,569</u>	<u>\$ 23,818,374</u>	<u>\$ 928,805</u>
Other Sources -				
Transfer - in	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 22,889,569</u>	<u>\$ 22,889,569</u>	<u>\$ 23,818,374</u>	<u>\$ 928,805</u>
Appropriated reserves	<u>\$ -</u>	<u>\$ 354,355</u>		
Appropriated fund balance	<u>921,815</u>	<u>646,815</u>		
Prior year encumbrances	<u>\$ 51,886</u>	<u>\$ 51,886</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 23,863,270</u></u>	<u><u>\$ 23,942,625</u></u>		

Required Supplementary Information
MIDDLEBURGH CENTRAL 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</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 30,200	\$ 33,275	\$ 22,309	\$ 349	\$ 10,617
Central administration	286,001	234,926	228,093	446	6,387
Finance	321,219	335,710	327,898	420	7,392
Staff	97,086	123,518	123,093	-	425
Central services	1,322,784	1,858,206	1,581,179	128,213	148,814
Special items	178,052	169,691	168,111	-	1,580
Instructional -					
Instruction, administration and improvement	544,362	592,523	560,153	14,486	17,884
Teaching - regular school	5,599,540	5,154,776	4,983,383	28,156	143,237
Programs for children with handicapping conditions	3,134,075	2,582,173	2,473,818	10,759	97,596
Occupational education	436,155	397,755	396,398	-	1,357
Instructional media	725,624	803,063	758,706	15,708	28,649
Pupil services	914,553	888,185	794,639	26,307	67,239
Pupil Transportation	1,372,081	1,400,850	1,345,238	22,353	33,259
Employee Benefits	6,883,892	7,331,991	7,297,448	-	34,543
Debt service - principal	1,421,300	1,011,300	1,011,300	-	-
Debt service - interest	436,346	896,683	896,682	-	1
TOTAL EXPENDITURES	<u>\$ 23,703,270</u>	<u>\$ 23,814,625</u>	<u>\$ 22,968,448</u>	<u>\$ 247,197</u>	<u>\$ 598,980</u>
Other Uses -					
Transfers - out	\$ 160,000	\$ 128,000	\$ 126,852	\$ -	\$ 1,148
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 23,863,270</u>	<u>\$ 23,942,625</u>	<u>\$ 23,095,300</u>	<u>\$ 247,197</u>	<u>\$ 600,128</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 723,074</u>		
FUND BALANCE, BEGINNING OF YEAR	<u>7,166,743</u>	<u>7,166,743</u>	<u>7,166,743</u>		
FUND BALANCE, END OF YEAR	<u>\$ 7,166,743</u>	<u>\$ 7,166,743</u>	<u>\$ 7,889,817</u>		

Required Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Schedule of Changes in Total OPEB Liability
For The Year Ended June 30, 2023

	TOTAL OPEB LIABILITY					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 1,834,776	\$ 3,197,472	\$ 3,029,018	\$ 1,355,014	\$ 1,167,442	\$ 1,229,622
Interest	2,979,320	2,559,547	2,527,061	1,808,501	1,893,617	1,898,289
Changes in benefit terms	-	(302,630)	-	133,723	-	-
Differences between expected and actual experiences	37,311	(13,087,179)	6,681	32,129,703	-	-
Changes of assumptions or other inputs	(7,245,964)	(22,885,699)	983,229	28,451,151	3,306,320	(2,577,004)
Benefit payments	(2,589,956)	(2,329,704)	(2,794,542)	(2,657,181)	(5,238,781)	(3,217,965)
Net Change in Total OPEB Liability	\$ (4,984,513)	\$ (32,848,193)	\$ 3,751,447	\$ 61,220,911	\$ 1,128,598	\$ (2,667,058)
Total OPEB Liability - Beginning	\$ 83,610,526	\$ 116,458,719	\$ 112,707,272	\$ 51,486,361	\$ 50,357,763	\$ 53,024,821
Total OPEB Liability - Ending	\$ 78,626,013	\$ 83,610,526	\$ 116,458,719	\$ 112,707,272	\$ 51,486,361	\$ 50,357,763
Covered Employee Payroll	\$ 9,143,519	\$ 7,993,200	\$ 8,470,700	\$ 8,534,798	\$ 8,363,249	\$ 8,507,795
Total OPEB Liability as a Percentage of Covered Employee Payroll	859.91%	1046.02%	1374.84%	1320.56%	615.63%	591.90%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability (Asset)
For The Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0069%	0.0068%	0.0064%	0.0068%	0.0073%	0.0075%	0.0077%	0.0075%	0.0080%
Proportionate share of the net pension liability (assets)	\$ 1,481,750	\$ (553,301)	\$ 6,390	\$ 1,802,900	\$ 513,400	\$ 241,600	\$ 718,400	\$ 1,207,400	\$ 271,100
Covered-employee payroll	\$ 1,918,206	\$ 2,339,154	\$ 2,027,125	\$ 1,904,600	\$ 1,906,500	\$ 1,989,200	\$ 2,018,000	\$ 1,870,500	\$ 1,954,500
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	77.2%	-23.65%	0.32%	94.66%	26.93%	12.15%	35.60%	64.55%	13.87%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0416%	0.0399%	0.0416%	0.0414%	0.0447%	0.0450%	0.0454%	0.0479%	0.0479%
Proportionate share of the net pension liability (assets)	\$ 798,435	\$ (6,906,727)	\$ 1,150,073	\$ (1,075,400)	\$ (807,700)	\$ (342,000)	\$ 486,300	\$ (4,750,300)	\$ (5,430,400)
Covered-employee payroll	\$ 7,106,674	\$ 7,583,553	\$ 7,011,533	\$ 7,064,300	\$ 6,909,200	\$ 6,301,600	\$ 7,006,700	\$ 6,869,900	\$ 7,081,700
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	11.24%	-91.08%	16.40%	-15.22%	-11.69%	-5.43%	6.94%	-69.15%	-76.68%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Schedules of District Contributions
For The Year Ended June 30, 2023

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 220,940	\$ 309,594	\$ 274,934	\$ 277,500	\$ 292,000	\$ 293,300	\$ 303,100	\$ 318,800	\$ 386,000
Contributions in relation to the contractually required contribution	(220,940)	(309,594)	(274,934)	(277,500)	(292,000)	(293,300)	(303,100)	(318,800)	(386,000)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,918,206	\$ 2,339,154	\$ 2,027,125	\$ 1,904,600	\$ 1,906,500	\$ 1,989,200	\$ 2,018,000	\$ 1,870,500	\$ 1,954,500
Contributions as a percentage of covered-employee payroll	11.52%	13.24%	13.56%	14.57%	15.32%	14.74%	15.02%	17.04%	19.75%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 722,376	\$ 644,695	\$ 625,891	\$ 625,900	\$ 756,800	\$ 835,600	\$ 929,100	\$ 1,204,300	\$ 1,150,800
Contributions in relation to the contractually required contribution	(722,376)	(644,695)	(625,891)	(625,900)	(756,800)	(835,600)	(929,100)	(1,204,300)	(1,150,800)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,106,674	\$ 7,583,553	\$ 7,011,533	\$ 7,064,300	\$ 6,909,200	\$ 6,301,600	\$ 7,006,700	\$ 6,869,900	\$ 7,081,700
Contributions as a percentage of covered-employee payroll	10.16%	8.50%	8.93%	8.86%	10.95%	13.26%	13.26%	17.53%	16.25%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Schedule of Change From Adopted Budget To Final Budget
And The Schedule Real Property Tax Limit
For The Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 23,811,384
Prior year's encumbrances		51,886
Original Budget		\$ 23,863,270
Budget revisions -		
Appropriated reserves		79,355
FINAL BUDGET		\$ 23,942,625

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2023-24 voter approved expenditure budget		\$ 24,312,490
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 1,169,012	
Unassigned fund balance	3,697,109	
Total Unrestricted fund balance	\$ 4,866,121	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 921,815	
Encumbrances included in assigned fund balance	247,197	
Total adjustments	\$ 1,169,012	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		3,697,109
ACTUAL PERCENTAGE		15.21%

Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Schedule of Project Expenditures - Capital Projects Fund
For The Year Ended June 30, 2023

<u>Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Obligations</u>	<u>Methods of Financing</u>			<u>Fund Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>			<u>Local Sources</u>	<u>State / Federal Sources</u>	<u>Total</u>	
Misc Prior Projects	\$ 621,306	\$ 878,946	\$ -	\$ 878,946	\$ (257,640)	\$ 215,524	\$ 285,504	\$ 355,599	\$ 856,627	\$ (22,319)
Reconstruction/Additions	4,123,271	4,070,758	-	4,070,758	52,513	3,376,959	125,000	733,328	4,235,287	164,529
Bus Purchases	1,293,440	1,711,293	-	1,711,293	(417,853)	-	1,085,338	-	1,085,338	(625,955)
Flood Remediation	2,743,391	2,743,391	-	2,743,391	-	-	455,318	2,325,642	2,780,960	37,569
Reconstruction Project	15,000,000	14,647,796	151,998	14,799,794	200,206	14,275,000	332,517	-	14,607,517	(192,277)
Bus Purchases 21/22 & 22/23	819,541	-	692,883	692,883	126,658	-	376,235	-	376,235	(316,648)
Security Project	100,000	-	82,824	82,824	17,176	-	100,000	-	100,000	17,176
Smart School Bond Act	922,936	755,360	-	755,360	167,576	-	-	755,360	755,360	-
TOTAL	\$ 25,623,885	\$ 24,807,544	\$ 927,705	\$ 25,735,249	\$ (111,364)	\$ 17,867,483	\$ 2,759,912	\$ 4,169,929	\$ 24,797,324	\$ (937,925)

Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
Net Investment in Capital Assets/ right to use assets
For The Year Ended June 30, 2023

Capital assets/right to use assets, net		\$ 28,872,289
Deduct:		
Bond payable	\$ 13,445,000	
Retainage payable	-	
Unamortized bond premium	<u>1,097,599</u>	
		<u>15,190,873</u>
Net Investment in Capital Assets/Right to Use Assets		<u><u>\$ 13,823,626</u></u>



BUSINESS
ADVISORS
AND CPAS

**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 President and Members
of the Board of Education of
Middleburgh Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Middleburgh Central School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 5, 2023



BUSINESS
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AND CPAS

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

To the President and Members of the Board of Education of
Middleburgh Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 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 GAAS, *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.

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.

Mengel, Metzger, Barw & Co. LLP

Latham, NY
October 5, 2023

Supplementary Information
MIDDLEBURGH CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2023

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Passthrough to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0841	-	\$ 388,068
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0841	-	15,897
Total Special Education Cluster IDEA				\$ 403,965
<u>COVID-19 Education Stabilization Fund -</u>				
CRRSA - ESSER 2	84.425D	5891-21-2780	-	362,457
CRRSA - GEER 2	84.425C	5896-21-2780	-	15,146
ARP - SLR Summer Enrichment	84.425U	5882-21-2780	-	102,503
ARP - SLR Comprehensive After School	84.425U	5883-21-2780	-	18,038
ARP - SLR Learning Loss	84.425U	5880-21-0960	-	248,570
Total COVID-19 Education Stabilization fund				\$ 746,714
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-2780	-	\$ 48,212
Title IV	84.938C	0204-22-2780	-	19,941
REAP	84.358A	n/a	-	23,158
Title I - Grants to Local Educational Agencies	84.010	0021-23-2780	-	161,165
Total U.S. Department of Education				\$ 1,403,155
<u>U.S. Department of Health and Human Services:</u>				
<u>Indirect Programs:</u>				
<u>Passed through New York State Department of Health</u>				
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	6880-01	-	\$ 8,273
Total U.S. Department of Health and Human Services				\$ 8,273
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department (Child Nutrition Services) -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	n/a	-	\$ 183,462
COVID-19 National School Lunch Program - Supply Chain Assistance	10.555	n/a	-	34,418
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	n/a	-	30,762
National School Breakfast Program	10.553	n/a	-	79,983
Total Child Nutrition Cluster				\$ 328,625
COVID-19 Pandemic EBT Administrative Costs	10.649	n/a	-	1,256
Total U.S. Department of Agriculture				\$ 329,881
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 1,741,309

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the Middleburgh Central School District (the District), which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Schedule only presents a selected portion of the operations of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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.

The federal expenditures are recognized under the Uniform Guidance.

3. SCOPE OF AUDIT

The Middleburgh Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

4. NON-CASH ASSISTANCE

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$30,762.

5. INDIRECT COST RATE

The Middleburgh Central School District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Financial Statements

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425C	COVID-19 Governor’s Emergency Education Relief Fund
84.425D	COVID-19 CRRSA Act - Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund – Comprehensive Afterschool
	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund - Learning Loss
	COVID-19 ARP – Elementary and Secondary School Emergency Relief Fund – Summer Enrichment

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

Noncompliance Material to the Financial Statements

2023-001 Compliance with New York State Real Property Tax Law

Statement of Condition: The unassigned fund balance of the general fund exceeds 4% of the 2023/2024 general fund budget by \$2,724,609.

Criteria: NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

Cause: The cumulative effect of expenditures being significantly under budget.

Effect of Condition: The District was not in compliance with Real Property Tax Law.

Context: As part of audit procedures the compliance the NYS Real Property Tax Law 1318 limits is reviewed.

Recommendation: The District should develop a plan regarding how to address and use the excess in future years.

Views of responsible officials and planned corrective actions: The District reviews fund balance projections quarterly to ensure excess fund balance is considered when preparing the subsequent year's budget and in reviewing reserve balances. The District anticipates using a portion of fund balance to balance the budget and keep the tax levy increase minimal or at 0%.

Section II: Financial Statement Findings

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:

None noted.

Section III: Federal Award Findings and Questioned Costs

Findings and questioned costs related to Federal awards which are required to be reported in accordance with 2 CFR 200.516(a):

None noted.

MIDDLEBURGH CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023

Summary Schedule of Prior Audit Findings

- 2022-001 Compliance with New York State Real Property Tax Law
- Condition:* Unassigned fund equity of the general fund exceeds 4% of the 22/23 general fund budget by \$3,198,959.
- Current Status: This item is repeated as finding 2023-001.
-
- 2022-002 Adjustments
- Condition:* Various adjusting journal entries were proposed as a result of audit procedures to properly reflect year end balances.
- Current Status: Corrective action was implemented, and this item is not repeated.
-
- 2022-003 Education Stabilization Funds
- Condition:* Certain expenditures were charged to the individual grants within the program incorrectly, were not charged in accordance with the individual grant budgets, or were not eligible expenditures of the grants.
- Current Status: Corrective action was implemented, and this item is not repeated.