



**MILLER PLACE
UNION FREE SCHOOL DISTRICT**
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS

June 30, 2023

MILLER PLACE UNION FREE SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Miller Place Union Free School District
Miller Place, New York

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Miller Place Union Free School District (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.

Summary of Opinions

OPINION UNIT	TYPE OF OPINION	OPINION UNIT	TYPE OF OPINION
Governmental Activities	<i>Unmodified</i>	Capital Projects Fund	<i>Unmodified</i>
General Fund	<i>Unmodified</i>	Extraclassroom Activity Funds	<i>Qualified</i>
Special Aid Fund	<i>Unmodified</i>	Scholarships Fund	<i>Unmodified</i>
School Food Service Fund	<i>Unmodified</i>	Fiduciary Fund	<i>Unmodified</i>

Qualified Opinion

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the extraclassroom activity funds of the Miller Place Union Free School District, as of June 30, 2023, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, other than the extraclassroom activity funds, and the fiduciary fund of the Miller Place Union Free School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion and Unmodified Opinions

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

independent of the Miller Place Union Free School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Extraclassroom Activity Funds

The fundraising cash receipts records of the student activities that comprise the extraclassroom activity funds of the Miller Place Union Free School District were not adequate to permit the application of sufficient adequate auditing procedures to indicate whether all receipts were recorded.

Change in Accounting Principles

As described in Note 2 to the financial statements, "Change in Accounting Principles", the District has adopted the provisions of GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of June 30, 2023. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of revenues, expenditures, and changes in fund balance – budget and actual – general fund, schedule of the District's proportionate share of the net pension asset/(liability), schedule of District pension contributions, and schedule of changes in the District's total OPEB liability and related ratios on pages 4 through 18 and 57 through 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The other information on pages 62 through 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is other information requested by the New York State Education Department. Management is responsible for the other information. The other information does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2023 on our consideration of the Miller Place Union Free School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Miller Place Union Free School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Miller Place Union Free School District's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

September 22, 2023

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Miller Place Union Free School District's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year June 30, 2023 are as follows:

- The District's total net position, as reflected in the district-wide financial statements, decreased by \$3,751,975. This was due to an excess of expenses over revenues using the economic resources measurement focus and the accrual basis of accounting.
- For the fiscal year ended June 30, 2023 the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this statement included a restatement of prepaids and fund balance/net position, each increasing by \$115,948.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$82,672,096. Of this amount, \$4,469,830 was offset by program charges for services, and operating grants and contributions. General revenues of \$74,450,291 amount to 94.3% of total revenues.
- The District received \$3,651,197 in operating grants and contributions to support instructional programs. This represents a decrease from the prior year of \$1,213,584. This is due to decreases in Federal aid from the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act compared with the prior year.
- The District's general fund fund balance, as reflected in the fund financial statements was \$17,573,818 at June 30, 2023. This balance represents a \$551,345 increase (3.24%) over the prior year due to an excess of revenues over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
 - Nonspendable fund balance increased by \$82,573, which represents a change in prepaids. The increase is exclusive of a prior period adjustment of \$115,948, due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
 - Restricted fund balances increased by \$45,115 due to the funding of reserves and interest allocated to the reserves, offset by the use of reserves.
 - Assigned fund balance increased \$311,958, as appropriated fund balance and encumbrances increased compared to the prior year.
 - Unassigned fund balance increased by \$111,699 to \$3,206,825.
- The District's June 30, 2023 property tax levy of \$49,852,450 was a 2.22% increase over the June 30, 2022 tax levy and was equal to the District's property tax cap.
- On October 19, 2021, the voters authorized district-wide capital improvement projects not to exceed \$30,000,000. The approved projects are to be funded through the issuance of bonds. As of June 30, 2023, \$5,000,000 in bonds have been issued to date on this authorization. A total of \$2,505,692 has been expended as of June 30, 2023.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, lease liabilities, subscription liabilities, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, extraclassroom activity funds and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Certain balances at June 30, 2022, were adjusted as a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which required the District to record a prepaid asset and increase net position by \$115,948.

The District's total net position decreased by \$3,751,975 between fiscal year 2023 and 2022. The decrease is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	As Restated 2022	Increase (Decrease)	Percentage Change
Assets				
Current and Other Assets	\$ 31,146,514	\$ 27,684,080	\$ 3,462,434	12.51 %
Capital Assets, Net	47,645,454	46,472,631	1,172,823	2.52 %
Net Pension Assets - Proportionate Share	<u>-</u>	<u>30,690,210</u>	<u>(30,690,210)</u>	(100.00)%
Total Assets	<u>78,791,968</u>	<u>104,846,921</u>	<u>(26,054,953)</u>	(24.85)%
Deferred Outflows of Resources	<u>52,477,511</u>	<u>48,670,824</u>	<u>3,806,687</u>	7.82 %
Liabilities				
Current and Other Liabilities	8,296,435	7,898,261	398,174	5.04 %
Long-Term Liabilities	32,678,232	30,195,599	2,482,633	8.22 %
Net Pension Liability - Proportionate Share	6,857,019	-	6,857,019	N/A
Total OPEB Liability	<u>125,008,748</u>	<u>108,055,115</u>	<u>16,953,633</u>	15.69 %
Total Liabilities	<u>172,840,434</u>	<u>146,148,975</u>	<u>26,691,459</u>	18.26 %
Deferred Inflows of Resources	<u>38,264,999</u>	<u>83,452,749</u>	<u>(45,187,750)</u>	(54.15)%
Net Position (Deficit)				
Net investment in capital assets	23,024,761	22,117,520	907,241	4.10 %
Restricted	10,679,114	10,625,524	53,590	0.50 %
Unrestricted (Deficit)	<u>(113,539,829)</u>	<u>(108,827,023)</u>	<u>(4,712,806)</u>	(4.33)%
Total Net Position (Deficit)	<u>\$ (79,835,954)</u>	<u>\$ (76,083,979)</u>	<u>\$ (3,751,975)</u>	(4.93)%

The increase in current and other assets is primarily related to the increase in cash, offset by decreases in due from state and federal, and due from other governments.

The increase in capital assets, net is due to capital asset additions in excess of depreciation/amortization expense. The accompanying Notes to Financial Statements, Note 10 "Capital Assets" provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employees' System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 16 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates and actuarial adjustments of the pension and OPEB plans that will be amortized in future years, and the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The increase in current and other liabilities is primarily due to increases in amounts due to other governments, due to teachers' retirement system, and accounts payable, offset by a decrease in accrued liabilities.

The increase in long-term liabilities is predominantly the result of the issuance of debt, offset by the repayment of the current maturities of the bond indebtedness, and energy performance contracts, as well as fewer compensated absences payable.

Net pension liabilities – proportionate share represents the District's share of the TRS' and the ERS' collective net pension liabilities at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 16 "Pension Plans – New York State" provides additional information.

Total OPEB liability increased, based on the actuarial valuation of the plan. The accompanying Notes to Financial Statements, Note 18 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The net investment in capital assets is the investment in capital assets at cost net of accumulated depreciation/amortization and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves, which increased over the prior year due to transfers into the reserves in excess of expenses from the unemployment, retirement contribution, and employee benefit accrued liability reserves.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

B. Changes in Net Position

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services	\$ 818,633	\$ 646,855	\$ 171,778	26.56 %
Operating Grants & Contributions	3,651,197	4,864,781	(1,213,584)	(24.95)%
General Revenues				
Property Taxes & STAR	49,852,558	48,769,714	1,082,844	2.22 %
State Sources	22,732,335	22,573,568	158,767	0.70 %
Other	1,865,398	996,231	869,167	87.25 %
Total Revenues	<u>78,920,121</u>	<u>77,851,149</u>	<u>1,068,972</u>	1.37 %
Expenses				
General Support	11,188,845	9,758,372	1,430,473	14.66 %
Instruction	65,114,758	56,903,464	8,211,294	14.43 %
Pupil Transportation	3,972,377	3,532,575	439,802	12.45 %
Debt Service - Interest	1,135,060	870,028	265,032	30.46 %
Food Service Program	1,261,056	1,532,111	(271,055)	(17.69)%
Total Expenses	<u>82,672,096</u>	<u>72,596,550</u>	<u>10,075,546</u>	13.88 %
Increase / (Decrease) in Net Position	<u>\$ (3,751,975)</u>	<u>\$ 5,254,599</u>	<u>\$ (9,006,574)</u>	(171.40)%

The District's net position decreased by \$3,751,975 and increased by \$5,254,599 for the years ended June 30, 2023 and 2022, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2022-2023 budget.
- Operating grants decreased as the District's funding under the Coronavirus Response and Relief Supplementary Appropriations (CRRSA) Act and the American Rescue Plan (ARP) Act through the Elementary and Secondary School Emergency Relief (ESSER) program and the Governor's Emergency Education Relief (GEER) program were less than the prior year.

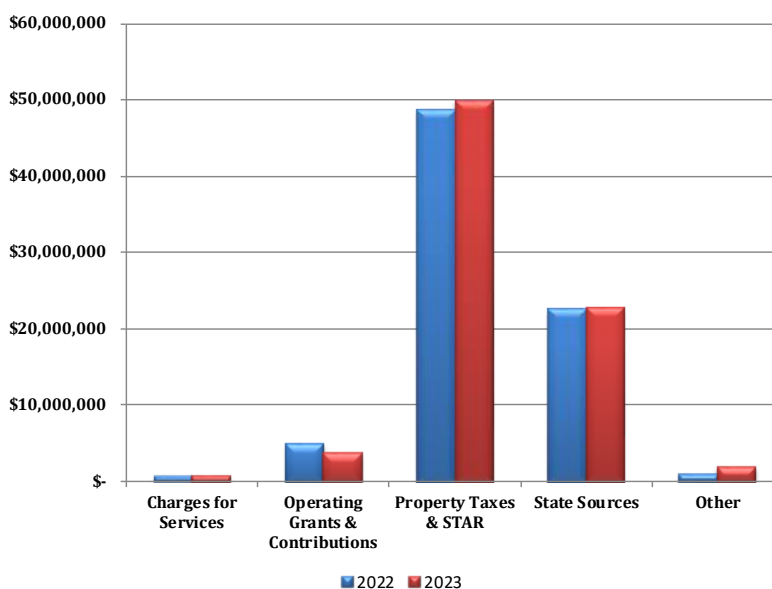
The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- General support and instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS, ERS, and OPEB costs.
- Pupil transportation expenses increased due to a rise in contract bus expenses.
- The food service program decreased due to fewer meals being served to students, as the meals were no longer free to all students as they were during the prior year.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 63.2% and 62.6% of the total for the years June 30, 2023 and 2022, respectively). Instruction expense is the largest category of expenses incurred (i.e., 78.8% and 78.4% of the total for the years June 30, 2023 and 2022, respectively).

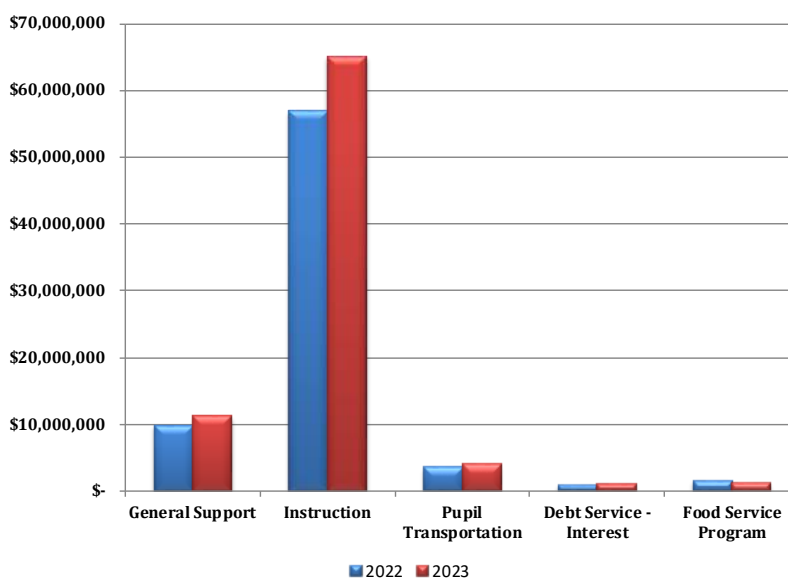
MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Property Taxes & STAR	State Sources	Other
2022	0.8%	6.2%	62.6%	29.0%	1.4%
2023	1.0%	4.6%	63.2%	28.8%	2.4%

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2022	13.4%	78.4%	4.9%	1.2%	2.1%
2023	13.5%	78.8%	4.8%	1.4%	1.5%

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$23,156,786, which is an increase of \$3,462,828 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2023	As Restated 2022	Increase (Decrease)	Percentage Change
General Fund				
Nonspendable: Prepays	\$ 198,521	\$ 115,948	\$ 82,573	71.22 %
Restricted:				
Workers' compensation	890,459	875,189	15,270	1.74 %
Unemployment insurance	715,473	714,999	474	0.07 %
Retirement contribution				
Teachers' retirement system	1,683,349	1,626,258	57,091	3.51 %
Employees' retirement system	2,463,160	2,546,491	(83,331)	(3.27)%
Insurance	365,177	358,915	6,262	1.74 %
Employee benefit accrued liability	4,532,095	4,482,746	49,349	1.10 %
Assigned:				
Appropriated fund balance	2,776,176	2,655,101	121,075	4.56 %
Unappropriated fund balance	742,583	551,700	190,883	34.60 %
Unassigned: Fund balance	3,206,825	3,095,126	111,699	3.61 %
	<u>17,573,818</u>	<u>17,022,473</u>	<u>551,345</u>	3.24 %
School Food Service Fund				
Assigned: Unappropriated fund balance	<u>315,896</u>	<u>377,469</u>	<u>(61,573)</u>	(16.31)%
Capital Projects Fund				
Restricted: Unspent bond proceeds	2,494,308		2,494,308	N/A
Assigned: Unappropriated fund balance	<u>2,650,232</u>	<u>2,212,751</u>	<u>437,481</u>	19.77 %
	<u>5,144,540</u>	<u>2,212,751</u>	<u>2,931,789</u>	132.50 %
Extraclassroom Activities Fund				
Assigned: Unappropriated fund balance	<u>93,131</u>	<u>60,339</u>	<u>32,792</u>	54.35 %
Scholarships Fund				
Restricted: Scholarships	<u>29,401</u>	<u>20,926</u>	<u>8,475</u>	40.50 %
Total Fund Balance	<u>\$ 23,156,786</u>	<u>\$ 19,693,958</u>	<u>\$ 3,462,828</u>	17.58 %

A. General Fund

The general fund – fund balance is a net increase of \$551,345 compared to a net increase of \$1,072,513 in 2022. This resulted from revenues in excess of expenditures and other financing uses.

The following is a summary of the major changes that resulted in revenues increasing over the prior year:

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 49,852,558	\$ 48,769,714	\$ 1,082,844	2.22 %
Other Local Sources	1,820,243	1,066,683	753,560	70.65 %
State Sources	22,714,343	22,573,568	140,775	0.62 %
Medicaid Reimbursement	69,713	40,625	29,088	71.60 %
	<u>\$ 74,456,857</u>	<u>\$ 72,450,590</u>	<u>\$ 2,006,267</u>	2.77 %

- Property taxes and STAR increased due to a rise in the tax levy in accordance with the 2022-2023 voter-approved budget.
- Other local sources increased due to higher interest rates being paid on District deposits.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 7,983,850	\$ 7,930,716	\$ 53,134	0.67 %
Instruction	40,807,854	39,980,709	827,145	2.07 %
Pupil Transportation	3,920,284	3,503,245	417,039	11.90 %
Employee Benefits	17,060,178	15,811,639	1,248,539	7.90 %
Debt Service	3,846,343	3,714,528	131,815	3.55 %
Other Financing Uses	287,003	437,240	(150,237)	(34.36)%
	<u>\$ 73,905,512</u>	<u>\$ 71,378,077</u>	<u>\$ 2,527,435</u>	3.54 %

- Employee benefits increased primarily due to larger health insurance expenditures, and a growth in the pension contribution rates for the District's liability to the TRS.
- Instructional media decreased from the prior year as the District purchased new Chromebooks for students in the current year.
- Pupil transportation increased due to there being more bus runs as compared to the prior year.
- Other financing uses decreased as, in the prior year, the District transferred \$352,335 to the capital projects fund to fund district-wide improvements, whereas, in the current year, the District transferred \$200,000 to fund current capital projects using general fund appropriations. This was offset by an increase in the transfer to the special aid fund.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Workers' compensation	\$ 875,189	\$	\$ 15,270	\$	\$ 890,459
Unemployment insurance	714,999	(12,000)	12,474		715,473
Retirement contribution					
TRS	1,626,258	(534,168)	21,259	570,000	1,683,349
ERS	2,546,491	(618,654)	35,323	500,000	2,463,160
Insurance	358,915		6,262		365,177
EBALR	4,482,746	(678,862)	78,211	650,000	4,532,095
	<u>\$ 10,604,598</u>	<u>\$ (1,843,684)</u>	<u>\$ 168,799</u>	<u>\$ 1,720,000</u>	<u>\$ 10,649,713</u>

B. School Food Service Fund

The District participated in the National School Lunch Program and met certain eligibility requirements to receive \$29,457 of supply chain assistance funds during the fiscal year ended June 30, 2023.

The school food service fund - fund balance net decrease can be attributed to a reduction in state and federal reimbursements, based on an Executive Order in the prior year.

C. Capital Projects Fund

The net change in the capital projects fund – fund balance is an increase of \$2,931,789, due to proceeds from the issuance of bonds in the amount of \$5,000,000, leases in the amount of \$391,599, subscription-based information technology arrangements in the amount of \$181,821, and an operating transfer from the general fund of \$200,000, offset by expenditures for capital projects of \$2,841,631.

D. Extraclassroom Activity Funds

The extraclassroom activity funds – fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

E. Scholarships Fund

The scholarships fund – fund balance net increase is the result of scholarship donations and contributions exceeding scholarships awarded.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District's general fund adopted budget for the year ended June 30, 2023 was \$77,670,225. This amount was increased by encumbrances carried forward from the prior year in the amount of \$551,700 and budget revisions in the amount of \$699,973 for a total final budget of \$78,921,898.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The final budget was funded through a combination of estimated revenues and appropriated fund balance. The majority of this funding source was \$49,852,450 in estimated property taxes and STAR.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues, and expenditures and other financing uses for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 3,095,126
Revenues Over Budget	623,444
Expenditures, Other Financing Uses, and Encumbrances Under Budget	4,273,803
Unused Appropriated Reserves	(38,000)
Net Change in Nonspendable Fund Balance	(82,573)
Allocation to Reserves	(1,888,799)
Appropriated to Fund the June 30, 2024 Budget	<u>(2,776,176)</u>
Closing, Unassigned Fund Balance	<u><u>\$ 3,206,825</u></u>

Opening, Unassigned Fund Balance

The \$3,095,126 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

Revenues Over Budget

The 2022-2023 final budget for revenues was \$73,833,413. Actual revenues recognized for the year were \$74,456,857. The excess of estimated or budgeted revenues over actual revenues was \$623,444, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures was \$78,921,898. Actual expenditures as of June 30, 2023 were \$73,905,512 and outstanding encumbrances were \$742,583. Combined, the expenditures plus encumbrances for 2022-2023 were \$74,648,095. The final budget variance was \$4,273,803, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Unused Appropriated Reserves

In the 2022-2023 budget, \$1,202,822 of reserves was appropriated to reduce the tax levy. Due to lower than anticipated expenditures, \$38,000 of this funding was not needed and, therefore, it was returned to the reserves for future use.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of prepaid subscription assets. The resulting balance sheet asset cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this MD&A details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$2,776,176 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2023 is \$3,206,825. This amount equals 3.99% of the 2023-2024 budget and is less than the 4% statutory limit.

6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES

A. Capital Assets

At June 30, 2023, the District has invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital asset additions of \$3,503,621 in excess of depreciation/amortization expense of \$2,330,798 recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation/amortization at June 30, 2023 and 2022 is as follows:

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

	2023	2022	Increase (Decrease)
Land	\$ 690,053	\$ 690,053	\$ -
Construction in progress	2,524,482	287,407	2,237,075
Buildings and improvements	37,682,608	38,849,079	(1,166,471)
Furniture and equipment	6,102,475	6,646,092	(543,617)
Leased equipment and fixtures	301,858		301,858
Subscription assets	343,978		343,978
	<u>\$ 47,645,454</u>	<u>\$ 46,472,631</u>	<u>\$ 1,172,823</u>
Capital assets, net			

B. Debt Administration

At June 30, 2023, the District had combined total debt of \$25,726,673. The decreases in outstanding debt represent principal payments made throughout the year, while increases indicate new issuances. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

Issue Date	Interest Rate	2023	2022	Increase (Decrease)
Bonds Payable				
7/15/2009	3.50-4.00%	\$ 240,000	\$ 470,000	\$ (230,000)
9/14/2011	2.25-5.00%	2,545,000	2,640,000	(95,000)
6/24/2015	2.00-3.125%	3,825,000	4,350,000	(525,000)
5/29/2019	3.00-5.00%	9,690,000	10,820,000	(1,130,000)
8/30/2022	3.00-3.50%	5,000,000	-	5,000,000
		<u>\$ 21,300,000</u>	<u>\$ 18,280,000</u>	<u>\$ 3,020,000</u>
Energy Performance Contract				
6/25/2012	2.29%	\$ 1,049,321	\$ 1,268,252	\$ (218,931)
6/25/2017	2.36%	2,944,315	3,217,809	(273,494)
		<u>\$ 3,993,636</u>	<u>\$ 4,486,061</u>	<u>\$ (492,425)</u>
Lease Liabilities				
8/1/2022	2.93%	<u>\$ 289,424</u>	<u>\$ -</u>	<u>\$ 289,424</u>
Subscription Liabilities				
7/1/2022	2.54%	<u>\$ 143,613</u>	<u>\$ -</u>	<u>\$ 143,613</u>

The District's latest underlying, long-term credit rating from Moody's Investors Service, Inc. is Aa2. The District's outstanding serial bonds at June 30, 2023 are approximately 7.88% of the District's debt limit.

On October 19, 2021, the voters of the District authorized the District to issue serial bonds not to exceed \$30,000,000 for improvements to district-wide infrastructure and facilities. As of June 30, 2023, debt in the amount of \$5,000,000 has been issued. Work has commenced and expenditures are recorded in the capital projects fund.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

C. Other Long-Term Liabilities

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and net pension liabilities – proportionate share and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Compensated absences	\$ 5,563,231	\$ 5,840,488	\$ (277,257)
Net pension liabilities - proportionate share	6,857,019	-	6,857,019
Total OPEB liability	<u>125,008,748</u>	<u>108,055,115</u>	<u>16,953,633</u>
	<u>\$ 137,428,998</u>	<u>\$ 113,895,603</u>	<u>23,533,395</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$80,364,624. This is an increase of \$2,694,399 or 3.47% over the previous year's budget.

The District budgeted revenues other than property taxes and STAR at a \$1,308,434 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of \$2,776,176 is an increase of \$121,075 over the prior year. Additionally, the District has elected to appropriate \$1,300,000 of reserves toward the next year's budget which is an increase of \$97,178 over the previous year. A property tax increase of \$1,167,712 (2.34%), levy to levy, was needed to meet the funding shortfall and cover the increase in appropriations.

B. Future Budgets

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges of fuel, goods, and borrowing costs may impact the District's future budgets.

C. Tax Cap

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District's 2023-2024 property tax increase of 2.34% was equal the tax cap and did not require an override vote.

MILLER PLACE UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Ms. Colleen Card
School Business Official
Miller Place Union Free School District
Administrative Office
7 Memorial Drive
Miller Place, NY 11764

MILLER PLACE UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

ASSETS

Cash	
Unrestricted	\$ 14,806,998
Restricted	13,173,422
Receivables	
Accounts receivable	18,551
Due from state and federal	1,422,180
Due from other governments	1,725,363
Capital assets:	
Not being depreciated	3,214,535
Being depreciated/amortized, net of accumulated depreciation/amortization	<u>44,430,919</u>
Total Assets	<u>78,791,968</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges from advance refunding	127,042
Pensions	19,681,235
Other postemployment benefits	<u>32,669,234</u>
Total Deferred Outflows of Resources	<u>52,477,511</u>

LIABILITIES

Payables	
Accounts payable	1,625,320
Accrued liabilities	656,208
Due to other governments	2,269,423
Due to teachers' retirement system	3,185,446
Due to employees' retirement system	246,677
Other liabilities	199,375
Unearned credits	
Collections in advance	113,986
Long-term liabilities	
Due and payable within one year	
Bonds payable, net	2,505,722
Energy performance contract payable	503,954
Lease liabilities	93,706
Subscription liabilities	34,566
Compensated absences payable	150,000
Due and payable after one year	
Bonds payable, net	20,182,606
Energy performance contract payable	3,489,682
Lease liabilities	195,718
Subscription liabilities	109,047
Compensated absences payable	5,413,231
Net pension liabilities - proportionate share	6,857,019
Total other postemployment benefits liability	<u>125,008,748</u>
Total Liabilities	<u>172,840,434</u>

DEFERRED INFLOWS OF RESOURCES

Pensions	1,908,538
Other postemployment benefits	<u>36,356,461</u>
Total Deferred Inflows of Resources	<u>38,264,999</u>

NET POSITION (DEFICIT)

Net investment in capital assets	<u>23,024,761</u>
Restricted:	
Workers' compensation	890,459
Unemployment insurance	715,473
Retirement contribution	
Teachers' retirement system	1,683,349
Employees' retirement system	2,463,160
Insurance	365,177
Employee benefit accrued liability	4,532,095
Scholarships	<u>29,401</u>
	<u>10,679,114</u>
Unrestricted (deficit)	<u>(113,539,829)</u>
Total Net Position (Deficit)	<u>\$ (79,835,954)</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2023

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services	& Contributions	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 11,188,845	\$	\$	\$ (11,188,845)
Instruction	65,114,758	59,959	3,199,123	(61,855,676)
Pupil transportation	3,972,377			(3,972,377)
Debt service - interest	1,135,060			(1,135,060)
Food service program	1,261,056	758,674	452,074	(50,308)
	<u>\$ 82,672,096</u>	<u>\$ 818,633</u>	<u>\$ 3,651,197</u>	<u>(78,202,266)</u>
Total Functions and Programs				
GENERAL REVENUES				
Real property taxes				46,339,332
Other tax items				3,513,226
Use of money and property				605,000
Sale of property				697
Miscellaneous				1,189,988
State sources				22,732,335
Medicaid reimbursement				69,713
				<u>74,450,291</u>
Total General Revenues				
Change in Net Position				(3,751,975)
Total Net Position (Deficit) - Beginning of Year, as Restated				<u>(76,083,979)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (79,835,954)</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 11,421,559	\$ 152,519	\$ 472,621	\$ 2,667,164	\$ 93,131	\$ 4	\$ 14,806,998
Restricted	10,649,713			2,494,308		29,401	13,173,422
Receivables							
Accounts receivable	18,551						18,551
Due from other funds	1,009,945		43,600				1,053,545
Due from state and federal	555,307	840,490	26,383				1,422,180
Due from other governments	1,725,363						1,725,363
Prepays	198,521						198,521
Total Assets	<u>\$ 25,578,959</u>	<u>\$ 993,009</u>	<u>\$ 542,604</u>	<u>\$ 5,161,472</u>	<u>\$ 93,131</u>	<u>\$ 29,405</u>	<u>\$ 32,398,580</u>
LIABILITIES							
Payables							
Accounts payable	\$ 1,512,747	\$	\$ 112,573	\$	\$	\$	\$ 1,625,320
Accrued liabilities	302,811						302,811
Due to other funds	43,600	993,009		16,932		4	1,053,545
Due to other governments	2,269,274		149				2,269,423
Due to teachers' retirement system	3,185,446						3,185,446
Due to employees' retirement system	246,677						246,677
Other liabilities	199,375						199,375
Unearned credits							
Collections in advance			113,986				113,986
Total Liabilities	<u>7,759,930</u>	<u>993,009</u>	<u>226,708</u>	<u>16,932</u>	<u>-</u>	<u>4</u>	<u>8,996,583</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	<u>245,211</u>						<u>245,211</u>
FUND BALANCES							
Nonspendable: Prepays	198,521						198,521
Restricted:							
Workers' compensation	890,459						890,459
Unemployment insurance	715,473						715,473
Retirement contribution							
Teachers' retirement system	1,683,349						1,683,349
Employees' retirement system	2,463,160						2,463,160
Insurance	365,177						365,177
Employee benefit accrued liability	4,532,095						4,532,095
Scholarships						29,401	29,401
Unspent bond proceeds				2,494,308			2,494,308
Assigned:							
Appropriated fund balance	2,776,176						2,776,176
Unappropriated fund balance	742,583		315,896	2,650,232	93,131		3,801,842
Unassigned: Fund balance	<u>3,206,825</u>						<u>3,206,825</u>
Total Fund Balances	<u>17,573,818</u>	<u>-</u>	<u>315,896</u>	<u>5,144,540</u>	<u>93,131</u>	<u>29,401</u>	<u>23,156,786</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 25,578,959</u>	<u>\$ 993,009</u>	<u>\$ 542,604</u>	<u>\$ 5,161,472</u>	<u>\$ 93,131</u>	<u>\$ 29,405</u>	<u>\$ 32,398,580</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2023

Total Governmental Fund Balances	\$ 23,156,786
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Original cost of capital assets	\$ 88,314,394	
Less: Accumulated depreciation	<u>(40,668,940)</u>	
		47,645,454

Prepayments for subscription-based information technology arrangements are reported as prepaid expenditures, an asset on the Balance Sheet; however, on the Statement of Net Position, those prepaid costs are reclassified as capital assets.	(198,521)
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Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	19,681,235	
Net pension liabilities - teachers' retirement system	(3,164,300)	
Net pension liabilities - employees' retirement system	(3,692,719)	
Deferred inflows of resources	<u>(1,908,538)</u>	
		10,915,678

Deferred charges on advance refunding of bonds are not reported on the Balance Sheet, but are reflected on the Statement of Net Position and amortized over the life of the related bonds.

Deferred charges on advance refunding	202,043	
Less: Accumulated amortization	<u>(75,001)</u>	
		127,042

Total other postemployment benefits liability and deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	32,669,234	
Total other postemployment benefits liability	(125,008,748)	
Deferred inflows of resources	<u>(36,356,461)</u>	
		(128,695,975)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds, but are not deferred on the Statement of Net Position.	245,211
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:

Accrued interest on debt	(353,397)	
Bonds payable, net	(22,688,328)	
Energy performance contract payable	(3,993,636)	
Lease liabilities	(289,424)	
Subscription liabilities	(143,613)	
Compensated absences payable	<u>(5,563,231)</u>	
		<u>(33,031,629)</u>

Total Net Position (Deficit)	<u>\$ (79,835,954)</u>
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MILLER PLACE UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures ,
and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
REVENUES							
Real property taxes	\$ 46,339,332	\$	\$	\$	\$	\$	\$ 46,339,332
Other tax items	3,513,226						3,513,226
Charges for services	24,988						24,988
Use of money and property	604,570		430		74		605,074
Sale of property and compensation for loss	697						697
Miscellaneous	1,189,988				169,057	37,600	1,396,645
State sources	22,714,343	572,406	15,489				23,302,238
Medicaid reimbursement	69,713						69,713
Federal sources		2,589,117	436,585				3,025,702
Sales			758,674				758,674
Total Revenues	74,456,857	3,161,523	1,211,178	-	169,131	37,600	79,036,289
EXPENDITURES							
General support	7,983,850	84,910					8,068,760
Instruction	40,807,854	2,951,261			136,339	29,125	43,924,579
Pupil transportation	3,920,284						3,920,284
Employee benefits	17,060,178	212,355					17,272,533
Debt service							
Principal	2,612,808						2,612,808
Interest	1,233,535						1,233,535
Food service program			1,272,751				1,272,751
Capital outlay				2,841,631			2,841,631
Total Expenditures	73,618,509	3,248,526	1,272,751	2,841,631	136,339	29,125	81,146,881
Excess (Deficiency) of Revenues Over Expenditures	838,348	(87,003)	(61,573)	(2,841,631)	32,792	8,475	(2,110,592)
OTHER FINANCING SOURCES AND (USES)							
Proceeds of debt				5,573,420			5,573,420
Operating transfers in		87,003		200,000			287,003
Operating transfers (out)	(287,003)						(287,003)
Total Other Financing Sources and (Uses)	(287,003)	87,003	-	5,773,420	-	-	5,573,420
Net Change in Fund Balances	551,345	-	(61,573)	2,931,789	32,792	8,475	3,462,828
Fund Balances - Beginning of Year, as Restated	17,022,473		377,469	2,212,751	60,339	20,926	19,693,958
End of Year	\$ 17,573,818	\$ -	\$ 315,896	\$ 5,144,540	\$ 93,131	\$ 29,401	\$ 23,156,786

MILLER PLACE UNION FREE SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances \$ 3,462,828

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating revenues are measured by the amounts earned during the year. In the governmental funds, however, revenues for these items are measured by the amount of financial resources provided (essentially, the amounts actually received). \$ (116,168)

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable	277,257	
		161,089

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation/amortization expense in the Statement of Activities. This is the amount by which capital outlays and other additions exceeded depreciation/amortization expense in the period.

Capital outlays and other additions	3,503,621	
Less: Prepayment of subscription-based information technology arrangements capitalized and shown in the Statement of Net Position that was not expended in the governmental funds.	(198,521)	
Depreciation expense	(2,330,798)	974,302

Long-Term Debt Transactions Differences

Proceeds from the issuance of debt are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the Statement of Activities (5,573,420)

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities. 182,354

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

Bond payable	1,980,000	
Energy performance contract payable	492,425	
Lease liabilities	102,175	
Subscription liabilities	38,208	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest increased from June 30, 2022 to June 30, 2023. (83,879)

(2,862,137)

Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' Retirement System	(1,136,632)	
Employees' Retirement System	(629,373)	
Other postemployment benefits	(3,722,052)	(5,488,057)

Change in Net Position (Deficit) of Governmental Activities	\$ (3,751,975)	
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MILLER PLACE UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Fund
June 30, 2023

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

Statement of Changes in Fiduciary Net Position - Fiduciary Fund
For the Year Ended June 30, 2023

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the libraries	\$ 2,408,194
DEDUCTIONS	
Disbursements of real property taxes to the libraries	<u>2,408,194</u>
Change in Net Position	-
Net Position - Beginning of Year	<u> </u>
Net Position - End of Year	<u><u>\$ -</u></u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Miller Place Union Free School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

A. Reporting Entity

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

The financial reporting entity is based on criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B. Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants reflects capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at fiscal year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid Fund - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

School Food Service Fund - is used to account for the activities of the food service program.

Capital Projects Fund - is used to account for the financial resources used for the acquisition, construction, renovation, or major repair, or leasing of capital facilities and other capital assets.

Extraclassroom Activity Funds - is used to account for the funds operated by and for the students of the District. The Board 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 of the extraclassroom activity funds can be found at the District's Business Office.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Scholarships Fund – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

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

Custodial Fund – is used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

D. Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, subscription liabilities, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Real Property Taxes and Other Tax Items

Calendar

Real property taxes are levied annually by the Board no later than November 1st and become a lien on December 1st. Taxes are collected by the town of Brookhaven and remitted to the District from December to June.

Enforcement

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

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenues.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources 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 to Financial Statements.

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements eliminations have been made for all interfund receivables and payables among the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are 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.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, and useful lives of capital assets.

I. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J. Receivables

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

K. Prepaid Items

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 assets on the Statement of Net Position and Balance Sheet using the consumption method.

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

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

L. Capital Assets

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings and improvements	\$ 1,000	50 years
Site improvements	1,000	20 years
Furniture and equipment	1,000	5 years
Leased equipment and fixtures	-	5 years
Subscription assets	-	3-5 years

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

M. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has three items that qualify for reporting in this category. First is the unamortized amount of deferred charges from a refunding of bonds that is being amortized as a component of interest expense on a straight-line basis through June 30, 2030. The second item is related to pensions and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense and the District's contributions to OPEB subsequent to the measurement date.

N. Short-Term Debt

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

O. Collections in Advance

Collections in advance 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 or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch and supply chain assistance monies in the school food service fund. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.

P. Employee Benefits – Compensated Absences

Compensated absences consist of unpaid accumulated sick leave and vacation leave.

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The liability for compensated absences has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Q. Other Benefits

Eligible District employees participate in the TRS or the ERS.

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

R. Long-Term Debt

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

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

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

S. Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. First is unavailable revenues reported in the governmental funds when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid allocations and amounts due from other governments for tuition charges. In subsequent periods, when the availability criterion is met, unavailable revenues are reclassified as revenues. In the District-wide financial statements, unavailable revenues are treated as revenues. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

T. Equity Classifications

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, and improvements of those assets, net of any unexpended proceeds.

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

Unrestricted – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of prepaids, which are recorded in the general fund.

Restricted – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited 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 TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

Insurance Reserve

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefits primarily based on unused and unpaid sick leave, personal leave, holiday leave, or vacation leave due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

Restricted for Scholarships

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

Restricted – Unspent Bond Proceeds

Unspent long-term bond proceeds are recorded as restricted fund balance because they are subject to external constraints contained in a debt agreement. These restricted funds are accounted for in the capital projects fund.

Assigned – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance 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.

Unassigned – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance, of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2023, the District implement GASB Statement No. 87, *Leases*, which provides guidance for identifying certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract.

For the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance for identifying certain subscription based assets and liabilities that were previously classified as expenditures, and recognized as inflows or outflows of resources based on payment provisions of the contract.

3. FUTURE ACCOUNTING STANDARDS

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

Effective for the Year Ending	Statement
June 30, 2024	GASB No. 99 – <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

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

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources and long-term assets and liabilities, and deferred inflows of resources.

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

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

Capital Related Differences

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

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

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

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

5. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District’s administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget.

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Instruction expenditures funded by gifts and donations	\$ 21,111
Retirements funded by the employee benefit accrued liability reserve	<u>678,862</u>
	<u>\$ 699,973</u>

Budgets are adopted annually on a basis consistent with GAAP.

Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as part of assigned fund balance, unless classified as restricted, 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.

6. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the 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 FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by securities and a letter of credit pledged on the District's behalf at year end.

The District did not have any investments at year end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

7. PARTICIPATION IN BOCES

During the year ended June 30, 2023, the District was billed \$5,640,891 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,480,148. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

8. DUE FROM STATE AND FEDERAL

Due from state and federal at June 30, 2023 consisted of:

General Fund	
New York State - excess cost aid	\$ 555,307
Special Aid Fund	
Federal and state grants	840,490
Food Service Fund	
Federal and state grants	<u>26,383</u>
	<u>\$ 1,422,180</u>

District management expects these amounts to be fully collectible.

9. DUE FROM OTHER GOVERNMENTS

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

General Fund	
BOCES aid	\$ 1,480,148
Other districts - charges for services	<u>245,215</u>
	<u>\$ 1,725,363</u>

District management expects these amounts to be fully collectible.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

10. CAPITAL ASSETS

A. Changes

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated/amortized:				
Land	\$ 690,053	\$	\$	\$ 690,053
Construction in progress	287,407	2,237,075		2,524,482
Total capital assets not being depreciated/amortized	977,460	2,237,075	-	3,214,535
Capital assets being depreciated/amortized:				
Buildings and improvements	70,433,695	406,567	(5,045)	70,835,217
Furniture and equipment	13,537,571	64,282	(132,908)	13,468,945
Leased equipment and fixtures		391,599		391,599
Subscription assets		404,098		404,098
Total capital assets being depreciated/amortized	83,971,266	1,266,546	(137,953)	85,099,859
Less accumulated depreciation/amortization for:				
Buildings and improvements	31,584,616	1,573,038	(5,045)	33,152,609
Furniture and equipment	6,891,479	607,899	(132,908)	7,366,470
Leased equipment and fixtures		89,741		89,741
Subscription assets		60,120		60,120
Total accumulated depreciation/amortization	38,476,095	2,330,798	(137,953)	40,668,940
Total capital assets, being depreciated/amortized, net	45,495,171	(1,064,252)	-	44,430,919
Capital assets, net	\$ 46,472,631	\$ 1,172,823	\$ -	\$ 47,645,454

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,092,114
Instruction	1,231,765
Food service program	6,919
Total depreciation/amortization expense	\$ 2,330,798

B. Lease Assets

The District has entered into a lease arrangement that is subject to GASB Statement No. 87. The term of the lease is four years with interest of 2.926%. The lease is included in leased equipment and fixtures as shown in the previous table. The District has not provided any residual value guarantees related to the leased capital assets.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subscription Assets

The District has entered into a subscription-based information technology arrangements, which include internet and phone service that are subject to GASB Statement No. 96. The terms of the arrangements are five years with discount rates of 2.536%. These arrangements are included in subscription assets as shown in the previous table. There are no residual value guarantees in the arrangement provisions. The District is not aware of any impairments for subscription assets.

D. Impairment Losses

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

11. DUE TO OTHER GOVERNMENTS

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

General Fund	
Tuition - Other Districts	\$ 363,752
Eastern Suffolk BOCES	1,628,630
Town of Brookhaven - Library	276,892
	<u>2,269,274</u>
School Food Service Fund	
Sales Tax	149
	<u>149</u>
Total Due to Other Governments	<u><u>\$ 2,269,423</u></u>

12. INTERFUND TRANSACTIONS

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

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,009,945	\$ 43,600	\$	\$ 287,003
Special Aid Fund		993,009	87,003	
School Food Service Fund	43,600			
Capital Projects Fund		16,932	200,000	
Scholarships Fund		4		
	<u>\$ 1,053,545</u>	<u>\$ 1,053,545</u>	<u>\$ 287,003</u>	<u>\$ 287,003</u>

The District typically transfers from the general fund to the special aid fund for the District's share of the costs for the summer program for students with disabilities. Additionally, the transfer to the capital projects fund was in accordance with the District's approved general fund budget.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

13. SHORT-TERM DEBT

Short-term debt activity for the year is summarized below:

	Maturity	Stated Interest Rate	Balance June 30, 2022	Issued	Redeemed	Balance June 30, 2023
TAN	6/28/2023	4.00%	<u>\$ -</u>	<u>\$ 12,000,000</u>	<u>\$ (12,000,000)</u>	<u>\$ -</u>

The TAN was issued to provide cash flow for the District until the District receives the real property taxes from the Town.

Interest on short-term debt for the year was \$397,333. The District received a premium of \$135,360, which is included in miscellaneous revenue in the general fund to yield an effective interest rate of 2.6373%.

14. LONG-TERM LIABILITIES

A. Changes

During the year ended June 30, 2023, the District implemented GASB Statement No. 87 and 96 which resulted in the reporting of lease liabilities and subscription liabilities. Long-term liability balances and activity, excluding pension and OPEB liabilities, for the year are summarized below:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 18,280,000	\$ 5,000,000	\$ (1,980,000)	\$ 21,300,000	\$ 2,305,000
Premium on refunding	<u>1,589,050</u>		<u>(200,722)</u>	<u>1,388,328</u>	<u>200,722</u>
	19,869,050	5,000,000	(2,180,722)	22,688,328	2,505,722
Energy performance contract	4,486,061		(492,425)	3,993,636	503,954
Lease liabilities		391,599	(102,175)	289,424	93,706
Subscription liabilities		<u>181,821</u>	<u>(38,208)</u>	<u>143,613</u>	<u>34,566</u>
	24,355,111	5,573,420	(2,813,530)	27,115,001	3,137,948
Other long-term liabilities:					
Compensated absences	<u>5,840,488</u>		<u>(277,257)</u>	<u>5,563,231</u>	<u>150,000</u>
	<u>\$ 30,195,599</u>	<u>\$ 5,573,420</u>	<u>\$ (3,090,787)</u>	<u>\$ 32,678,232</u>	<u>\$ 3,287,948</u>

The general fund has typically been used to liquidate other long-term liabilities.

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
EXCEL project renovations	7/15/2009	6/15/2024	3.50-4.00%	\$ 240,000
Administration building	9/14/2011	8/1/2041	2.25-5.00%	2,545,000
Security, safety, maintenance energy and grounds projects	6/24/2015	6/15/2030	2.00-3.125%	3,825,000
Renovation project - Refunding bond	5/29/2019	2/15/2030	3.00-5.00%	9,690,000
Alterations and improvements	8/30/2022	8/15/2037	3.00-3.50%	5,000,000
				<u>\$ 21,300,000</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,305,000	\$ 871,440	\$ 3,176,440
2025	2,225,000	703,770	2,928,770
2026	2,300,000	611,493	2,911,493
2027	2,370,000	515,413	2,885,413
2028	2,440,000	415,618	2,855,618
2029 - 2033	6,410,000	975,818	7,385,818
2034 - 2038	2,550,000	386,669	2,936,669
2039 - 2042	700,000	62,527	762,527
Total	<u>\$ 21,300,000</u>	<u>\$ 4,542,748</u>	<u>\$ 25,842,748</u>

C. Advance Bond Refunding

In 2019, the District advance refunded serial bonds, which resulted in a deferred charge and a refunding bond premium. These amounts are being amortized as a component of interest expense on a straight-line basis over the life of the bonds in the district-wide statements as follows:

Year Ending June 30,	Amortization of Deferred Charges	Amortization of Premium	Interest Expense Increase / (Decrease)
2024	\$ 18,368	\$ (200,722)	\$ (182,354)
2025	18,368	(200,722)	(182,354)
2026	18,368	(200,722)	(182,354)
2027	18,368	(200,722)	(182,354)
2028	18,368	(200,722)	(182,354)
2029 - 2030	35,202	(384,718)	(349,516)
Total	<u>\$ 127,042</u>	<u>\$ (1,388,328)</u>	<u>\$ (1,261,286)</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Energy Performance Contract Payable

Energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	6/25/2012	10/15/2027	2.29%	\$ 1,049,321
Energy performance contract	6/25/2017	7/22/2032	2.36%	<u>2,944,315</u>
				<u>\$ 3,993,636</u>

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

Year Ending June 30,	Principal	Interest	Total
2024	\$ 503,954	\$ 90,524	\$ 594,478
2025	515,753	78,725	594,478
2026	527,828	66,650	594,478
2027	540,186	54,291	594,477
2028	429,463	41,644	471,107
2029 - 2033	<u>1,476,452</u>	<u>88,359</u>	<u>1,564,811</u>
Total	<u>\$ 3,993,636</u>	<u>\$ 420,193</u>	<u>\$ 4,413,829</u>

E. Lease Liabilities

Lease liabilities are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Copier equipment	8/1/2022	7/31/2025	2.93%	<u>\$ 289,424</u>

The following is a summary of debt service requirements for lease liabilities:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 93,706	\$ 8,469	\$ 102,175
2025	96,448	5,727	102,175
2026	<u>99,270</u>	<u>2,905</u>	<u>102,175</u>
Total	<u>\$ 289,424</u>	<u>\$ 17,101</u>	<u>\$ 306,525</u>

There were no variable payments or other payments made for leases included above. There were no additional lease commitments entered into by the District after June 30, 2023.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Subscription Liabilities

Subscription liabilities are comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Internet and phone	7/1/2022	6/30/2027	2.536%	<u>\$ 143,613</u>

The following is a summary of debt service requirements for subscription liabilities:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 34,566	\$ 3,642	\$ 38,208
2025	35,443	2,765	38,208
2026	36,341	1,867	38,208
2027	<u>37,263</u>	<u>945</u>	<u>38,208</u>
Total	<u>\$ 143,613</u>	<u>\$ 9,219</u>	<u>\$ 152,832</u>

There were no subscription-based commitments entered into by the District after June 30, 2023.

G. Interest Expense

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

Interest paid	\$ 836,202
Less interest accrued in the prior year	(269,518)
Plus interest accrued in the current year	353,397
Less amortization of deferred amounts on refunding	<u>(182,354)</u>
Total interest expense on long-term debt	<u>\$ 737,727</u>

H. Authorized and Unissued Debt

On October 19, 2021, the voters approved a bond issue not to exceed \$30,000,000 for improvements to district-wide infrastructure and facilities. As of June 30, 2023, serial bonds in the amount of \$5,000,000 have been issued. Work has commenced and expenditures are recorded in the capital projects fund.

15. PENSION PLANS – NEW YORK STATE

A. General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, defined benefit, public employee retirement systems. The systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries related to years of service and final average salary.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Provisions and Administration

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found on the TRS website at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

C. Funding Policies

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30th, and employer and employee contributions are deducted from state aid in the subsequent months of September, October and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31st, and employer contributions are either paid by the prior December 15th less a 1% discount or by the prior February 1st. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 11.11% of covered payroll for the ERS' fiscal year ended March 31, 2023.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023 was \$2,948,271 for TRS at the contribution rate of 10.29% and \$713,450 for ERS at an average contribution rate of 11.37%.

D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the systems. The net pension asset/(liability) was measured as of June 30, 2022, for TRS and March 31, 2023 for ERS. The total pension liability used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and the ERS in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension asset/(liability)	\$ (3,164,300)	\$ (3,692,719)
District's portion of the Plan's total pension liability	0.164902%	0.0172203%
Change in proportion since the prior measurement date	(0.003528)	(0.0011638)

For the year ended June 30, 2023, the District recognized a pension expense of \$4,082,447 for TRS and \$1,351,424 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources		
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 3,315,786	\$ 393,303	\$ 63,407	\$ 103,705
Changes in assumptions	6,138,207	1,793,423	1,274,670	19,821
Net difference between projected and actual earnings on pension plan investments	4,088,576			21,695
Changes in proportion and differences between the District's contributions and proportionate share of contributions	483,062	273,930	315,876	109,364
District contributions subsequent to the measurement date	2,948,271	246,677		
Total	<u>\$ 16,973,902</u>	<u>\$ 2,707,333</u>	<u>\$ 1,653,953</u>	<u>\$ 254,585</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Year Ending June 30,	TRS	ERS
2024	\$ 2,433,683	\$ 536,404
2025	1,287,677	(144,032)
2026	(466,300)	802,522
2027	8,031,712	1,011,177
2028	1,016,860	
Thereafter	68,046	
	<u>\$ 12,371,678</u>	<u>\$ 2,206,071</u>

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2022 and MP-2020 for June 30, 2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2022 demographic actuarial assumptions and the salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions 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.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses 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.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equity	8.0%	9.90%	10.0%	7.50%
Alternative investments			10.0%	5.38-5.84%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0.00 %
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRIS			
District's proportionate share of the net pension asset (liability)	<u>\$ (29,176,333)</u>	<u>\$ (3,164,300)</u>	<u>\$ 18,711,648</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset (liability)	<u>\$ (8,923,718)</u>	<u>\$ (3,692,719)</u>	<u>\$ 678,389</u>

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

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 employer and employee contributions for the fiscal year ended June 30, 2023, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2023 amounted to \$2,948,271 of employer contributions and \$237,175 of employee contributions.

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 covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$246,677 of employer contributions. Employee contributions are remitted monthly.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

16. PENSION PLANS - OTHER

A. Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$24,000 and \$1,635,858, respectively.

B. Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023, totaled \$600,030.

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the OPEB Plan

Plan Description – The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	343
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>353</u>
	<u><u>696</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$125,008,748 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions and Other Inputs – The total OPEB liability as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases	2.40%
Discount rate	3.65%
Healthcare cost trend rates	6.40% decreasing to an ultimate rate of 3.80% by 2073
Retirees' share of benefit-related costs	0% to 65% based on negotiated contracts

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

The plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C. Changes in the Total OPEB Liability

Balance at June 30, 2022	<u>\$ 108,055,115</u>
Changes for the year	
Service cost	3,756,701
Interest	3,903,256
Changes of benefit terms	-
Differences between expected and actual experience	1,584,244
Changes in assumptions or other inputs	10,837,336
Benefit payments	<u>(3,127,904)</u>
	<u>16,953,633</u>
Balance at June 30, 2023	<u><u>\$ 125,008,748</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

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

	1% Decrease	Discount	1% Increase
	2.65%	Rate	4.65%
		3.65%	
OPEB			
Total OPEB liability	<u>\$ (147,212,434)</u>	<u>\$ (125,008,748)</u>	<u>\$ (107,296,059)</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.40%) or 1 percentage point higher (7.40%) than the current healthcare cost trend rate:

	1% Decrease 5.40% decreasing to 2.80%	Healthcare Cost Cost Trend Rates 6.40% decreasing to 3.80%	1% Increase 7.40% decreasing to 4.80%
<u>OPEB</u>			
Total OPEB liability	<u>\$ (104,215,830)</u>	<u>\$ (125,008,748)</u>	<u>\$ 152,081,459</u>

D. OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$6,849,956. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,357,923	\$ 12,569,255
Changes of assumptions or other inputs	<u>31,311,311</u>	<u>23,787,206</u>
Total	<u>\$ 32,669,234</u>	<u>\$ 36,356,461</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (810,001)
2025	(810,001)
2026	(715,718)
2027	(1,656,815)
2028	(1,469,200)
Thereafter	<u>1,774,508</u>
	<u>\$ (3,687,227)</u>

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

18. DEFERRED INFLOWS OF RESOURCES

In the governmental fund financial statements, deferred inflows of resources, at June 30, 2023, consists of \$245,211 for tuition due from other school districts, which is unavailable.

19. RISK MANAGEMENT

A. General Information

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

B. Public Entity Risk Pool

The District participates in the New York State Public Schools Statewide Workers' Compensation Trust Plan (the Workers' Compensation Plan), a risk sharing pool, to insure workers' compensation claims. This is a public school entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The Workers' Compensation Plan's total liability for unbilled and open claims at June 30, 2022, the most recent available information, discounted at 2.0%, was \$23,026,039. The Workers' Compensation Plan has total assets of \$30,041,270 at June 30, 2022 to pay these liabilities. If the District leaves the plan or if the plan is terminated, the District will be liable for the District's open claims at that time. At June 30, 2022, the District's open claims, discounted at 2.0%, were \$1,093,507.

20. RESTRICTED FUND BALANCE - APPROPRIATED RESERVES

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

Unemployment insurance	\$ 225,000
Workers' compensation	75,000
Retirement contributions	
Teachers' retirement system	500,000
Employees' retirement system	500,000
	<u>\$ 1,300,000</u>

21. ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$2,776,176 has been appropriated to reduce taxes for the year ending June 30, 2024.

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

22. RESTATEMENT OF FUND BALANCE AND NET POSITION

For the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of this Statement resulted in the reporting of changes in assets and Fund Balance/Net Position. The District's net fund balance and net position have been restated as follows:

	General Fund	Statement of Net Position
Fund Balance/Net Position (Deficit)		
Beginning of Year, as Reported	\$ 16,906,525	\$ (76,199,927)
<i>Assets</i>		
Capital Assets		115,948
<i>Fund Balance/Net Position</i>		
Nonspendable: Prepaids	<u>115,948</u>	
Fund Balance/Net Position (Deficit)		
Beginning of Year, as Restated	<u>\$ 17,022,473</u>	<u>\$ (76,083,979)</u>

23. COMMITMENTS AND CONTINGENCIES

A. Encumbrances

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

Assigned: Unappropriated Fund Balance:	
General Fund	
General Support	\$ 582,989
Instruction	114,996
Pupil Transportation	<u>44,598</u>
	742,583
Capital Projects Fund	
Capital projects	<u>3,937,075</u>
	<u>\$ 4,679,658</u>

B. Grants

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Litigation

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

24. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements, except for the following:

Issuance of TANs

On September 5, 2023, the District issued tax anticipation notes in the amount of \$12,000,000, which are due June 24, 2024, and bear interest at a rate of 5.00%. The District received a premium of \$127,087 with the borrowing to yield an effective interest rate of 3.7119%.

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
REVENUES				
Local Sources				
Real property taxes	\$ 46,152,450	\$ 46,339,332	\$ 46,339,332	\$ -
Other tax items	3,700,000	3,513,118	3,513,226	108
Charges for services	200,000	200,000	24,988	(175,012)
Use of money and property	200,000	200,000	604,570	404,570
Sale of property and compensation for loss			697	697
Miscellaneous	177,000	198,111	1,189,988	991,877
Total Local Sources	50,429,450	50,450,561	51,672,801	1,222,240
State Sources	23,382,852	23,382,852	22,714,343	(668,509)
Medicaid Reimbursement			69,713	69,713
Total Revenues	73,812,302	73,833,413	74,456,857	\$ 623,444
APPROPRIATED FUND BALANCE				
Prior Years' Surplus	2,655,101	2,655,101		
Prior Year's Encumbrances	551,700	551,700		
Appropriated Reserves	1,202,822	1,881,684		
Total Appropriated Fund Balance	4,409,623	5,088,485		
Total Revenues and Appropriated Fund Balance	\$ 78,221,925	\$ 78,921,898		

Note to Required Supplementary Information

Budget Basis of Accounting

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 88,266	\$ 119,990	\$ 99,474	\$	\$ 20,516
Central administration	418,472	424,423	420,121		4,302
Finance	896,313	943,229	833,935	38,684	70,610
Staff	726,724	706,632	609,326		97,306
Central services	5,405,818	6,323,801	5,333,560	544,305	445,936
Special items	762,661	687,434	687,434		-
Total General Support	8,298,254	9,205,509	7,983,850	582,989	638,670
Instruction					
Administration & improvement	3,897,955	3,806,157	3,647,787		158,370
Teaching - regular school	20,148,947	19,251,556	18,956,831	56,927	237,798
Programs for students with disabilities	12,924,228	12,804,269	11,070,136	8,193	1,725,940
Occupational education	693,720	693,720	672,428		21,292
Teaching - special school	-	6,750	6,750		-
Instructional media	2,586,115	3,217,546	2,992,967	49,876	174,703
Pupil services	3,697,175	3,646,712	3,460,955		185,757
Total Instruction	43,948,140	43,426,710	40,807,854	114,996	2,503,860
Pupil Transportation	4,348,434	4,375,711	3,920,284	44,598	410,829
Community Services	50	50	-		50
Employee Benefits	17,695,419	17,680,572	17,060,178		620,394
Debt Service					
Principal	2,472,425	2,612,808	2,612,808		-
Interest	1,176,203	1,333,535	1,233,535		100,000
Total Debt Service	3,648,628	3,946,343	3,846,343	-	100,000
Total Expenditures	77,938,925	78,634,895	73,618,509	742,583	4,273,803
OTHER USES					
Operating Transfers Out	283,000	287,003	287,003		-
Total Expenditures and Other Uses	\$ 78,221,925	\$ 78,921,898	73,905,512	\$ 742,583	\$ 4,273,803
Net Change in Fund Balance			551,345		
Fund Balances - Beginning of Year, as Restated			17,022,473		
Fund Balances - End of Year			\$ 17,573,818		

Note to Required Supplementary Information

Budget Basis of Accounting

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)
Last Nine Fiscal Years

	<i>Teachers' Retirement System</i>								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.164902%	0.168430%	0.156750%	0.157486%	0.163972%	0.165588%	0.168781%	0.167840%	0.164244%
District's proportionate share of the net pension asset/(liability)	\$ (3,164,300)	\$ 29,187,388	\$ (4,331,426)	\$ 4,091,488	\$ 2,965,053	\$ 1,258,634	\$ (1,807,712)	\$ 17,433,277	\$ 18,295,751
District's covered payroll	\$ 29,464,202	\$ 28,796,687	\$ 26,906,435	\$ 26,286,914	\$ 27,242,751	\$ 26,538,151	\$ 26,635,375	\$ 26,216,727	\$ 24,924,512
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.74 %	101.36 %	16.10 %	15.56 %	10.88 %	4.74 %	6.79 %	66.50 %	73.40 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
	<i>Employees' Retirement System</i>								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0172203%	0.0183841%	0.0171387%	0.0180324%	0.0195726%	0.0198121%	0.0199200%	0.0206542%	0.0200994%
District's proportionate share of the net pension asset/(liability)	\$ (3,692,719)	\$ 1,502,822	\$ (17,066)	\$ (4,755,084)	\$ (1,386,780)	\$ (639,426)	\$ (1,871,731)	\$ (3,315,054)	\$ (679,008)
District's covered payroll	\$ 5,965,439	\$ 5,691,719	\$ 5,696,072	\$ 5,621,897	\$ 5,689,549	\$ 5,854,768	\$ 5,723,101	\$ 6,038,052	\$ 6,067,410
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	61.90 %	26.40 %	0.30 %	84.58 %	24.37 %	10.92 %	32.70 %	54.90 %	11.19 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of District Pension Contributions
Last Ten Fiscal Years

Teachers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,948,271	\$ 2,863,934	\$ 2,724,379	\$ 2,361,406	\$ 2,791,670	\$ 2,617,507	\$ 3,071,778	\$ 3,453,509	\$ 4,429,833	\$ 3,942,792
Contributions in relation to the contractually required contribution	<u>2,948,271</u>	<u>2,863,934</u>	<u>2,724,379</u>	<u>2,361,406</u>	<u>2,791,670</u>	<u>2,617,507</u>	<u>3,071,778</u>	<u>3,453,509</u>	<u>4,429,833</u>	<u>3,942,792</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,590,817	\$ 29,464,202	\$ 28,796,687	\$ 26,906,435	\$ 26,286,914	\$ 27,242,751	\$ 26,538,151	\$ 26,635,375	\$ 26,216,727	\$ 24,924,512
Contributions as a percentage of covered payroll	10%	10%	9%	9%	11%	10%	12%	13%	17%	16%

Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 713,450	\$ 823,967	\$ 866,372	\$ 815,352	\$ 805,581	\$ 889,776	\$ 820,892	\$ 879,646	\$ 973,134	\$ 1,110,924
Contributions in relation to the contractually required contribution	<u>713,450</u>	<u>823,967</u>	<u>866,372</u>	<u>815,352</u>	<u>805,581</u>	<u>889,776</u>	<u>820,892</u>	<u>879,646</u>	<u>973,134</u>	<u>1,110,924</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,276,989	\$ 5,774,175	\$ 5,827,560	\$ 5,633,722	\$ 5,578,673	\$ 5,689,549	\$ 5,854,768	\$ 5,723,101	\$ 6,038,052	\$ 6,067,410
Contributions as a percentage of covered payroll	11%	14%	15%	14%	14%	16%	14%	15%	16%	18%

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 3,756,701	\$ 5,083,336	\$ 5,270,674	\$ 4,640,434	\$ 2,312,900	\$ 2,414,454
Interest on total OPEB liability	3,903,256	2,928,017	3,049,126	4,254,577	3,768,732	3,443,605
Changes in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	1,584,244	-	(4,495,397)	(18,034,695)	(4,990,016)	-
Changes of assumptions or other inputs	10,837,336	(28,987,712)	(3,249,759)	27,815,028	22,728,233	(4,859,104)
Benefit payments	<u>(3,127,904)</u>	<u>(2,867,668)</u>	<u>(2,733,743)</u>	<u>(2,359,023)</u>	<u>(2,274,971)</u>	<u>(1,983,998)</u>
Net change in total OPEB liability	16,953,633	(23,844,027)	(2,159,099)	16,316,321	21,544,878	(985,043)
Total OPEB liability, beginning	<u>108,055,115</u>	<u>131,899,142</u>	<u>134,058,241</u>	<u>117,741,920</u>	<u>96,197,042</u>	<u>97,182,085</u>
Total OPEB liability, ending	<u><u>\$ 125,008,748</u></u>	<u><u>\$ 108,055,115</u></u>	<u><u>\$ 131,899,142</u></u>	<u><u>\$ 134,058,241</u></u>	<u><u>\$ 117,741,920</u></u>	<u><u>\$ 96,197,042</u></u>
Covered employee payroll	\$ 31,014,570	\$ 29,658,219	\$ 29,658,219	\$ 29,875,030	\$ 28,979,884	\$ 29,971,642
Total OPEB liability as a percentage of covered employee payroll	403.06%	364.33%	444.73%	448.73%	406.29%	320.96%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.51%	3.87%
Health care trend rates	6.40% to 3.80% by 2073	5.30% to 4.10% by 2075	5.30% to 4.10% by 2075	5.30% to 3.84% by 2075	5.40% to 3.84% by 2075	5.50% to 3.84% by 2078

An additional year of historical information will be added each year, subsequent to the year of implementation, until 10 years of historical data is available.

Note to Required Supplementary Information

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

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedules of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 77,670,225
Additions:	
Prior year's encumbrances	<u>551,700</u>
Original Budget	78,221,925
Budget revision	<u>699,973</u>
Final Budget	<u><u>\$ 78,921,898</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	<u><u>\$ 80,364,624</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 3,214,585</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$ 3,518,759
Unassigned fund balance	<u>3,206,825</u>
	\$ 6,725,584
Less:	
Appropriated fund balance	2,776,176
Encumbrances	<u>742,583</u>
Total adjustments	<u>3,518,759</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 3,206,825</u></u>
Actual Percentage	3.99%

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of Project Expenditures and Financing Resources - Capital Projects Fund
For the Year Ended June 30, 2023

PROJECT TITLE	Budget	Budget	Expenditures			Unexpended	Methods of Financing				Fund
	June 30, 2022	June 30, 2023	Prior Years	Current Year	Total		Balance	Proceeds of Obligations	State Aid	Local Sources	Total
Districtwide Renovation	\$ 1,663,928	\$ 1,863,928	\$	\$	\$ -	\$ 1,863,928	\$	\$	\$ 1,863,928	\$ 1,863,928	\$ 1,863,928
Smart Schools Bond Act - AMPS 002-018	1,639,412	1,639,412	1,600,790		1,600,790	38,622		1,639,412		1,639,412	38,622
Smart Schools Bond Act - DW 007-999	253,261	253,261	200,821		200,821	52,440		253,261		253,261	52,440
High School Tank and Asbestos 006-031	508,434	508,434	508,434		508,434	-		100,000	408,434	508,434	-
AMPS Playground and Asbestos 002-019	98,720	98,720	98,720		98,720	-			98,720	98,720	-
AMPS Playground and Asbestos 002-020	97,013	97,013	97,013		97,013	-			97,013	97,013	-
LADSBS Playground and Asbestos 003-019	99,088	99,088	99,088		99,088	-			99,088	99,088	-
HS Asbestos, Paving and Electric 006-034	850,000	850,000	63,696		63,696	786,304			850,000	850,000	786,304
2021 Bond Phase I SBS 0003-020	30,000,000	30,000,000	237,481	2,268,211	2,505,692	27,494,308	30,000,000			30,000,000	27,494,308
Leased Equipment		391,599		391,599	391,599	-			391,599	391,599	-
Subscription Asset		181,821		181,821	181,821	-			181,821	181,821	-
Totals	\$ 35,209,856	\$ 35,983,276	\$ 2,906,043	\$ 2,841,631	\$ 5,747,674	\$ 30,235,602	\$ 30,000,000	\$ 1,992,673	\$ 3,990,603	\$ 35,983,276	30,235,602
									Unissued long-term debt		(25,000,000)
									Smart Schools Bond Act Receivable		(91,062)
									Fund Balance		\$ 5,144,540

MILLER PLACE UNION FREE SCHOOL DISTRICT
Schedule of Net Investment in Capital Assets
June 30, 2023

Capital assets, net	<u>\$ 47,645,454</u>
Deduct:	
Short-term portion of bonds payable	2,305,000
Long-term portion of bonds payable	18,995,000
Premium on bonds	1,388,328
Less: Unspent bond proceeds	(2,494,308)
 Short-term portion of energy performance contracts	 503,954
Long-term portion of energy performance contracts	3,489,682
 Short-term portion of lease liabilities	 93,706
Long-term portion of lease liabilities	195,718
 Short-term portion of subscription liabilities	 34,566
Long-term portion of subscription liabilities	109,047
	<u>24,620,693</u>
Net Investment in Capital Assets	<u><u>\$ 23,024,761</u></u>



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

To the Board of Education
Miller Place Union Free School District
Miller Place, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of the Miller Place Union Free School District (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 September 22, 2023.

That report included a qualified opinion on the extraclassroom activity funds based on a scope limitation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Miller Place Union Free School District's internal control over financial reporting (internal control) as a basis for designing the 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 Miller Place Union Free School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Miller Place Union Free School 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

September 22, 2023

