

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

# MOUNT PLEASANT CENTRAL SCHOOL DISTRICT

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
Mount Pleasant Central School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Mount Pleasant Central School District (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability and related ratios, schedule of the District's proportionate share of the net pension asset/(liability), and the schedule of District's pension contributions, on pages 4 through 17 and 59 through 63, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 12, 2023

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT I**

The following is a discussion and analysis of the Mount Pleasant Central School District's (the "District") financial performance for the fiscal year ended June 30, 2023. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

- The District's total net deficit, as reflected in the District-Wide Financial Statements, decreased by \$825,278, or 1.61%.
- The District's expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$74,380,928. Of this amount, \$864,053 was offset by program charges for services and \$1,953,412 was offset by operating grants and contributions. General revenues of \$72,388,741 amount to 97.32% of total revenues.
- The general fund total fund balance, as reflected in the Fund Financial Statements, increased by \$1,784,957. This was due to an excess of revenues over expenditures and other financing uses based on the modified accrual basis of accounting.
- New York State Law limits the amount of assigned and unassigned fund balance, excluding encumbrances and amounts designated for the subsequent year's budget, which can be retained by the general fund up to 4.00% of the ensuing year's budget. At the end of the current fiscal year, the District was within the statutory limit.
- On May 16, 2023, the proposed 2023-24 budget in the amount of \$74,520,219 was authorized by the District's residents.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

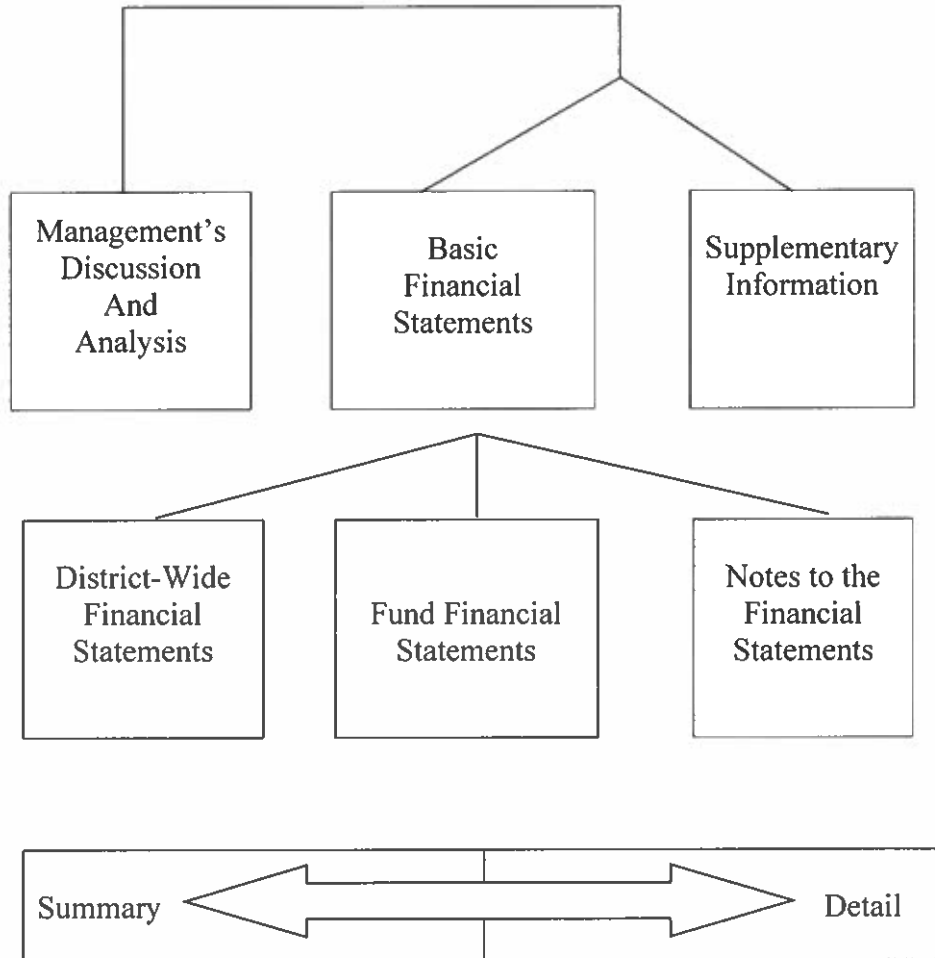
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.
  - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT I**

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District’s budget for the year. The following table shows how the various parts of this annual report are arranged and related to one another.

**Organization of the District’s Annual Financial Report**



The following Table summarizes the major features of the District’s basic financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

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

	District-Wide Financial Statements	Fund Financial Statements
		Governmental
Scope	Entire entity	The day-to-day operating activities of the District, such as special education and instruction
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets, or long-term liabilities included
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable

**A) District-Wide Financial Statements:**

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation or amortization expense is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation or amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment in capital assets*;
  - *Restricted net position* are those with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**B) Fund Financial Statements:**

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has one kind of fund:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, miscellaneous special revenue fund, debt service fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

### **3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

#### **A) Net Position:**

The District's net deficit decreased by \$825,278 in the fiscal year ended June 30, 2023, as detailed in the Table that follows.

#### **Condensed Statement of Net Position**

	Fiscal Year 2023	Fiscal Year 2022	Change	Total Percentage Change
Current and other assets	\$ 36,791,250	\$ 26,776,480	\$ 10,014,770	37.40%
Non-current assets	72,080,204	68,015,015	4,065,189	5.98%
Net pension assets -proportionate share	-	28,531,302	(28,531,302)	100.00%
Total assets	108,871,454	123,322,797	(14,451,343)	-11.72%
Deferred outflows of resources	50,872,081	59,097,377	(8,225,296)	-13.92%
Total assets and deferred outflows of resources	159,743,535	182,420,174	(22,676,639)	-12.43%
Current liabilities	15,354,941	4,741,979	10,612,962	223.81%
Long-term liabilities	147,626,407	149,271,192	(1,644,785)	-1.10%
Total liabilities	162,981,348	154,013,171	8,968,177	5.82%
Deferred inflows of resources	47,268,499	79,738,593	(32,470,094)	-40.72%
Total liabilities and deferred inflows of resources	210,249,847	233,751,764	(23,501,917)	-10.05%
Net position				
Net investment in capital assets	31,634,084	33,855,251	(2,221,167)	-6.56%
Restricted	13,694,070	12,741,980	952,090	7.47%
Unrestricted (deficit)	(95,834,466)	(97,928,821)	2,094,355	-2.14%
Total net position (deficit)	\$ (50,506,312)	\$ (51,331,590)	\$ 825,278	-1.61%

Current and other assets increased by \$10,014,770 from 2022 to 2023. This change is primarily related to increases in cash and cash equivalents, and receivables.

Non-current assets increased \$4,065,189, primarily due to current year additions exceeding current year depreciation and amortization expense.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

The changes in deferred outflows of resources represent amortization on the deferred amounts on refunding, as discussed in Note 13, as well as the amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 15, and outflows related to the total other post-employment benefits obligation as discussed in Note 17.

Current liabilities increased by \$10,612,962. This is primarily attributable to increases in accounts payable, accrued liabilities, and due to teachers' retirement system, partially offset by a decrease in collections in advance.

Long-term liabilities decreased by \$1,644,785 due to decreases in bonds payable and other post-employment benefits obligation, partially offset by increases in net pension liability - proportionate share - employees' retirement system, and net pension liability - proportionate share - teachers' retirement system.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land, construction in progress, buildings and improvements, site improvements, machinery and equipment, and vehicles, net of accumulated depreciation, accumulated amortization, and related debt. This number decreased from the prior year by \$2,221,167.

The restricted net position at June 30, 2023, relates to the District's reserves and restricted amounts for debt service and scholarships. Restricted net position increased by \$952,090.

The unrestricted net deficit at June 30, 2023 of \$95,834,466 relates to the balance of the District's net position. The unrestricted net deficit decreased by \$2,094,355.

**B) Changes in Net Position:**

The results of operations as a whole are reported in the Statement of Activities. A summary of this statement for the years ended June 30, 2023, and 2022 is as follows:

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

**Change in Net Position from Operating Results**

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 864,053	\$ 304,420	\$ 559,633	183.84%
Operating grants and contributions	1,953,412	2,306,860	(353,448)	-15.32%
General Revenues				
Real property taxes and other tax items	60,770,807	59,457,387	1,313,420	2.21%
State sources	9,802,426	7,427,122	2,375,304	31.98%
Use of money and property	967,823	62,586	905,237	1446.39%
Other	847,685	361,327	486,358	134.60%
Total Revenues	<u>\$ 75,206,206</u>	<u>\$ 69,919,702</u>	<u>\$ 5,286,504</u>	7.56%
Expenses				
General support	\$ 10,535,444	\$ 9,705,718	\$ 829,726	8.55%
Instruction	58,365,157	52,562,852	5,802,305	11.04%
Pupil transportation	3,327,224	2,802,945	524,279	18.70%
Food service program	1,167,406	904,907	262,499	29.01%
Debt service - interest	985,697	983,052	2,645	0.27%
Total Expenses	<u>\$ 74,380,928</u>	<u>\$ 66,959,474</u>	<u>\$ 7,421,454</u>	11.08%
Total Change in Net Position	<u>\$ 825,278</u>	<u>\$ 2,960,228</u>	<u>\$ (2,134,950)</u>	-72.12%

The District's fiscal year 2023 revenues totaled \$75,206,206. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 80.81% and 13.03%, respectively, of total revenue. Total revenues increased by \$5,286,504 or 7.56%. This was primarily attributable to increases in real property taxes and other tax items and state sources.

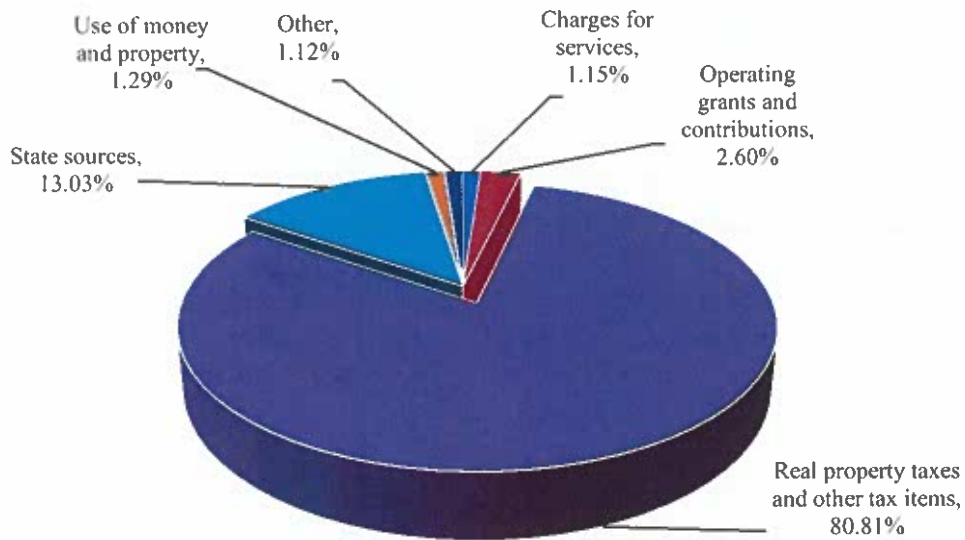
The cost of all programs and services totaled \$74,380,928 for fiscal year 2023. These expenses are predominantly related to instruction, which account for 78.47% of District expenses. The District's general support activities accounted for 14.16% of total costs. Total expenses increased by \$7,421,454 or 11.08%. This was primarily attributable to the increase in instruction.

The users of the District's programs financed \$864,053 of the cost, as shown in charges for services. The federal and state governments subsidized certain programs with operating grants and contributions of \$1,953,412, which includes scholarships and donations received. The remainder of the District's net costs of \$71,563,463 were financed primarily by District taxpayers and state sources.

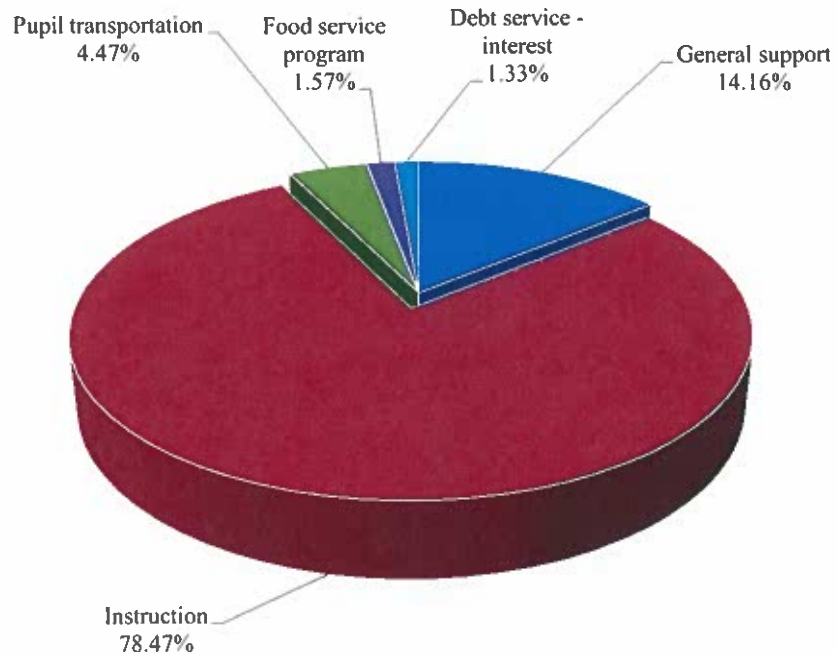
**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

**Revenues for Fiscal Year 2023**



**Expenditures for Fiscal Year 2023**



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Variances between years for the Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the current financial resource's measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term liabilities, certain deferred outflows or inflows, and capital assets purchased, or intangible lease assets financed by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and intangible lease assets, and other long-term liabilities.

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$21,467,239. See Table on the following page for more information.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

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

	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total Percentage Change
<b>General Fund</b>				
Restricted for retirement contribution	\$ 4,494,259	\$ 3,702,107	\$ 792,152	21.40%
Restricted for tax certiorari	7,247,104	7,322,787	(75,683)	-1.03%
Restricted for employee benefit accrued liability	425,963	459,527	(33,564)	-7.30%
Restricted for unemployment insurance	287,226	306,998	(19,772)	-6.44%
Restricted for workers' compensation	171,282	170,600	682	0.40%
Restricted for liability	500,000	350,000	150,000	42.86%
Assigned - general support	1,732,271	685,685	1,046,586	152.63%
Assigned - instruction	232,007	245,556	(13,549)	-5.52%
Assigned-designated for subsequent year's expenditures	-	250,000	(250,000)	-100.00%
Unassigned	2,980,812	2,792,707	188,105	6.74%
<b>Total Fund Balance - General Fund</b>	<b>\$ 18,070,924</b>	<b>\$ 16,285,967</b>	<b>\$ 1,784,957</b>	<b>10.96%</b>
<b>School Lunch Fund</b>				
Assigned - unappropriated fund balance	\$ 336,255	\$ 352,185	\$ (15,930)	-4.52%
<b>Total Fund Balance - School Lunch Fund</b>	<b>\$ 336,255</b>	<b>\$ 352,185</b>	<b>\$ (15,930)</b>	<b>-4.52%</b>
<b>Miscellaneous Special Revenue Fund</b>				
Restricted for scholarships and donations	\$ 60,808	\$ 66,104	\$ (5,296)	-8.01%
Assigned for extracurricular activities	156,340	136,296	20,044	14.71%
<b>Total Fund Balance - Miscellaneous Special Revenue Fund</b>	<b>\$ 217,148</b>	<b>\$ 202,400</b>	<b>\$ 14,748</b>	<b>7.29%</b>
<b>Debt Service Fund</b>				
Restricted for debt service	\$ 507,428	\$ 363,857	\$ 143,571	39.46%
<b>Total Fund Balance - Debt Service Fund</b>	<b>\$ 507,428</b>	<b>\$ 363,857</b>	<b>\$ 143,571</b>	<b>39.46%</b>
<b>Capital Projects Fund</b>				
Restricted - unspent bond proceeds	\$ 1,303,119	\$ 247,040	\$ 1,056,079	427.49%
Assigned - unappropriated fund balance	1,032,365	4,609,774	(3,577,409)	-77.60%
<b>Total Fund Balance -Capital Projects Fund</b>	<b>\$ 2,335,484</b>	<b>\$ 4,856,814</b>	<b>\$ (2,521,330)</b>	<b>-51.91%</b>
<b>Total Fund Balance - All Funds</b>	<b>\$ 21,467,239</b>	<b>\$ 22,061,223</b>	<b>\$ (593,984)</b>	<b>-2.69%</b>

**A) General Fund**

The net change in fund balance in the general fund is an increase of \$1,784,957 a result of revenues of \$72,377,902 exceeding expenditures and other financing uses of \$70,592,945.

Expenditures and other uses increased by \$4,472,550 or 6.76% compared to the prior year. This was primarily due to increases in general support, instruction, and employee benefits.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

**B) School Lunch Fund**

The fund balance in the school lunch fund decreased by \$15,930. This decrease is due a decrease in state and federal aid reimbursements as a result of the discontinuation of the free lunch to all student's program that was being offered in the previous year by the Federal government as a response to the coronavirus pandemic.

**C) Miscellaneous Special Revenue Fund**

The net change in fund balance in the miscellaneous special revenue fund is due to extraclassroom and revenues exceeding expenditures, offset by scholarship and donation expenditures exceeding revenues.

**D) Debt Service Fund**

The fund balance in the debt service fund increased by \$143,571 due to interest earnings and premiums on obligations.

**E) Capital Projects Fund**

The fund balance in the capital projects fund decreased by \$2,521,330, due to expenditures exceeding other financing sources. The District had current year capital outlays of \$5,875,149. This was offset by \$1,600,000 from general fund budgetary transfers, \$1,118,925 from bond anticipation notes redeemed from appropriations, and \$634,894 from proceeds of new leases.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A) 2022-2023 Budget:**

The District's general fund adopted budget for the fiscal year ended June 30, 2023, was \$69,817,961. This amount was increased by encumbrances carried forward from the prior year in the amount of \$931,241, and budget revisions of \$3,256,204, bringing the final budget to \$74,005,406. The majority of the funding was real property taxes and other tax items budget of \$60,657,583.



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

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

The general fund unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and assignments to fund subsequent years' budgets. It is this balance that is commonly referred to as "Fund Balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	\$ 2,792,707
Revenues over budget	862,941
Expenditures, other financing uses, and encumbrances under budget	1,448,183
Funding of reserves	(2,073,770)
Interest allocated to reserves	(49,249)
Closing, unassigned fund balance	<u>\$ 2,980,812</u>

The opening unassigned fund balance of \$2,792,707 is the June 30, 2022, unassigned fund balance.

The revenues over budget of \$862,941 are due to variances in miscellaneous and state sources. Refer to Supplemental Schedule #1 for more details.

The expenditures, other financing uses, and encumbrances under budget of \$1,448,183 were primarily related to general support, instruction, and employee benefits expenditures. Refer to Supplemental Schedule #1 for more details.

The District funded the reserves as follows: \$194,699 to the ERS retirement contribution reserve, \$582,644 to the teachers' retirement system reserve, \$795,656 to the tax certiorari reserve, \$92,911 to the employee benefit accrued liability reserve, and \$407,860 to the liability reserve.

Interest of \$49,249 was also allocated to the reserves as follows: \$14,809 to the retirement contribution reserves, \$29,292 to the tax certiorari reserve, \$1,838 to the employee benefit accrued liability reserve, \$1,228 to the unemployment insurance reserve, \$682 to the workers' compensation reserve, and \$1,400 to the liability reserve.

The District will close the 2022-2023 fiscal year with \$2,980,812 in unassigned fund balance. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District's budget for the ensuing fiscal year. The District's unassigned fund balance is within the legal limit.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

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

**A) Capital Assets and Intangible Lease Assets:**

The District paid for and financed equipment, various building additions, and renovations during the fiscal year 2023. A summary of the District's net capital assets and intangible lease assets are as follows:

**Capital Assets and Intangible Lease Assets (Net of Accumulated Depreciation and Amortization)**

Category	Fiscal Year 2023	Fiscal Year 2022	Net Increase/ (Decrease)	Percentage Change
Land	\$ 1,632,800	\$ 1,632,800	\$ -	0.00%
Construction in Progress	5,986,052	805,594	5,180,458	643.06%
Buildings and Improvements	81,797,784	81,556,893	240,891	0.30%
Machinery and Equipment	1,122,589	1,061,273	61,316	5.78%
Subtotal	90,539,225	85,056,560	5,482,665	6.45%
Less: Accumulated Depreciation	19,286,357	17,627,039	1,659,318	9.41%
Total Net Capital Assets	<u>\$ 71,252,868</u>	<u>\$ 67,429,521</u>	<u>\$ 3,823,347</u>	5.67%
Intangible Lease Assets	<u>\$ 827,336</u>	<u>\$ 585,494</u>	<u>\$ 241,842</u>	41.31%

Depreciation expense was \$1,673,559 and amortization expense was \$357,232 for fiscal year ended June 30, 2023. See Note 10 to the financial statements for additional detail.

**B) Long-Term Debt:**

At June 30, 2023, the District had total bonds payable net of unamortized premium, and a lease liability of \$32,921,006. The decrease in bonds payable represents principal payments and amortization of premiums. The increase in lease liabilities represents additional leases entered into during the year, partially offset by principal payments. More detailed information about the District's long-term debt is presented in Note 14 to the Financial Statements. A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)
Bonds payable (net of unamortized premium)	\$ 32,060,040	\$ 36,647,051	\$ (4,587,011)
Lease Liability	860,966	590,885	270,081
Total	<u>\$ 32,921,006</u>	<u>\$ 37,237,936</u>	<u>(\$4,316,930)</u>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT 1**

**7. FACTORS BEARING ON THE DISTRICT'S FUTURE**

- A) The general fund budget for the 2023-2024 school year in the amount of \$74,520,219 was approved by voters. This is an increase of \$4,702,258 or 6.74% over the previous year's budget.
- B) The NYS Legislature introduced and approved a property tax cap beginning in the 2012-2013 school year, which was made permanent. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy. If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote.
- C) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

**8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Mount Pleasant Central School District  
Ms. Margaret Modugno  
Director of Business Administration  
825 West Lake Drive  
Thornwood, NY 10594  
(914)-769-5500

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

Exhibit 2

**ASSETS**

**Current assets**

Cash and cash equivalents

Unrestricted \$ 19,061,019

Restricted 14,489,761

Receivables

Accounts receivable 307,581

State and federal aid 1,893,005

Due from other governments 1,039,884

**Non-current assets**

Capital assets

Capital assets, not being depreciated 7,618,852

Capital assets being depreciated, net of accumulated depreciation 63,634,016

Intangible lease asset, net of accumulated amortization 827,336

**TOTAL ASSETS** 108,871,454

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on refundings 288,875

Pensions 18,254,165

Other post-employment benefits obligation 32,329,041

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** 159,743,535

**LIABILITIES**

**Payables**

Accounts payable 1,948,820

Accrued liabilities 275,169

Other liabilities 22,336

Due to other governments 702,167

Due to teachers' retirement system 3,287,535

Due to employees' retirement system 154,234

Accrued interest payable 30,930

**Notes payable**

Bond anticipation note payable 8,810,000

**Unearned credits**

Collections in advance 123,750

**Long-term liabilities**

Due and payable within one year

Bonds payable (Including deferred bond premium) 3,862,011

Lease liability 284,774

Compensated absences payable 42,413

Due and payable after one year

Bonds payable (Including deferred bond premium) 28,198,029

Lease liability 576,192

Compensated absences payable 381,712

Total other post-employment benefits obligation 108,347,496

Net pension liability-proportionate share - employees' retirement system 2,902,830

Net pension liability-proportionate share - teachers' retirement system 3,030,950

**TOTAL LIABILITIES** 162,981,348

**DEFERRED INFLOWS OF RESOURCES**

Pensions 1,647,696

Other post-employment benefits obligation 45,620,803

**TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES** 210,249,847

**NET POSITION**

Net investment in capital assets 31,634,084

**Restricted:**

Retirement contribution

Employees' retirement system 2,077,017

Teachers' retirement system 2,417,242

Tax certiorari 7,247,104

Employee benefit accrued liability 425,963

Unemployment insurance 287,226

Workers' compensation 171,282

Liability 500,000

Debt service 507,428

Scholarships and donations 60,808

13,694,070

Unrestricted (deficit) (95,834,466)

**TOTAL NET POSITION (DEFICIT)** \$ (50,506,312)

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General support	\$ (10,535,444)			\$ (10,535,444)
Instruction	(58,365,157)	\$ 182,653	\$ 1,441,000	(56,741,504)
Pupil transportation	(3,327,224)		51,171	(3,276,053)
Food service program	(1,167,406)	681,400	461,241	(24,765)
Debt service - interest	(985,697)			(985,697)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ (74,380,928)</b>	<b>\$ 864,053</b>	<b>\$ 1,953,412</b>	<b>\$ (71,563,463)</b>
<b>GENERAL REVENUES</b>				
Real property taxes				54,948,455
Other tax items - including STAR reimbursement				5,822,352
Use of money and property				967,823
Sale of property and compensation for loss				276,533
Miscellaneous				571,152
State sources				9,802,426
<b>TOTAL GENERAL REVENUES</b>				<b>72,388,741</b>
<b>CHANGE IN NET POSITION</b>				<b>825,278</b>
<b>TOTAL NET POSITION - BEGINNING OF YEAR</b>				<b>(51,331,590)</b>
<b>TOTAL NET POSITION - END OF YEAR</b>				<b>\$ (50,506,312)</b>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents							
Unrestricted	\$ 11,795,447		\$ 452,032	\$ 156,340		\$ 6,657,200	\$ 19,061,019
Restricted	13,125,834			60,808		1,303,119	14,489,761
Receivables							
Accounts receivable	304,970		2,611				307,581
State and federal aid	1,274,238	\$ 593,079	25,688				1,893,005
Due from other governments	1,039,884						1,039,884
Due from other funds	2,525,167	46,470			\$ 507,428	6,664,078	9,743,143
<b>TOTAL ASSETS</b>	<b>\$ 30,065,540</b>	<b>\$ 639,549</b>	<b>\$ 480,331</b>	<b>\$ 217,148</b>	<b>\$ 507,428</b>	<b>\$ 14,624,397</b>	<b>\$ 46,534,393</b>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 588,343	\$ 58,344	\$ 59,913			\$ 1,242,220	\$ 1,948,820
Accrued liabilities	275,169						275,169
Other liabilities	22,336						22,336
Due to other governments	701,889		278				702,167
Due to other funds	6,943,567	523,590	39,293			2,236,693	9,743,143
Due to teachers' retirement system	3,287,535						3,287,535
Due to employees' retirement system	154,234						154,234
Note payable							
Bond anticipation note payable						8,810,000	8,810,000
Unearned credits							
Collections in advance	21,543	57,615	44,592				123,750
<b>TOTAL LIABILITIES</b>	<b>11,994,616</b>	<b>639,549</b>	<b>144,076</b>	<b>-</b>	<b>-</b>	<b>12,288,913</b>	<b>25,067,154</b>
<b>FUND BALANCES</b>							
Restricted:							
Retirement contribution							
Employees' retirement system	2,077,017						2,077,017
Teachers' retirement system	2,417,242						2,417,242
Tax certiorari	7,247,104						7,247,104
Employee benefit accrued liability	425,963						425,963
Unemployment insurance	287,226						287,226
Workers' compensation	171,282						171,282
Liability	500,000						500,000
Debt service					507,428		507,428
Unspent bond proceeds						1,303,119	1,303,119
Scholarships and donations				60,808			60,808
Assigned							
Unappropriated fund balance	1,964,278		336,255	156,340		1,032,365	3,489,238
Unassigned	2,980,812						2,980,812
<b>TOTAL FUND BALANCES</b>	<b>18,070,924</b>	<b>-</b>	<b>336,255</b>	<b>217,148</b>	<b>507,428</b>	<b>2,335,484</b>	<b>21,467,239</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 30,065,540</b>	<b>\$ 639,549</b>	<b>\$ 480,331</b>	<b>\$ 217,148</b>	<b>\$ 507,428</b>	<b>\$ 14,624,397</b>	<b>\$ 46,534,393</b>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2023**

Total Governmental Fund Balances \$ 21,467,239

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

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

Original cost of capital assets	\$ 90,539,225	
Accumulated depreciation	<u>(19,286,357)</u>	71,252,868

The present value cost of leasing capital assets (buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those intangible leased capital assets among the assets of the district as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Original present value cost of intangible leased assets	\$ 1,442,885	
Accumulated amortization	<u>(615,549)</u>	827,336

Governmental funds report the effect of discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. Deferred amounts on refunding amounted to:

288,875

Deferred inflows of resources- The Statement of Net Position recognizes revenues and expenditures under the full accrual method. Governmental funds recognize revenues and expenditures under the modified accrual method. These amounts will be amortized in future years.

Deferred inflows related to pensions	\$ (1,647,696)	
Deferred inflows related to total other post-employment benefits obligation	<u>(45,620,803)</u>	(47,268,499)

Deferred outflows of resources - The Statement of Net Position recognizes expenditures incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to

Deferred outflows related to pensions	\$ 18,254,165	
Deferred outflows related to total other post-employment benefits obligation	<u>32,329,041</u>	50,583,206

Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of accrued interest payable of:

(30,930)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:

Bonds payable (including premiums)	\$ (32,060,040)	
Lease liability	(860,966)	
Compensated absences payable	(424,125)	
Total other post-employment benefits obligation	(108,347,496)	
Net pension liability - proportionate share - employees' retirement system	(2,902,830)	
Net pension liability - proportionate share - teachers' retirement system	<u>(3,030,950)</u>	(147,626,407)

Total Net Position		<u>\$ (50,506,312)</u>
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**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General	Special Aid	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 54,948,455						\$ 54,948,455
Other tax items - including STAR reimbursement	5,822,352						5,822,352
Charges for services	48,538			\$ 134,115			182,653
Use of money and property	939,422		\$ 4,323	569	\$ 23,509		967,823
Sale of property and compensation for loss	276,533						276,533
Miscellaneous	451,090			5,085			456,175
Local sources		\$ 91,422					91,422
State sources	9,815,650	340,143	13,529				10,169,322
Federal sources	75,862	979,659	447,712				1,503,233
Sales			681,400				681,400
<b>TOTAL REVENUES</b>	<b>72,377,902</b>	<b>1,411,224</b>	<b>1,146,964</b>	<b>139,769</b>	<b>23,509</b>	<b>-</b>	<b>75,099,368</b>
<b>EXPENDITURES</b>							
General support	8,045,120						8,045,120
Instruction	36,507,363	1,443,153		125,021			38,075,537
Pupil transportation	3,205,919	51,171					3,257,090
Employee benefits	14,251,770	3,396					14,255,166
Debt service - Principal	5,998,228						5,998,228
Debt service - Interest	898,049						898,049
Cost of sales			1,162,894				1,162,894
Capital outlay						\$ 5,875,149	5,875,149
<b>TOTAL EXPENDITURES</b>	<b>68,906,449</b>	<b>1,497,720</b>	<b>1,162,894</b>	<b>125,021</b>	<b>-</b>	<b>5,875,149</b>	<b>77,567,233</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,471,453</b>	<b>(86,496)</b>	<b>(15,930)</b>	<b>14,748</b>	<b>23,509</b>	<b>(5,875,149)</b>	<b>(2,467,865)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Bond anticipation notes redeemed from appropriations						1,118,925	1,118,925
Premiums on obligations					120,062		120,062
Proceeds from leases						634,894	634,894
Operating transfers in		86,496				1,600,000	1,686,496
Operating transfers (out)	(1,686,496)						(1,686,496)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(1,686,496)</b>	<b>86,496</b>	<b>-</b>	<b>-</b>	<b>120,062</b>	<b>3,353,819</b>	<b>1,873,881</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,784,957</b>	<b>-</b>	<b>(15,930)</b>	<b>14,748</b>	<b>143,571</b>	<b>(2,521,330)</b>	<b>(593,984)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>16,285,967</b>	<b>-</b>	<b>352,185</b>	<b>202,400</b>	<b>363,857</b>	<b>4,856,814</b>	<b>22,061,223</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 18,070,924</b>	<b>\$ -</b>	<b>\$ 336,255</b>	<b>\$ 217,148</b>	<b>\$ 507,428</b>	<b>\$ 2,335,484</b>	<b>\$ 21,467,239</b>



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances \$ (593,984)

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

**Long-Term Revenue and Expense Differences**

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2023 changed by: 35,401

Deferred inflows of resources - The Statement of Net Position recognized revenue received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. (13,224)

Increases/decreases in proportionate share of net pension asset/liability and the total OPEB liability and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Employees' retirement system	\$ (526,021)	
Teachers' retirement system	(900,603)	
Other post-employment benefits obligation	<u>(5,428,751)</u>	(6,855,375)

**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 expense in the Statement of Activities.

Capital outlays	\$ 5,496,906	
Depreciation expense	<u>(1,673,559)</u>	3,823,347

Capital outlays to lease 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 amortization expense in the Statement of Activities.

Intangible lease capital outlays	\$ 627,037	
Amortization expense	<u>(362,542)</u>	264,495

**Long-Term Debt Transaction Differences**

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of amortization on the bond premium and deferred amounts is: (96,664)

Repayment of bond 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 4,545,000

Proceeds from leases are recorded as revenue in the governmental funds but not in the Statement of Activities (634,894)

Repayment of lease obligations 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. 342,160

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2022 to June 30, 2023 changed by: 9,016

Change in Net Position \$ 825,278

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

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**NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of Mount Pleasant Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (“GAAP”) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (“GASB”), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

**A) Reporting Entity:**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the “Board”) consisting of 7 members. The Board of Education serves as the legislative body and has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. In addition, the Board is responsible for, and controls all activities related to public school education within the District. The Superintendent is the chief executive officer.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

**B) Joint Venture:**

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to

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contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

**C) Basis of Presentation:**

**District-Wide Financial Statements**

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column include capital specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements**

The Fund Financial Statements provide information about the District's funds. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

**Special Aid Fund:** This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

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

**Debt Service Fund:** This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

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

**D) Measurement Focus and Basis of Accounting:**

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

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable, lease liability, compensated absences, other post-employment benefits obligation, pension costs, and claims and judgements, if applicable, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year under leases are reported as other financing sources.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**E) Real Property Taxes:**

Calendar

Real property taxes are levied annually by the Board of Education and become a lien on July 1<sup>st</sup>. Taxes are collected by the Town of Mount Pleasant and Town of North Castle and are remitted to the District throughout the year.

Enforcement

Uncollected real property taxes are subsequently enforced by Town of Mount Pleasant ("the Town") in which the District is located. The Town pays an amount representing uncollected real property taxes to the District no later than the following April 1st.

**F) Restricted Resources:**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**G) Interfund Transactions:**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flows. These inter-fund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-Wide Financial Statements, the amounts reported on the Statement of Net Position for inter-fund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all inter-fund receivables and payables between the funds.

The governmental funds report all inter-fund transactions as originally recorded. Inter-fund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

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

**H) Estimates:**

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

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas including, computation of useful lives of capital assets and intangible lease assets, lease liability, compensated absences, other post-employment benefits, net pension asset/liability, and potential contingent liabilities, if applicable.

**I) Cash and Cash Equivalents:**

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

**J) Receivables:**

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

**K) Inventory:**

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed. At June 30, 2023, the District had no inventory.

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

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute available spendable resources, if applicable.

**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 time received.

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

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	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and Building Improvements	\$5,000	Straight-line	50 years
Improvements other than Buildings	\$5,000	Straight-line	20 years
Machinery and Equipment	\$5,000	Straight-line	5-20 years

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

**M) Intangible Lease Assets:**

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

**N) Deferred Outflows and Inflows of Resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is deferred amounts on refundings. A deferred amount results from the difference in carrying amount of the debt over its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The other amounts are related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position, which are detailed further in Notes 13, 15, and 17, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are related to pensions and the other post-employment benefits reported in the District-Wide Statement of Net Position and are detailed further in Notes 15 and 17, respectively.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**O) Short-Term Debt:**

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will 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.

The District has issued BANs totaling \$16,338,925 in the fiscal year ended June 30, 2023. Of this amount, \$7,528,925 has been redeemed. See Note 12 for further detail.

**P) Collections in Advance:**

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2023, consisted of prepaid health insurance payments in the general fund, state and local grant monies received prior to incurring qualifying revenues in the special aid fund, and supply chain assistance monies received prior to incurring qualifying revenues and prepaid meals in the school lunch fund.

**Q) Employee Benefits- Compensated Absences:**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) and 457 plans.

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the



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district- wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis. The 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 30<sup>th</sup>.

**R) Other Benefits:**

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

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**S) Long Term Debt:**

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

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**T) Equity Classifications:**

**i) District-Wide Financial Statements**

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets (net of unspent proceeds), including the deferred inflows of resources, and deferred amounts on debt refunding.

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

**ii) Fund Financial Statements**

There are five classifications of fund balance as detailed below; however, the District only has three classifications of fund balance presented in the Fund Financial Statements as follows:

- 1) Non-spendable fund balance** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The District has no non-spendable fund balances as of June 30, 2023.
- 2) Restricted fund balance** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has classified the following reserves as restricted:

**Retirement Contribution Reserve**

Retirement Contribution Reserve (GML§6-r) must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers' Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other

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funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Tax Certiorari Reserve

According to Education Law §3651.1-a, the Tax Certiorari Reserve must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

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

Unemployment Insurance Reserve

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

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. This reserve is accounted for in the general fund.

Liability Reserve

Liability reserve (EL §1709(8)(c)), is used to pay for liability claims incurred. Liability reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the general fund.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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Restricted for Debt Service

Debt service is used to account for the accumulation of resources that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds. These restricted funds are accounted for in the debt service fund.

Restricted for Unspent Bond Proceeds

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

Restricted for Scholarships and Donations

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

Unrestricted Resources:

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

- 3) **Committed fund balance** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, (i.e., the Board). The District has no committed fund balances as of June 30, 2023.
- 4) **Assigned fund balance**- Includes amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, the assigned fund balance represents the residual amount of fund balance. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.
- 5) **Unassigned fund balance** – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in the assigned fund balance are also excluded from the 4% limitation. Please refer to supplemental schedule #5 for this calculation. The District's unassigned fund balance in the general fund at June 30, 2023, is within the legal limits.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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Order of Use of Fund Balance:

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (i.e. expenditures related to reserves) 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.

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

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

Long-term revenue and expense differences:

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

Capital related differences:

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

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Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**A) Budgets:**

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the general fund. Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on the other supplemental information – schedule of change from adopted budget to final budget.

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

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

At June 30, 2023, the District recorded budget amendments that are not in compliance with NYS Education Law, §1718. See schedule of finding for more information.

**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 assignments or restrictions of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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**NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:**

**A) Cash and Cash Equivalents:**

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB 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 with securities held by the pledging financial institution in the District's name; or
- C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

**B) Restricted Cash and Cash Equivalents:**

Restricted cash and cash equivalents represent cash and cash equivalents where use is limited by the legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2023 included \$14,489,761 within the governmental funds for general reserves, unspent bond proceeds, capital projects and scholarships and donations.

**C) Investments:**

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

**D) Investment Pool:**

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2023, the District held \$19,801,764 in

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investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2023, are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 19,801,764	\$ 19,801,764
	<u>\$ 19,801,764</u>	<u>\$ 19,801,764</u>

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

**NOTE 5 – PARTICIPATION IN BOCES:**

During the year ended June 30, 2023, the District was billed \$3,514,035 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,220,298. Financial statements for the BOCES of Southern Westchester are available from their administrative office at 17 Berkley Drive, Rye Brook, NY 10573.



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:**

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

General Fund	
Excess cost aid	\$ 192,460
General aid	1,081,778
Total General Fund	<u>\$ 1,274,238</u>
Special Aid Fund	
Federal grants	\$ 470,893
State grants	122,186
Total Special Aid Fund	<u>\$ 593,079</u>
School Lunch Fund	
Federal reimbursements	\$ 23,122
State reimbursements	2,566
Total School Lunch Fund	<u>\$ 25,688</u>
Total State and Federal Aid Receivable	<u><u>\$ 1,893,005</u></u>

District management has deemed these receivables as fully collectible.

**NOTE 7 – DUE FROM OTHER GOVERNMENTS:**

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

BOCES Aid	\$ 702,544
Westchester County- sales tax	337,340
Total Due From Other Governments	<u><u>\$ 1,039,884</u></u>

District management has deemed these receivables as fully collectible.

**NOTE 8 – DUE TO OTHER GOVERNMENTS:**

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

General Fund	
Tuition and health services due to other districts	<u>\$ 701,889</u>
School Lunch Fund	
School lunch sales tax	<u>\$ 278</u>
Total Due to Other Governments	<u><u>\$ 702,167</u></u>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 9 – COLLECTIONS IN ADVANCE:**

Collections in advance at June 30, 2023, consisted of the following:

General fund	
Health insurance	<u>\$ 21,543</u>
Special aid fund	
Unearned revenues from state and local grants	<u>\$ 57,615</u>
School lunch fund	
Prepaid meals	\$ 28,370
Unearned revenues from federal grants	<u>16,222</u>
Total School lunch fund	<u>\$ 44,592</u>
Total Collections in Advance	<u><u>\$ 123,750</u></u>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**NOTE 10 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:**

**A) Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,632,800			\$ 1,632,800
Construction in progress	805,594	\$ 5,180,458		5,986,052
Total capital assets not being depreciated	<u>2,438,394</u>	<u>5,180,458</u>	<u>-</u>	<u>7,618,852</u>
Capital assets being depreciated:				
Buildings and improvements	81,556,893	240,891		81,797,784
Machinery and equipment	1,061,273	75,557	(\$14,241)	1,122,589
Total capital assets being depreciated	<u>82,618,166</u>	<u>316,448</u>	<u>(14,241)</u>	<u>82,920,373</u>
Less accumulated depreciation:				
Building and improvements	16,805,258	1,637,128		18,442,386
Machinery and equipment	821,781	36,431	(14,241)	843,971
Total accumulated depreciation	<u>17,627,039</u>	<u>1,673,559</u>	<u>(14,241)</u>	<u>19,286,357</u>
Total capital assets being depreciated, net	<u>64,991,127</u>	<u>(1,357,111)</u>	<u>-</u>	<u>63,634,016</u>
Total capital assets, net	<u>\$67,429,521</u>	<u>\$ 3,823,347</u>	<u>\$ -</u>	<u>\$71,252,868</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 560,329
General support	1,108,718
Food service program	4,512
Total depreciation expense	<u>\$ 1,673,559</u>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**B) Intangible Lease Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible lease assets				
Machinery and equipment	\$ 843,811	\$ 634,894	\$ (35,820)	\$ 1,442,885
Total intangible lease assets being amortized	<u>843,811</u>	<u>634,894</u>	<u>(35,820)</u>	<u>1,442,885</u>
Less accumulated amortization:				
Machinery and equipment	258,317	357,232		615,549
Total accumulated amortization	<u>258,317</u>	<u>357,232</u>	<u>-</u>	<u>615,549</u>
Total intangible lease assets, net	<u>\$ 585,494</u>	<u>\$ 277,662</u>	<u>\$ (35,820)</u>	<u>\$ 827,336</u>

Amortization expense of \$357,232 was charged to the governmental functions as general support.

**NOTE 11 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 2,525,167	\$ 6,943,567		\$ 1,686,496
Special aid fund	46,470	523,590	\$ 86,496	
School lunch fund		39,293		
Debt service fund	507,428			
Capital projects fund	6,664,078	2,236,693	1,600,000	
Total government activities	<u>\$ 9,743,143</u>	<u>\$ 9,743,143</u>	<u>\$ 1,686,496</u>	<u>\$ 1,686,496</u>

The District typically transfers from the general fund to the special aid fund to fund the District's local share of summer program for students with disabilities. The District typically transfers from the general fund to the capital projects fund to finance capital construction projects.

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

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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**NOTE 12 - SHORT-TERM DEBT:**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	6/28/2023	4.25%	\$ -	\$ 7,528,925	\$ 7,528,925	\$ -
BAN	6/28/2024	5.00%	-	8,810,000	-	8,810,000
Total			<u>\$ -</u>	<u>\$ 16,338,925</u>	<u>\$ 7,528,925</u>	<u>\$ 8,810,000</u>

The BANs were issued to finance the construction of alterations and improvements to District buildings and the sites.

Interest on short-term debt for the year amounted to \$79,106. The 2023 BAN has a stated interest rate of 4.25% and includes a total premium of \$12,347, resulting in a net interest cost of 3.59%. The 2024 BAN has a stated interest rate of 5.00% and includes a total premium of \$107,715, resulting in a net interest cost of 3.78%.

**NOTE 13 – DEFERRED OUTFLOWS OF RESOURCES****A) Deferred Amounts on Refunding:**

The deferred amounts pertaining to the 2012, 2013 and 2015 bond refundings, as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2023, consisted of the following:

	<u>2012 Refunding</u>	<u>2013 Refunding</u>	<u>2015 Refundings</u>	<u>Total</u>
Deferred amounts	\$ 680,484	\$ 567,168	\$ 516,241	\$ 1,763,893
Accumulated amortization	(599,900)	(501,409)	(373,709)	(1,475,018)
Net deferred charges	<u>\$ 80,584</u>	<u>\$ 65,759</u>	<u>\$ 142,532</u>	<u>\$ 288,875</u>

These deferred amounts on refundings are being amortized on the District-Wide Financial Statements using the straight-line method over the time to maturity of the refunding bonds, at the point of refunding, and is recorded as an increase to interest expense on the District-Wide Statement of Activities.

Amortization of deferred amounts on refundings for the fiscal year ended June 30, 2023, amounted to \$138,675.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 14– LONG-TERM LIABILITIES:**

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
<b>Bonds Payable</b>					
Construction bonds	\$ 33,505,000		\$ (3,925,000)	\$ 29,580,000	\$ 3,190,000
Tax certiorari bonds	3,005,000		(620,000)	2,385,000	630,000
Total Bonds payable	36,510,000	-	(4,545,000)	31,965,000	3,820,000
Premium on refunding	137,051		(42,011)	95,040	42,011
Total bonds payable (including premium)	36,647,051	-	(4,587,011)	32,060,040	3,862,011
<b>Other liabilities:</b>					
Lease liability	590,885	642,751	(372,670)	860,966	284,774
Compensated absences payable	459,526		(35,401)	424,125	42,413
Total other post-employment benefits obligation	111,573,730	8,821,603	(12,047,837)	108,347,496	
Net pension liability-proportionate share - ERS	-	2,902,830		2,902,830	
Net pension liability-proportionate share - TRS	-	3,030,950		3,030,950	
Total long-term liabilities	<u>\$ 149,271,192</u>	<u>\$ 15,398,134</u>	<u>\$ (17,042,919)</u>	<u>\$ 147,626,407</u>	<u>\$ 4,189,198</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, compensated absences payable, other post-employment benefits obligation, and net pension liabilities.

**A) Bonds Payable**

Bonds payable is comprised of the following:

Description	Issue Date	Original Issue Amount	Final Maturity	Interest Rates	Outstanding at Year End
Serial Bonds- Tax Certiorari	2010	\$1,350,000	June 2025	3.250-4.000%	\$ 225,000
Refunding Bonds- Construction	2012	\$7,145,000	June 2025	2.000-2.250%	1,295,000
Refunding Bonds- Construction	2013	\$6,305,000	May 2025	2.000-3.000%	1,125,000
Refunding Bonds- Tax Certiorari	2015	\$5,145,000	June 2027	2.000-3.000%	2,160,000
Serial Bonds- Construction	2019	\$20,000,000	June 2035	2.000-3.000%	14,885,000
Serial Bonds- Construction	2021	\$15,120,000	June 2037	2.000-2.000%	12,275,000
					<u>\$31,965,000</u>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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The following is a summary of debt service requirements for bonds payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 3,820,000	\$ 689,831	\$ 4,509,831
2025	3,715,000	607,969	4,322,969
2026	2,520,000	526,016	3,046,016
2027	2,575,000	471,594	3,046,594
2028	2,085,000	423,625	2,508,625
2029-2033	11,095,000	1,459,088	12,554,088
2034-2037	6,155,000	267,575	6,422,575
	\$ 31,965,000	\$ 4,445,697	\$ 36,410,697

Upon default of the payment of principal or interest on the serial bond holders of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

Unissued Debt

On October 18, 2016, voters approved a bond authorization for a total estimated cost not to exceed \$39,621,180 to finance the reconstruction of various District buildings and facilities. The District issued serial bonds in the amount of \$20,000,000, \$15,120,000, and \$2,950,000 in prior years, leaving authorized but unissued debt in the amount of \$1,551,180.

**B) Lease Liability**

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates ranging from 2.50% to 4.50%.

Principal and interest expense paid on the District's lease liability amounted to \$342,160 and \$34,365, respectively, for the fiscal year ended June 30, 2023.

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The following is a summary of the principal and interest requirements to maturity for the District's leases:

Fiscal Year Ended			
June 30,	Principal	Interest	Total
2024	\$284,774	\$23,796	\$308,570
2025	238,193	14,447	252,640
2026	189,396	7,315	196,711
2027	134,371	2,308	136,679
2028	14,232	13	14,245
	<u>\$860,966</u>	<u>\$47,879</u>	<u>\$908,845</u>

**C) Long-Term Interest**

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

	Total
Interest paid	\$ 818,943
Less interest accrued in the prior year	(39,946)
Plus interest accrued in the current year	30,930
Plus amortization of deferred amounts on refunding	138,675
Less amortization of premium	(42,011)
Total expense	<u>\$ 906,591</u>

**D) Premiums on Bonds:**

Premiums on bonds, net of accumulated amortization, reported as a component of bonds payable, amounted to \$95,040 at June 30, 2023. This represents premiums received on the 2012, 2013 and 2015 bond refundings. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

**NOTE 15– PENSION PLANS:**

**A) Plan Description and Benefits Provided:**

**i) Teachers' Retirement System**

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**B) Funding Policies:**

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
  - a. Employees who joined the system after July 27, 1976, and before January 1, 2010
    - i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
  - b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
    - i. Employees contribute 3.5% of their salary throughout active membership.
  - c. Employees who joined the system on or after April 1, 2012
    - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.
2. New York State Employees' Retirement System
  - a. Employees who joined the system after July 27, 1976

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- i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
- b. Employees who joined the system on or after January 1, 2010 before April 1, 2012
  - i. Employees contribute 3% of their salary throughout active membership.
- c. Employees who joined the system on or after April 1, 2012
  - i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31<sup>st</sup>. The District's contribution rates for ERS' fiscal year ended March 31, 2023, for covered payroll was 13.10% for Tiers 3 & 4, 11.20% for Tier 5, and 8.30% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2022, was 10.29% of covered payroll.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years based on covered payroll for the District's year end were:

	NYSERS	NYSTRS
2023	\$ 530,920	\$ 2,988,394
2022	\$ 629,557	\$ 2,742,220
2021	\$ 649,626	\$ 2,559,403

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

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

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	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (2,902,830)	\$ (3,030,950)
District's portion of the Plan's total		
Net pension asset/ (liability)	0.0135368%	0.157953%
Change in proportion since the prior measurement date	0.0000427%	-0.0003260%

For the year ended June 30, 2023, the District recognized pension expense of \$1,056,873 for ERS, and \$3,887,667 for TRS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>		<u>Deferred Inflow of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 309,174	\$ 3,176,052	\$ 81,522	\$ 60,735
Net difference between projected and actual earnings on pension plan investments	-	3,916,275	17,054	-
Changes of assumptions	1,409,802	5,879,531	15,581	1,220,952
Changes in proportion and differences between the District's contributions and proportionate share of contributions	148,747	271,956	40,241	211,611
District's contributions subsequent to the measurement date	154,234	2,988,394	-	-
	<u>\$ 2,021,957</u>	<u>\$ 16,232,208</u>	<u>\$ 154,398</u>	<u>\$ 1,493,298</u>

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

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2023	\$ -	\$ (2,321,155)
2024	(414,969)	(1,207,396)
2025	130,567	489,720
2026	(620,225)	(7,672,920)
2027	(808,698)	(990,746)
Thereafter	-	(48,019)
	<u>\$ (1,713,325)</u>	<u>\$ (11,750,516)</u>

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
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Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the valuation date are summarized below:

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

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.30%	33%	6.5%
International equity	15%	6.85%	16%	7.2%
Global equity			4%	6.9%
Private equity	10%	7.50%	8%	9.9%
Real estate	9%	4.60%	11%	6.2%
Opportunistic/ absolute return strategy	3%	5.38%		
Real assets	3%	5.84%		
Credit	4%	5.43%		
Cash	1%	0.00%		
Fixed income	23%	1.50%	16%	1.1%
Global bonds			2%	0.6%
High-yield bonds			1%	3.3%
Private debt			2%	5.3%
Real estate debt			6%	2.4%
Cash equivalents			1%	-0.3%
	<u>100%</u>		<u>100%</u>	

The expected real rate of return is net of the long-term inflation assumptions of 2.50% for ERS, and 2.40% for TRS.

#### Discount Rate

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

#### 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 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 4.95% for TRS) or 1-percentagepoint higher (6.90% for ERS and 7.95% for TRS) than the current rate:

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<b>ERS</b>			
District's proportionate share of the net pension asset/(liability)	<u>(\$7,014,896)</u>	<u>(\$2,902,830)</u>	<u>\$533,279</u>
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<b>TRS</b>			
District's proportionate share of the net pension asset/(liability)	<u>(\$27,946,781)</u>	<u>(\$3,030,950)</u>	<u>\$17,923,100</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:

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023, through June 30, 2023, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023, amounted to \$154,234.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023, represent employee and employer contributions for the fiscal year ended June 30, 2023, based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023, amounted to \$3,287,535.

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

**NOTE 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 termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$81,015 and \$2,102,190, respectively.

**NOTE 17 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):**

**A) General Information about the OPEB Plan:**

Plan Description

The District's OPEB Plan (the "OPEB Plan"), defined as a defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the State-Wide Schools Cooperative Health Plan (SWSCHP), a consortium of 23 school districts, jointly administered by WESCO, Systemed, and ALICARE. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute 100% of premiums for retirees and their spouses, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District contributed an estimated \$2,776,835 to the Plan, including \$2,776,835 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	185
Active employees	286
	<u>471</u>

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

**B) Total OPEB Liability:**

The District's total OPEB liability of \$108,347,496 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases	Varied by years of service and retirement system
Discount rate	4.13%
Healthcare cost trend rates:	
Medical and vision	6.75% for 2022-2023, decreasing to an ultimate rate of 4.14% by 2076
Dental	3.50% decreasing by .25% annually to an ultimate rate of 3.00%
Part B reimbursement	(3.06)% decrease for 2022-2023, increasing to an ultimate rate of 4.14% by 2076

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

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using the Society of Actuaries' Scale MP-2021.

**C) Changes in the Total OPEB Liability:**

Balance at June 30, 2022	\$ 111,573,730
Changes for the fiscal year:	
Service cost	4,752,381
Interest	4,069,222
Changes of benefit terms	(397,726)
Differences between expected and actual experience	(717,343)
Changes in assumptions or other inputs	(8,155,933)
Benefit payments	(2,776,835)
Net changes	(3,226,234)
Balance at June 30, 2023	<u>\$ 108,347,496</u>

Changes in assumptions or other inputs include a change in the discount rate from 3.54% to 4.13%, the update of mortality rates based on Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021 and update of



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

termination and retirement rates to reflect NYS ERS assumptions first adopted on April 1, 2015, and NYS TRS assumptions first adopted on June 30, 2015.

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 (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$92,912,583	\$108,347,496	\$127,700,340

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Total OPEB liability	\$90,147,223	\$108,347,496	\$132,057,506

**D) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:**

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$8,205,586. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,095,800	\$ (9,016,349)
Changes of assumptions or other inputs	28,233,241	(36,604,454)
	<u>\$ 32,329,041</u>	<u>\$ (45,620,803)</u>

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

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

Fiscal Year ended June 30:	
2024	(218,291)
2025	(218,291)
2026	(218,287)
2027	(3,945,826)
2028	(1,874,675)
Thereafter	(6,816,392)
	<u>\$ (13,291,762)</u>

**NOTE 18 – RISK MANAGEMENT:**

**A) General Information:**

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

**B) Public Entity Risk Pool:**

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

The District participates in the Southern Westchester Cooperative Workers' Compensation Self-Insurance Plan (the Workers' Compensation Plan, or the "Plan"), a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to administer claims, finance liability, and manage risks related to workers' compensation claims. The District pays an annual assessment determined by the Plan's Board of Trustees. In the event the Plan has insufficient funds to meet its obligations, the Plan's Board of Trustees may issue supplemental assessments to the Plan's members. Plan members who withdraw or are terminated from the Plan's membership will assume responsibilities for all open and unpaid claims associated with them. As of June 30, 2023, the discounted Workers' Compensation Plan's total liability for unbilled and open claims was \$21,071,681 at a 2.0% discount rate. The Workers' Compensation Plan has assets of \$27,183,360 as of June 30, 2022, to pay these liabilities. The total assets as of June 30, 2023, were not available at the time of the report. The District's contribution to the Plan was \$179,933.

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

**C) Health and Accident Insurance:**

For some of the employee health and accident insurance coverage, the District is a participant in the Statewide Schools Cooperative Health Plan, a public entity risk pool operated for the benefit of 20 individual governmental units located within Westchester County. The District pays an annual premium to the Plan for this health and accident insurance coverage. The Statewide Schools Cooperative Health Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$100,000 per employee. The Statewide Schools Cooperative Health Plan obtains independent coverage for insured events in excess of the \$100,000 limit and the District has essentially transferred all related risk to the Plan.

**NOTE 19- TAX ABATEMENTS:**

The Town of Mount Pleasant, under the authority of Section 577(1)(a) of the New York Private Housing Finance Law, entered into a tax abatement program for the purpose of economic development, and general prosperity and economic welfare of the town. The District's property tax revenue was reduced by \$27,249 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$4,107 for these programs during the fiscal year.

**NOTE 20 – COMMITMENTS AND CONTINGENCIES:**

**A) Encumbrances:**

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

Assigned: Unappropriated Fund Balance

General fund:

General support	\$ 1,732,271
Instruction	232,007
Total general fund	<u>\$ 1,964,278</u>

Special aid fund:	<u>\$ 10,666</u>
Total special aid fund	<u>\$ 10,666</u>

School lunch fund:	<u>\$ 3,519</u>
Total school lunch fund	<u>\$ 3,519</u>

Capital projects fund:	<u>\$ 7,031,689</u>
Total capital projects fund	<u>\$ 7,031,689</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, will be immaterial.

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

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**C) Litigation:**

As of June 30, 2023, the District is unaware of any pending or threatened litigation or unasserted claims or assessments against the District which require disclosure. However, there are pending tax certiorari proceedings, which may result in the District having to pay future tax refunds. The District has a reserve established to pay future payments for this.

**NOTE 21 – SUBSEQUENT EVENTS:**

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

## **SUPPLEMENTARY INFORMATION**

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUES</b>				
Local sources				
Real property taxes	\$ 59,523,683	\$ 59,523,683	\$ 54,948,455	\$ (4,575,228)
Other tax items	1,133,900	1,133,900	5,822,352	4,688,452
Charges for services	30,000	30,000	48,538	18,538
Use of money and property	45,000	820,000	939,422	119,422
Sale of property and compensation for loss	5,500	352,500	276,533	(75,967)
Miscellaneous	175,000	250,000	451,090	201,090
State sources				
Basic formula	7,403,625	8,153,625	5,859,679	(2,293,946)
Excess cost aid	-	-	1,248,486	1,248,486
Lottery aid	-	-	1,307,410	1,307,410
BOCES aid	1,068,987	1,068,987	1,220,298	151,311
Textbook aid	182,266	182,266	117,665	(64,601)
Computer software aid	-	-	48,550	48,550
Library A/V loan program aid	-	-	13,562	13,562
Federal sources		-	75,862	75,862
<b>TOTAL REVENUES</b>	<b>\$ 69,567,961</b>	<b>\$ 71,514,961</b>	<b>\$ 72,377,902</b>	<b>\$ 862,941</b>
Appropriated fund balance	250,000	250,000		
Appropriated reserves	931,241	2,240,445		
<b>TOTAL REVENUES AND APPROPRIATED FUND BALANCE</b>	<b>\$ 70,749,202</b>	<b>\$ 74,005,406</b>		

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.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL- GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General support					
Board of education	\$ 211,200	\$ 183,600	\$ 162,889	\$ 1,420	\$ 19,291
Central administration	446,027	459,627	453,241		6,386
Finance	660,665	659,273	639,549	4,932	14,792
Staff	501,983	511,983	435,828		76,155
Central services	4,712,882	6,764,922	4,781,769	1,725,919	257,234
Special items	699,930	1,576,560	1,571,844		4,716
Total General Support	7,232,687	10,155,965	8,045,120	1,732,271	378,574
Instruction					
Instruction, adm. & imp.	2,534,678	2,478,639	2,385,919	54,940	37,780
Teaching - regular school	19,558,251	19,227,790	19,091,871	40,299	95,620
Programs for children with handicapping conditions	9,917,210	9,885,231	9,706,096		179,135
Occupational education	535,746	478,746	475,870		2,876
Teaching special schools	45,000	5,000	-		5,000
Instructional media	1,570,720	1,331,074	1,196,069	107,072	27,933
Pupil services	3,691,641	3,813,738	3,651,538	29,696	132,504
Total Instruction	37,853,246	37,220,218	36,507,363	232,007	480,848
Pupil transportation	3,177,502	3,261,802	3,205,919	-	55,883
Employee benefits	14,968,122	14,731,174	14,251,770	-	479,404
Debt service					
Debt service principal	4,945,000	6,013,197	5,998,228	-	14,969
Debt service interest	847,645	898,050	898,049	-	1
Total Debt Service	5,792,645	6,911,247	6,896,277	-	14,970
<b>TOTAL EXPENDITURES</b>	69,024,202	72,280,406	68,906,449	1,964,278	1,409,679
Other financing uses					
Transfers to other funds	1,725,000	1,725,000	1,686,496	-	38,504
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 70,749,202</b>	<b>\$ 74,005,406</b>	<b>70,592,945</b>	<b>\$ 1,964,278</b>	<b>\$ 1,448,183</b>
Net change in fund balance			1,784,957		
Fund balance - beginning of year			16,285,967		
Fund balance - end of year			<u>\$ 18,070,924</u>		

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.

NOTE: The District recorded budget amendments that are not in compliance with NYS Education Law, §1718. See schedule of finding for more information.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
FOR THE FISCAL YEAR ENDED JUNE 30,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 4,752,381	\$ 7,169,879	\$ 6,964,420	\$ 4,682,913	\$ 2,940,323	\$ 3,056,921
Interest	4,069,222	3,164,745	3,352,228	4,094,380	2,840,802	2,530,371
Changes of benefit terms	(397,726)	-	(628,320)	-	(120,564)	-
Differences between expected and actual experience	(717,343)	(5,761,653)	(4,034,110)	(4,111,868)	8,191,605	-
Changes of assumptions or other inputs	(8,155,933)	(31,022,990)	(8,417,465)	30,721,119	30,134,091	(3,587,661)
Benefit payments	<u>(2,776,835)</u>	<u>(2,630,610)</u>	<u>(2,590,875)</u>	<u>(2,665,314)</u>	<u>(2,306,920)</u>	<u>(2,144,930)</u>
<b>Net change in total OPEB liability</b>	<b>(3,226,234)</b>	<b>(29,080,629)</b>	<b>(5,354,122)</b>	<b>32,721,230</b>	<b>41,679,337</b>	<b>(145,299)</b>
<b>Total OPEB liability - beginning</b>	<b>111,573,730</b>	<b>140,654,359</b>	<b>146,008,481</b>	<b>113,287,251</b>	<b>71,607,914</b>	<b>71,753,213</b>
<b>Total OPEB liability - ending</b>	<b>\$ 108,347,496</b>	<b>\$ 111,573,730</b>	<b>\$ 140,654,359</b>	<b>\$ 146,008,481</b>	<b>\$ 113,287,251</b>	<b>\$ 71,607,914</b>
<b>Covered-employee payroll</b>	<b>\$ 30,479,815</b>	<b>\$ 29,298,850</b>	<b>\$ 28,777,150</b>	<b>\$ 28,832,582</b>	<b>\$ 27,218,968</b>	<b>\$ 27,181,679</b>
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>355.47%</b>	<b>380.81%</b>	<b>488.77%</b>	<b>506.40%</b>	<b>416.21%</b>	<b>263.44%</b>

**Notes to Schedule:***Trust Assets*

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

*Change of Assumptions and Other Inputs*

The discount rate was 3.87% as of June 30, 2018.

The discount rate was 3.51% as of June 30, 2019.

The discount rate was 2.21% as of June 30, 2020.

The discount rate was 2.16% as of June 30, 2021.

The discount rate was 3.54% as of June 30, 2022.

The discount rate was 4.13% as of June 30, 2023.

Mortality rates were updated to reflect Pub-2010 Teachers and General Employees Headcount-Weighted table projected using MP-2019 from MP-2018. Termination and retirement rates have been updated based on NYS ERS assumptions first adopted on April 1, 2015 and NYS TRS assumptions first adopted on June 30, 2015.



**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)  
FOR THE YEARS ENDED JUNE 30,\***

**NYSERS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.0135368%	0.0134941%	0.0137435%	0.0143198%	0.0139167%	0.0138999%	0.0146647%	0.0147050%	0.0124902%
District's proportionate share of the net pension asset/(liability)	\$ (2,902,830)	\$ 1,103,089	\$ (13,685)	\$ (3,791,979)	\$ (984,042)	\$ (448,609)	\$ (1,377,930)	\$ (2,360,201)	\$ (421,949)
District's covered payroll	\$ 5,771,719	\$ 5,011,645	\$ 4,465,170	\$ 4,442,176	\$ 4,408,723	\$ 4,368,161	\$ 4,131,792	\$ 3,678,606	\$ 3,330,469
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	50.29%	22.01%	0.31%	85.36%	22.37%	10.27%	33.35%	64.16%	12.67%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%

**NYTRS Pension Plan**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension asset/(liability)	0.157953%	0.158279%	0.159128%	0.153433%	0.156944%	0.160105%	0.165236%	0.1627520%	0.1600170%
District's proportionate share of the net pension asset/(liability)	\$ (3,030,950)	\$ 27,428,213	\$ (4,397,140)	\$ 3,986,200	\$ 2,838,874	\$ 1,216,954	\$ (1,769,747)	\$ 16,904,781	\$ 17,824,875
District's covered payroll	\$ 28,273,436	\$ 27,432,416	\$ 27,387,280	\$ 25,610,465	\$ 26,308,327	\$ 26,280,573	\$ 25,722,752	\$ 24,589,144	\$ 23,790,145
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.72%	99.98%	16.06%	15.56%	10.79%	4.63%	6.88%	68.75%	74.93%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

\* The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS  
FOR THE FISCAL YEARS ENDED JUNE 30,

	NYSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 530,920	\$ 629,557	\$ 649,626	\$ 589,359	\$ 573,939	\$ 563,834	\$ 586,700	\$ 714,379	\$ 576,212	
Contributions in relation to the contractually required contribution	530,920	629,557	649,626	589,359	573,939	563,834	586,700	714,379	576,212	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$ 5,731,597	\$ 4,817,272	\$ 4,653,312	\$ 4,397,069	\$ 4,444,060	\$ 4,408,269	\$ 4,146,800	\$ 3,779,737	\$ 3,583,067	
Contributions as a percentage of covered payroll	9.26%	13.07%	13.96%	13.40%	12.91%	12.79%	14.15%	18.90%	16.08%	

	NYTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 2,988,394	\$ 2,742,220	\$ 2,559,403	\$ 2,393,005	\$ 2,719,831	\$ 2,506,119	\$ 2,973,517	\$ 3,410,837	\$ 4,312,055	
Contributions in relation to the contractually required contribution	2,988,394	2,742,220	2,559,403	2,393,005	2,719,831	2,506,119	2,973,517	3,410,837	4,312,055	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$29,313,288	\$28,273,436	\$ 27,432,416	\$ 27,387,280	\$ 25,610,465	\$ 26,308,327	\$ 26,280,573	\$ 25,722,752	\$ 24,598,144	
Contributions as a percentage of covered payroll	10.19%	9.70%	9.33%	8.74%	10.62%	9.53%	11.31%	13.26%	17.53%	

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET-GENERAL FUND  
AND SECTION 1318 OF THE REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$ 69,817,961
Add: Prior year's encumbrances		<u>931,241</u>
Original Budget		70,749,202
Budget revisions:		
Insurance recoveries	\$ 347,000	
Interest and earnings	775,000	
Gifts and donations	75,000	
State aid	750,000	
Appropriated use of unemployment reserve	21,000	
Appropriated use of employee benefit accrued liability reserve	128,313	
Appropriated use of liability reserve	259,261	
Appropriated use of tax certiorari reserve	<u>900,630</u>	
		<u>3,256,204</u>
Final Budget		<u><u>\$ 74,005,406</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2023-24 voter-approved expenditure budget		<u>\$ 74,520,219</u>
Maximum allowed (4% of 2023-24 budget)		<u><u>\$ 2,980,809</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance:	\$ 1,964,278	
Unassigned fund balance	<u>2,980,812</u>	
Total unrestricted fund balance		<u>4,945,090</u>
Less:		
Appropriated fund balance	-	
Encumbrances included in assigned fund balance	<u>1,964,278</u>	
Total adjustments		<u>1,964,278</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 2,980,812</u></u>
Actual percentage		<u><u>4.00%</u></u>

MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES-CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Project Title	SED Project #	Original Appropriation	Revised Appropriation	Expenditures		Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023
				Prior Year's	Current Year		Proceeds of Obligations	State Aid	Local Sources	
Construction - Bleachers/Fields		\$ 256,254	\$ 281,435	\$ 256,254	\$ 256,254	\$ 25,181			\$ 281,435	\$ 25,181
Gas Line - District Wide		250,000	215,348	213,501	213,501	1,447			215,348	1,447
Columbus Boiler, HVAC & Gas Line		2,972,848	2,972,848	2,835,777	2,835,777	137,071			2,972,848	137,071
Columbus Roof		1,097,000	1,097,000	1,049,469	1,049,469	47,531			1,097,000	47,531
Hawthorne Elementary Construction Project 15-16		488,350	490,000	417,169	417,169	72,831			490,000	72,831
Elevator - 2016-2017		512,000	512,000	439,577	439,577	72,423			512,000	72,423
Ceiling Tile & Lighting - WHS		297,000	297,000	283,273	283,273	13,727			297,000	13,727
Steam Maker Space		2,058,980	2,058,980	-	-	1,988,219			2,058,980	1,988,219
Theater Rigging - WHS		263,250	263,250	236,301	236,301	6,949			263,250	6,949
Track Repair WHS		193,050	193,050	990	990	192,060			11,955	10,965
Unallocated - CES/IES		90,720	90,720	-	-	90,720			90,720	90,720
Athletic and PE Space		2,335,729	2,335,729	2,314,293	2,314,293	21,436			2,335,729	21,436
Maintenance Building		864,271	1,890,837	427,231	1,317,764	145,842			1,890,837	145,842
2016 Bond Referendum Projects		39,621,180	37,822,960	37,822,960	62,846	1,303,119	\$ 39,188,925		1,890,837	1,303,119
Athletic Field Renovations		9,777,745	9,777,745	3,67,622	3,734,886	5,675,237			181,095	5,675,237
Lease Agreement		634,894	634,894	-	634,894	-			634,894	-
Theater Upgrades		1,600,000	1,600,000	-	20,905	1,579,095			1,600,000	1,579,095
PPS Office Phase 1		1,964,271	773,434	-	33,093	740,341			773,434	740,341
		\$ 64,242,869	\$ 64,673,195	\$ 46,684,817	\$ 5,875,149	\$ 12,113,229	\$ 39,188,925	\$ -	\$ 15,071,631	\$ 54,895,450
										\$ 2,335,484

\* The deficit balance will be eliminated once permanent funding is obtained.

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
OTHER SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2023**

<b>Capital assets, net</b>			<b>\$ 71,252,868</b>
<b>Intangible lease assets, net of amortization</b>			<b>827,336</b>
<b>Add:</b>			
Unamortized deferred amounts on construction bond refundings			146,342
<b>Deduct:</b>			
Construction bonds payable, inclusive of premium	\$ 29,618,377		
Bond anticipation note payable	8,810,000		
Less: Unspent bond proceeds	<u>1,303,119</u>	39,731,496	
Short-term portion of lease liability	284,774		
Long-term portion of lease liability	<u>576,192</u>	<u>860,966</u>	
<b>Net investment in capital assets</b>			<b><u>\$ 31,634,084</u></b>



**R.S. ABRAMS & CO., LLP**

*Accountants & Consultants for Over 75 years*

Robert S. Abrams (1926-2014)

Marianne E. Van Duyne, CPA

Alexandria M. Battaglia, CPA

Brendan Nelson, CPA

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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  
Mount Pleasant Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Mount Pleasant Central School District (the "District"), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2023.

**Report on Internal Control over Financial Reporting**

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

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

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

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## **Report on Compliance and Other Matters**

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

## **District's Response to Finding**

Mount Pleasant Central School District's response to the finding identified in our audit is described in their corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 12, 2023

**MOUNT PLEASANT CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**FINANCIAL STATEMENT FINDING #2023-001**

**BUDGET MONITORING**

<b><u>Criteria:</u></b>	To verify that the District properly established and enforced controls to monitor the voter approved budget.
<b><u>Condition:</u></b>	During our audit we noted the District recorded budget amendments to increase the budget for interest earnings and state aid as the District received additional building aid than they anticipated and used it to increase the BAN principal payment that was not budgeted for in the adopted budget. Amendments to the budget should only be recorded for unforeseeable expenditures and/or revenues. If the District did not record these budget amendments the District would have overexpended their total budgeted appropriations by \$76,817.
<b><u>Cause:</u></b>	The District's budget amendments were not accurate.
<b><u>Effect:</u></b>	The District recorded budget revisions that were not permitted per Education Law, §1718.
<b><u>Recommendation:</u></b>	We recommend the District ensure they are complying with Education Law §1718.
<b><u>Response:</u></b>	The District response is included in their corrective action plan.





**R.S. ABRAMS & CO., LLP**

*Accountants & Consultants for Over 75 years*

Robert S. Abrams (1926-2014)

Marianne E. Van Duyne, CPA

Alexandria M. Battaglia, CPA

Brendan Nelson, CPA

To the Board of Education and  
Margaret Modugno,  
Director of Business Administration of  
Mount Pleasant Central School District  
825 West Lake Drive  
Thornwood, NY 10594

In planning and performing our audit of the financial statements of the governmental activities, and each major fund of the Mount Pleasant Central School District (the "District") as of and for the fiscal year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

However, during our audit, we became aware of a matter that we believe represents an opportunity for strengthening internal controls and operating efficiency. The recommendation that accompanies this letter summarizes our comments and suggestions concerning this matter. We have also included the status of prior year findings and recommendations.

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## **CURRENT YEAR FINDING & RECOMMENDATION**

### **BUDGET MONITORING**

During our audit we noted the District recorded budget amendments to increase the budget for interest earnings and state aid as the District received additional building aid than they anticipated and used it to increase the BAN principal payment that was not budgeted for in the adopted budget. Amendments to the budget should only be recorded for unforeseeable expenditures and/or revenues. If the District did not record these budget amendments the District would have overexpended their total budgeted appropriations by \$76,817. We recommend the District ensure they are complying with Education Law §1718.

## **STATUS OF PRIOR YEAR FINDINGS**

### **SCHOOL LUNCH FUND**

#### **Fund Balance**

**FINDING:** During our prior year audit, we noted that the school lunch fund balance exceeded the three-month average expenditure level allowable according to federal regulations 7 CFR Part 210.14(b). We recommended implementing measures to lower the fund balance for the 2022-2023 school year.

**STATUS: Implemented.**

\* \* \*

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District and also compliment the business office on their excellent financial operations during our audit. Should you have any questions concerning the matters referred to in this letter, we shall be pleased to discuss them with you, at your convenience.

This communication is intended solely for the information and use of the Board of Education, the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*R.S. Abrams & Co., LLP*

R.S. Abrams & Co., LLP  
Islandia, New York  
October 12, 2023

# Mount Pleasant Schools

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District Office  
Westlake Drive  
Thornwood, NY 10594  
Telephone: (914) 769-5500  
Fax: (914) 769-3733  
Email: mmodugno@mtplcsd.org

Margaret Modugno  
Director of Business Administration

10/12/2023

Board of Education Trustees and Audit Committee Members,

This letter serves as the Management's response and corrective action plan to the recommendations found in the Management Letter prepared by R.S. Abrams, the District's External Auditors, as part of their responsibilities for the 2022-2023 fiscal year. The Auditor's recommendations are noted below followed by Management's Response.

## **Budget Monitoring**

During our audit, we noted the District recorded budget amendments to increase the budget for interest earnings and State Aid, as the District received additional building aid than anticipated and used it to increase the bond anticipation note (BAN) principal payment that was not budgeted for in the adopted budget. Amendments to the budget should only be recorded for unforeseeable expenditures and/or revenues. If the District did not record these budget amendments, the District would have overexpended their total budget appropriations by \$76,817. We recommend the District ensure they are complying with Education Law §1718.

*District Action Plan:* The District recorded the noted budget amendments based on the premise that the revenues were unforeseeable when the budget was adopted. Repayment of the District's debt is directly linked to building aid (State aid), which is generated by completing capital projects. The District took the opportunity to make an additional payment on debt in order to match the expenditures against the additional revenue received. Based on current economic indicators, this additional payment would result in savings to the taxpayers in excess of \$250,000, over the life of a 15-year serial bond.

The result of reversing the budget amendments would shift the savings to the revenue side of the budget but would not change the overall budget-to-actual results. Overall budget-to-actual results were a positive variance of \$2.3 million. Further, the District's actual expenditures for the 2022-2023 school year did not exceed what was authorized. The hypothetical overexpended budget would have been caused by open purchase orders in place as of June 30, 2023.

The District closely monitors its budget and would have modified the course of action if it was known that these amendments were not in compliance with Education Law §1718.

The District implemented the auditor's recommendation as soon as it was made known. Moving forward, the District will not amend its budget, except in the limited circumstances that follow Education Law §1718.

*Implementation Date: October 5, 2023*

*Owner: Margaret Modugno, Director of Business Administration*

The District would like to thank the Auditors for their professionalism and due diligence during the performance of this audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Margaret Modugno", with a stylized, cursive script.

Margaret Modugno