

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

# MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Middle Country Central School District

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

#### ***Opinions***

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary 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 the District's proportionate share of the net pension asset/(liability), the schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 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 as 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

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

The following is a discussion and analysis of the Middle Country 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 based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements and notes to financial statements, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2023 are as follows:

- On the District-Wide Financial Statements, the District's total net deficit decreased by \$4,044,593 to \$314,153,688. This was due to an excess of revenues over expenditures based on the economic resources measurement focus and accrual basis of accounting.
- On the District-Wide Financial Statements, revenues increased by \$2,827,674 or 1.01%, due to increases in charges for services, capital grants, property taxes and other tax items, state sources, use of money and property, and other revenue sources offset by decreases in operating grants and contributions.
- On the District-Wide Financial Statements, expenses increased by \$39,728,269 or 16.66%, primarily due to increases in general support, instruction, pupil transportation, debt service-interest and food service program.
- On the governmental funds financial statements, the general fund total fund balance decreased by \$4,511,355. This decrease was due to expenditures and other financing uses in excess of revenues and other financing sources based on the current financial resources measurement focus and the modified accrual basis of accounting. Unassigned fund balance as of June 30, 2023 is \$8,382,457, which is 2.93% of the 2023-24 budget.
- The District appropriated \$2,400,000 of fund balance toward the 2023-2024 budget to limit the tax levy increase, and reduce the burden on District taxpayers.
- On May 16, 2023 the proposed 2023-2024 budget in the amount of \$285,900,411 was approved by 70.89% of those who voted.

**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:

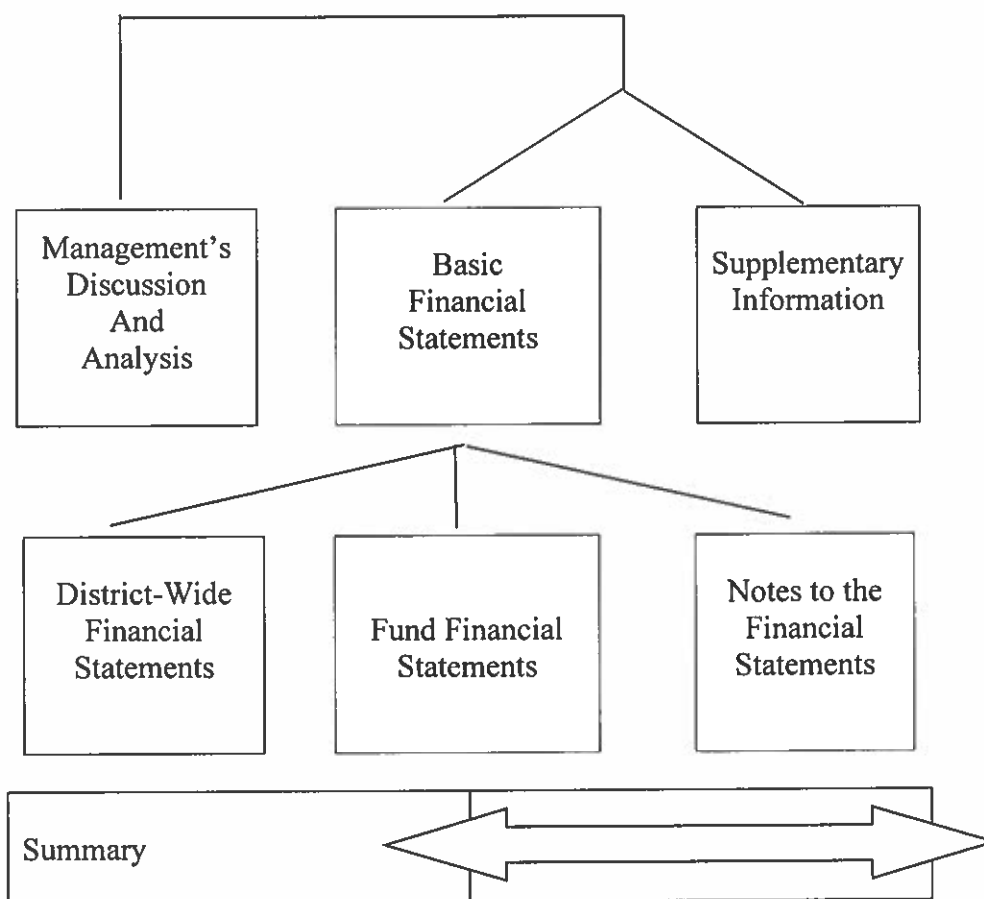
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations 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.

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, such as property taxes collected on behalf of another local government.

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 Table below 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.

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government
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 Balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow 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	All additions and deductions during the year, regardless of when cash is received or paid



**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 financial health or position of the District.

- Over time, increases and decreases in net position are 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 differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase 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 is not calculated if it does not provide or reduce current financial resources. Finally, capital 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;
- Report long-term debt as a liability;
- Depreciate capital assets and allocate the depreciation 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;
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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 two kinds of funds:

- *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 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 separate reconciliation schedules explains the relationship (or differences) between them. In summary, the governmental fund 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.
- *Fiduciary fund:* The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. This fund reports real property taxes and payment in lieu of taxes ("PILOTs") collected on behalf of other governments and disbursed to those governments.

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

**A. Net Position**

The District's total net deficit decreased by \$4,044,593 between fiscal year 2023 and 2022, as detailed in Table A-3.

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Increase / (Decrease)	Percentage Change
Current and other assets	\$ 64,412,097	\$ 58,035,368	\$ 6,376,729	10.99%
Capital assets, net of accumulated depreciation	184,572,377	195,065,607	(10,493,230)	(5.38%)
Net pension asset - proportionate share	-	115,558,499	(115,558,499)	(100.00%)
Total assets	248,984,474	368,659,474	(119,675,000)	(32.46%)
Deferred outflows of resources	138,313,450	145,930,556	(7,617,106)	(5.22%)
Total assets and deferred outflows of resources	387,297,924	514,590,030	(127,292,106)	(24.74%)
Current and other liabilities	34,798,152	21,699,043	13,099,109	60.37%
Long-term liabilities	545,992,126	512,031,918	33,960,208	6.63%
Total liabilities	580,790,278	533,730,961	47,059,317	8.82%
Deferred inflows of resources	120,661,334	299,057,350	(178,396,016)	(59.65%)
Total liabilities and deferred inflows of resources	701,451,612	832,788,311	(131,336,699)	(15.77%)
Net position (deficit)				
Net investment in capital assets	64,121,873	62,430,534	1,691,339	2.71%
Restricted	15,248,802	19,321,204	(4,072,402)	(21.08%)
Unrestricted (deficit)	(393,524,363)	(399,950,019)	6,425,656	(1.61%)
Total net position (deficit)	\$(314,153,688)	\$(318,198,281)	\$ 4,044,593	

Current and other assets increased by \$6,376,729, as compared to the prior year. This was primarily due to increases in unrestricted cash of \$7,247,669 and state and federal aid receivable of \$4,818,625, offset by a decrease in restricted cash of \$5,691,494.

Capital assets, net decreased by \$10,493,230, as compared to the prior year. This decrease is the result of depreciation expense and loss on disposal in excess of current year asset acquisitions. See accompanying Notes to Financial Statements, Note 8 "Capital Assets" for additional information.

Net pension asset - proportionate share for New York State Employees' Retirement System ("ERS") and New York State Teachers' Retirement System ("TRS") resulted in a net pension liability in the current year as a result of the actuarial valuation provided by the State. See accompanying Notes to Financial Statements, Note 15 "Pension Plans" for additional information.

Deferred outflows of resources decreased by \$7,617,106 and represents amortization of the deferred amounts on refundings, contributions to the retirement plans subsequent to the measurement dates and actuarial determined amounts that will be amortized in future year, relating to pensions and total other post-employment benefits obligation. See accompanying Notes to Financial Statements, Note 14 "Deferred Outflows of Resources - Deferred Amounts on

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Refunding, Note 15 "Pension Plans" and Note 17 "Post Employment Benefits Other Than Pensions," for additional information.

Current and other liabilities increased by \$13,099,109, as compared to the prior year. This was primarily due to increases in accounts payable of \$7,791,850, accrued liabilities of \$552,947, due to other governments of \$4,255,960, and due to teachers' retirement system of \$678,133, offset by a decrease in due to employees' retirement system of \$299,822.

Long-term liabilities increased by \$33,960,208, as compared to the prior year. This was primarily due to increases in net pension liability - proportionate share for ERS and TRS of \$26,303,799, total other post employment benefits obligations of \$24,190,074 offset by decreases in bonds payable (inclusive of unamortized premiums) and energy performance contract debt totaling \$15,250,023 due to principal payments, workers' compensation claims payable of \$490,561, \$405,000 paid out in retirement incentives, and compensated absences payable of \$388,081. See accompanying Notes to Financial Statements, Note 13 "Long-Term Liabilities", Note 15 "Pension Plans" and Note 17 "Post Employment Benefits Other Than Pensions," for additional information.

The change in deferred inflows of resources represents amortization of actuarial determined information relating to pensions and total other post-employment benefits obligation. See accompanying Notes to Financial Statements, Note 15 "Pension Plans" and Note 17 "Post Employment Benefits Other Than Pensions," for additional information.

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, and furniture and equipment, net of accumulated depreciation and related debt. This number increased from the prior year by \$1,691,339 due to capital asset additions and principal payments on related debt in excess of depreciation.

The restricted net position relates to the District's reserves: workers' compensation, unemployment insurance, insurance, property loss, liability, retirement contribution, and employee benefit accrued liability, as well as the amounts restricted for scholarships and donations and debt service.

The unrestricted net deficit in the amount of \$393,524,363 relates to the balance of the District's net position. The unrestricted net deficit decreased over the prior year by \$6,425,656. Net deficit overall decreased by \$4,044,593.

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements.

A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

## Change in Net Position

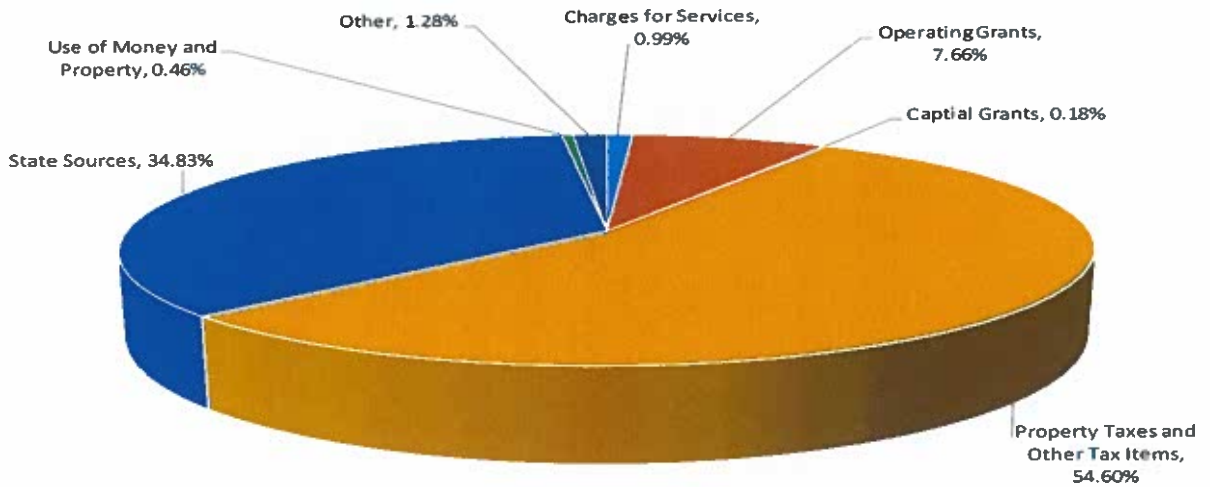
	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Total Percentage Change
<b>Revenues</b>				
<b>Program Revenues</b>				
Charges for Services	\$ 2,796,936	\$ 1,334,255	\$ 1,462,681	109.63%
Operating Grants and Contributions	21,612,068	29,470,151	(7,858,083)	(26.66%)
Capital Grants	509,215	-	509,215	100.00%
<b>General Revenues</b>				
Property Taxes and Other Tax Items	154,113,612	149,310,640	4,802,972	3.22%
State Sources	98,301,724	96,625,868	1,675,856	1.73%
Use of Money and Property	1,303,276	92,909	1,210,367	1302.74%
Other	3,604,631	2,579,965	1,024,666	39.72%
<b>Total Revenues</b>	<u>282,241,462</u>	<u>279,413,788</u>	<u>2,827,674</u>	1.01%
<b>Expenses</b>				
General Support	33,295,143	27,755,628	5,539,515	19.96%
Instruction	216,591,679	184,981,785	31,609,894	17.09%
Pupil Transportation	18,779,609	18,253,626	525,983	2.88%
Debt Service - Interest	4,320,005	2,573,705	1,746,300	67.85%
Food Service Program	5,210,433	4,903,856	306,577	6.25%
<b>Total Expenses</b>	<u>278,196,869</u>	<u>238,468,600</u>	<u>39,728,269</u>	16.66%
<b>Total Change in Net Position</b>	<u>\$ 4,044,593</u>	<u>\$ 40,945,188</u>	<u>\$ (36,900,595)</u>	(90.12%)

The District's total fiscal year 2023 revenues were \$282,241,462. Property taxes and other tax items, and state sources accounted for 54.60% and 34.83% of the total revenues, respectively (See Table A-5). The District's revenues increased by \$2,827,674 or 1.01%. Most of the increase is attributable to increases in charges for services, capital grants, property taxes and other tax items, state sources, use of money and property, and other revenue sources, offset by decreases in operating grants and contributions.

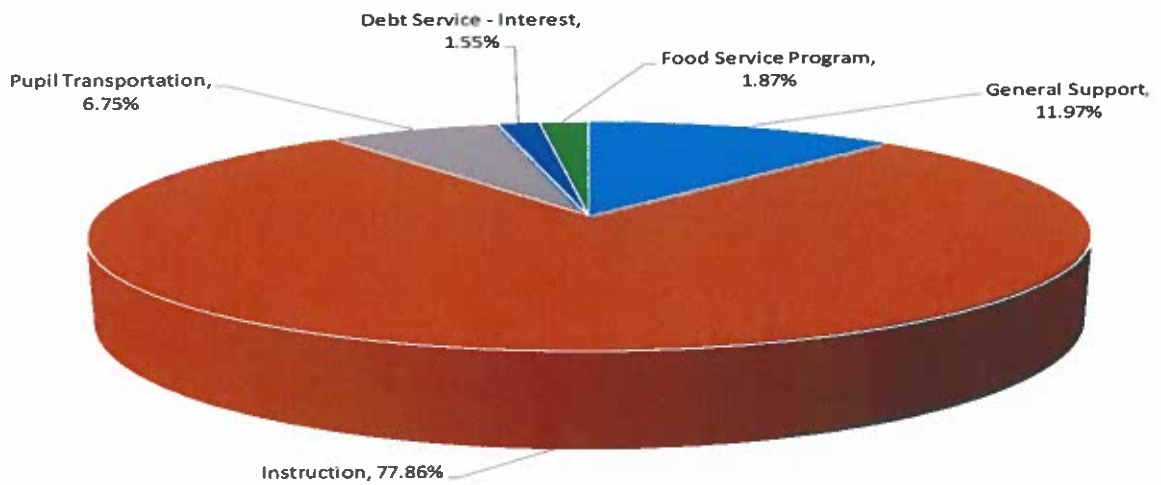
The expenses of all programs and services totaled \$278,196,869 for the fiscal year 2023. These expenses are primarily related to general support, instruction and pupil transportation, which account for 96.58% of the District's expenses. The District's expenses increased by \$39,728,269 or 16.66%. The increase is attributed to increases in general support, instruction, pupil transportation, debt service – interest and food service program.

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A graphic display of the distribution of revenues for Fiscal Year 2023 follows:



A graphic display of the distribution of expenses for Fiscal Year 2023 follows:



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

At June 30, 2023, the District’s governmental funds reported a combined fund balance of \$30,303,581, which is a decrease of \$7,418,404 from the prior year. This decrease is due to decreases in fund balance in the general fund, special aid fund and capital projects fund, offset by increases in fund balance in the school lunch fund, miscellaneous special revenue fund and the debt service fund. A summary of the change in the components of fund balance by fund is as follows:

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022	Changes	Total Percentage Change
<b>General Fund</b>				
Restricted for workers' compensation	\$ 1,035,869	\$ 1,296,113	\$ (260,244)	-20.08%
Restricted for unemployment insurance	126,039	152,253	(26,214)	-17.22%
Restricted for insurance	452,486	1,312,235	(859,749)	-65.52%
Restricted for property loss and liability	1,298,330	1,259,690	38,640	3.07%
Restricted for retirement contribution	1,401,210	2,523,796	(1,122,586)	-44.48%
Restricted for employee benefit accrued liability	9,792,024	11,637,483	(1,845,459)	-15.86%
Assigned - appropriated for subsequent year's expenditures	2,400,000	2,400,000	-	0.00%
Assigned - general support	55,983	672,323	(616,340)	-91.67%
Assigned - instruction	433,120	523,011	(89,891)	-17.19%
Assigned - transportation	-	21,750	(21,750)	-100.00%
Assigned - employee benefits	-	17,789	(17,789)	-100.00%
Unassigned fund balance	<u>8,382,457</u>	<u>8,072,430</u>	<u>310,027</u>	3.84%
Total Fund Balance - general fund	<u>25,377,518</u>	<u>29,888,873</u>	<u>(4,511,355)</u>	-15.09%
<b>Special Aid Fund</b>				
Assigned unappropriated	<u>-</u>	<u>26,117</u>	<u>(26,117)</u>	-100.00%
Total Fund Balance - special aid fund	<u>-</u>	<u>26,117</u>	<u>(26,117)</u>	-100.00%
<b>School Lunch Fund</b>				
Nonspendable - inventory	2,325	9,834	(7,509)	-76.36%
Assigned	<u>2,091,309</u>	<u>1,793,836</u>	<u>297,473</u>	16.58%
Total Fund Balance - school lunch fund	<u>2,093,634</u>	<u>1,803,670</u>	<u>289,964</u>	16.08%
<b>Miscellaneous Special Revenue Fund</b>				
Restricted for scholarships and donations	984,487	982,267	2,220	0.23%
Assigned unappropriated	<u>304,776</u>	<u>233,944</u>	<u>70,832</u>	30.28%
Total Fund Balance - special revenue fund	<u>1,289,263</u>	<u>1,216,211</u>	<u>73,052</u>	6.01%
<b>Debt Service Fund</b>				
Restricted for debt service	<u>158,357</u>	<u>157,367</u>	<u>990</u>	0.63%
Total Fund Balance - debt service fund	<u>158,357</u>	<u>157,367</u>	<u>990</u>	0.63%
<b>Capital Projects Fund</b>				
Unspent debt proceeds	1,799,314	4,625,492	(2,826,178)	-61.10%
Assigned unappropriated	<u>(414,505)</u>	<u>4,255</u>	<u>(418,760)</u>	-9841.60%
Total Fund Balance - capital projects fund	<u>1,384,809</u>	<u>4,629,747</u>	<u>(3,244,938)</u>	-70.09%
Total Fund Balance - all funds	<u>\$ 30,303,581</u>	<u>\$ 37,721,985</u>	<u>\$ (7,418,404)</u>	-19.67%

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**A. General Fund**

The net change in the general fund – fund balance is a decrease of \$4,511,355, which is the result of expenditures and transfers to other funds of \$262,473,576 in excess of revenues and transfers from other funds of \$257,962,221. See section 5 for further analysis of changes in reserves.

**B. Special Aid Fund**

The net change in the special aid fund – fund balance is a decrease of \$26,117, which is the result of expenditures of \$18,199,095 in excess of revenues and transfers from other funds of \$18,172,978.

**C. School Food Service Fund**

The net change in the school food service fund – fund balance is an increase of 289,964. This increase is due to total revenues and transfers from other funds of \$5,369,086 in excess of total expenditures of \$5,079,122.

**D. Miscellaneous Special Revenue Fund**

The fund balance in the miscellaneous special revenue fund increased by \$73,052. This increase is due to current year revenues exceeding expenditures for extraclassroom activities and scholarships and donations.

**E. Debt Service Fund**

The net change in the debt service fund – fund balance is an increase of \$990. This increase in the fund balance for the debt service fund is due to interest income earned in the current year.

**F. Capital Projects Fund**

The net change in the capital projects fund – fund balance is a decrease of \$3,244,938. This is due to capital outlay.

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-2023 Adopted Budget**

The District's adopted General Fund budget for the year ended June 30, 2023 was \$274,944,707. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,234,873, which resulted in a final budget of \$276,179,580. The majority of the funding for the final budget was estimated to come from property taxes and STAR revenue of \$153,619,991 and state aid of \$101,464,094.

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

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



**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Opening, Unassigned Fund Balance	\$ 8,072,430
Revenues and Other Financing Sources Under Budget	(3,092,293)
Expenditures and Encumbrances and Other Financing Uses Under Budget	13,216,901
Unused Appropriated Reserves	(6,856,886)
Interest Allocated to Reserves	(557,695)
Assigned Appropriated Fund Balance	(2,400,000)
Closing, Unassigned Fund Balance	\$ 8,382,457

Opening, Unassigned Fund Balance

The \$8,072,430 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

Revenues and Other Financing Sources Under Budget

The 2022-2023 final budget for revenues was \$261,054,514. Actual revenues recognized for the year were \$257,962,221. The amount of actual revenues under budgeted revenues was \$3,092,293, primarily from state sources, charges for services, and miscellaneous revenues offset by use of money, property and sale of property and compensation for loss and other financing sources.

Expenditures and Encumbrances and Other Financing Uses Under Budget

The 2022-2023 final budget for expenditures was \$276,179,580. Actual expenditures for the year were \$262,473,576 and outstanding encumbrances were \$489,103 at June 30, 2023. Combined, the expenditures plus encumbrances for 2022-2023 were \$262,962,679. The final budget was under expended by \$13,216,901. The expenditures and encumbrances under budget were in all areas of the budget but primarily in the general support, instruction, pupil transportation and employee benefits areas. See required supplementary information – Schedule of revenues, expenditures and changes in fund balance for additional information of areas underspent.

Unused Appropriated Reserves

The District budgeted \$11,490,193 of use of reserves in the current year of which \$6,856,886 was not needed and was returned to the reserves, resulting in a decrease in unassigned fund balance of \$6,856,886.

Interest Allocated to Reserves

Revenues such as interest earned in a general fund reserve increase the reserve and, therefore, decrease the unassigned portion of the general fund-fund balance. The reserves earned interest as follows:

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Workers' compensation	\$ 39,756
Unemployment insurance	4,670
Insurance	40,251
Property loss	19,320
Liability	19,320
Retirement contribution	77,414
Employee benefit accrued liability	<u>356,964</u>
	<u>\$ 557,695</u>

**Assigned Appropriated Fund Balance**

The District has chosen to use \$2,400,000 of its available June 30, 2023 fund balance to partially fund its 2023-2024 approved operating budget.

**Closing, Unassigned Fund Balance**

Based upon the summarized changes shown in the previous table, the District will begin the 2023-2024 fiscal year with an unassigned fund balance of \$8,382,457. This is an increase of \$310,027 in unassigned fund balance over the prior year. This amount is 2.93% of the 2023-2024 adopted budget and is within the statutory maximum established by New York State Real Property Tax Law.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

The District paid for equipment and various building additions and renovations during 2023. A summary of the District's capital assets, net of accumulated depreciation, is as follows:

**Capital Assets (Net of Accumulated Depreciation)**

Category	Fiscal Year 2023	Fiscal Year 2022	Increase/ (Decrease)	Percentage Change
Land	\$ 4,328,276	\$ 4,328,276	\$ -	0.00%
Construction in progress	-	96,433,276	(96,433,276)	(100.00%)
Buildings and improvements	289,597,359	199,504,751	90,092,608	45.16%
Furniture and equipment	18,488,787	8,763,728	9,725,059	110.97%
Land Improvement	3,455,554	3,455,554	-	0.00%
Vehicles	6,587,019	6,587,019	-	0.00%
Subtotal	<u>322,456,995</u>	<u>319,072,604</u>	<u>3,384,391</u>	<u>1.06%</u>
Less: Accumulated Depreciation	<u>137,884,618</u>	<u>124,006,997</u>	<u>13,877,621</u>	<u>11.19%</u>
Total Net Capital Assets	<u>\$ 184,572,377</u>	<u>\$ 195,065,607</u>	<u>\$(10,493,230)</u>	<u>(5.38%)</u>

The District spent \$3,244,938 in the capital projects fund on construction in progress during the year. The District also spent \$139,453 in the other funds on furniture and equipment during the

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

year. Additionally, the District had \$13,877,621 in depreciation expense. See Note 8 to the financial statements for additional detail.

**B. Debt Administration**

At June 30, 2023, the District had total serial bonds payable (inclusive of unamortized premiums) of \$101,380,440. The District reduced the serial bonds payable (inclusive of unamortized premiums) with principal payments and amortized premiums of \$12,940,469. The District had energy performance contract debt payable in the amount of \$21,690,318. The District reduced the energy performance contract debt with principal payments of \$2,309,554. More detailed information about the District's long-term debt is presented in Note 13 to the Financial Statements.

A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>	<u>Increase/ (Decrease)</u>
Serial bonds (inclusive of unamortized premiums)	\$ 101,380,440	\$ 114,320,909	\$ (12,940,469)
Energy performance contract debt	<u>21,690,318</u>	<u>23,999,872</u>	<u>(2,309,554)</u>
Total	<u>\$ 123,070,758</u>	<u>\$ 138,320,781</u>	<u>\$ (15,250,023)</u>

**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- A. The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$285,900,411. This represents an increase of \$10,955,704 or 3.98% over the prior year.
- B. The District issued \$43,500,000 in tax anticipation notes on August 29, 2023, maturing on June 24, 2024 with an interest rate of 5.00%.
- 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:

Middle Country Central School District  
Dr. Beth Rella  
Assistant Superintendent for Business  
8 43<sup>rd</sup> Street  
Centereach, New York 11720  
(631) 285-8020

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**ASSETS**

## Current assets

## Cash and cash equivalents

Unrestricted	\$ 25,549,885
Restricted	17,048,116

## Receivables

Accounts receivable	80
State and federal aid	21,557,980
Due from other governments	253,711
Inventory	2,325

## Capital assets

Not being depreciated	4,328,276
Being depreciated, net of accumulated depreciation	<u>180,244,101</u>

**TOTAL ASSETS**248,984,474**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on refunding of bonds	820,940
Pensions	73,008,634
Total other post-employment benefits obligation	<u>64,483,876</u>

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**138,313,450**LIABILITIES**

## Payables

Accounts payable	\$ 10,759,975
Accrued liabilities	3,536,846
Accrued interest payable	1,198,851
Due to other governments	4,495,212
Due to teachers' retirement system	11,942,613
Due to employees' retirement system	800,339
Compensated absences payable	1,766,246
Other liabilities	135,734

## Unearned credits

Collections in advance	162,336
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## Long-term liabilities

## Due and payable within one year

Bonds payable (inclusive of unamortized premiums)	13,205,469
Energy performance contract debt payable	2,388,120
Workers' compensation claims payable	1,933,084
Termination benefits payable	400,000
Compensated absences payable	1,149,373

## Due and payable after one year

Bonds payable (inclusive of unamortized premiums)	88,174,971
Energy performance contract debt payable	19,302,198
Workers' compensation claims payable	1,182,992
Termination benefits payable	8,725,000
Compensated absences payable	19,193,517
Net pension liabilities - proportionate share	
Employees' retirement system	14,614,882
Teachers' retirement system	11,688,917
Total other post-employment benefits obligation	<u>364,033,603</u>

**TOTAL LIABILITIES**580,790,278**DEFERRED INFLOWS OF RESOURCES**

Pensions	7,174,291
Total other post-employment benefits obligation	<u>113,487,043</u>

**TOTAL DEFERRED INFLOWS OF RESOURCES**120,661,334**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>64,121,873</u>
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## Restricted

Workers' compensation	1,035,869
Unemployment insurance	126,039
Insurance	452,486
Property loss	649,165
Liability	649,165
Retirement contribution	1,401,210
Employee benefit accrued liability	9,792,024
Scholarships and donations	984,487
Debt service	158,357
	<u>15,248,802</u>

## Unrestricted (Deficit)

(393,524,363)**TOTAL NET POSITION (DEFICIT)**\$ (314,153,688)

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants</u>	
<b>FUNCTIONS / PROGRAMS</b>					
General support	\$ (33,295,143)	\$ -	\$ -	\$ -	\$ (33,295,143)
Instruction	(216,591,679)	1,293,729	17,809,377	509,215	(196,979,358)
Pupil transportation	(18,779,609)				(18,779,609)
Debt service - interest	(4,320,005)				(4,320,005)
Food service program	(5,210,433)	1,503,207	3,802,691		95,465
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<u>\$ (278,196,869)</u>	<u>\$ 2,796,936</u>	<u>\$ 21,612,068</u>	<u>\$ 509,215</u>	<u>(253,278,650)</u>
<b>GENERAL REVENUES</b>					
Real property taxes					139,289,301
Other tax items - including STAR reimbursement					14,824,311
Use of money and property					1,303,276
Sale of property and compensation for loss					2,277,343
Miscellaneous					1,282,061
State sources					98,301,724
Medicaid reimbursement					45,227
<b>TOTAL GENERAL REVENUES</b>					<u>257,323,243</u>
<b>CHANGE IN NET POSITION</b>					4,044,593
<b>TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR</b>					<u>(318,198,281)</u>
<b>TOTAL NET POSITION (DEFICIT) - END OF YEAR</b>					<u>\$ (314,153,688)</u>

MIDDLE COUNTRY 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	\$ 23,767,505	\$ 20,674	\$ 1,451,805	\$ 309,901	\$ -	\$ -	\$ 25,549,885
Restricted	15,012,443			984,487	158,357	892,829	17,048,116
Receivables							
Accounts receivable			80				80
State and federal aid	7,805,201	12,038,251	225,569			1,488,959	21,537,980
Due from other governments	253,711						253,711
Due from other funds	11,506,766		786,071				12,292,837
Inventory			2,325				2,325
<b>TOTAL ASSETS</b>	<b>\$ 58,345,626</b>	<b>\$ 12,058,925</b>	<b>\$ 2,465,850</b>	<b>\$ 1,294,388</b>	<b>\$ 158,357</b>	<b>\$ 2,381,788</b>	<b>\$ 76,704,934</b>
<b>LIABILITIES AND FUND BALANCE</b>							
Payables							
Accounts payable	\$ 10,240,327	\$ 227,559	\$ 292,089	\$ -	\$ -	\$ -	\$ 10,759,975
Accrued liabilities	3,517,794	18,364	688				3,536,846
Due to other governments	4,487,574	7,536	102				4,495,212
Due to other funds		11,799,948		5,125		487,764	12,292,837
Due to teachers' retirement system	11,942,613						11,942,613
Due to employees' retirement system	800,339						800,339
Compensated absences payable	1,766,246						1,766,246
Other liabilities	135,734						135,734
Unearned credits							
Collections in advance	77,481	5,518	79,337				162,336
<b>TOTAL LIABILITIES</b>	<b>\$ 32,968,108</b>	<b>\$ 12,058,925</b>	<b>\$ 372,216</b>	<b>\$ 5,125</b>	<b>\$ -</b>	<b>\$ 487,764</b>	<b>\$ 45,892,138</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue - smart school bonds						509,215	509,215
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>509,215</b>	<b>509,215</b>
<b>FUND BALANCES</b>							
Non-Spendable							
Inventories			2,325				2,325
Restricted							
Workers' compensation	1,035,869						1,035,869
Unemployment insurance	126,039						126,039
Insurance	452,486						452,486
Property loss	649,165						649,165
Liability	649,165						649,165
Retirement contribution	1,401,210						1,401,210
Employee benefit accrued liability	9,792,024						9,792,024
Scholarships and donations				984,487			984,487
Debt service					158,357		158,357
Unspent debt proceeds						1,799,314	1,799,314
Assigned							
Appropriated fund balance	2,400,000						2,400,000
Unappropriated fund balance	489,103		2,091,309	304,776		(414,505)	2,885,188
Unassigned fund balance (deficit)	8,382,457						7,967,952
<b>TOTAL FUND BALANCES</b>	<b>\$ 25,377,518</b>	<b>\$ -</b>	<b>\$ 2,093,634</b>	<b>\$ 1,289,263</b>	<b>\$ 158,357</b>	<b>\$ 1,384,809</b>	<b>\$ 30,303,581</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 58,345,626</b>	<b>\$ 12,058,925</b>	<b>\$ 2,465,850</b>	<b>\$ 1,294,388</b>	<b>\$ 158,357</b>	<b>\$ 2,381,788</b>	<b>\$ 76,704,934</b>

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

Total Governmental Fund Balances \$ 30,303,581

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

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

Original cost of capital assets	\$ 322,456,995	
Accumulated depreciation	<u>(137,884,618)</u>	184,572,377

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 and other post-employment benefits that will be recognized as expenditures in future periods amounted to:

Deferred inflows of resources related to pensions	73,008,634	
Deferred inflows of resources related to total other post-employment benefits obligation	<u>64,483,876</u>	137,492,510

Deferred outflows of resources - deferred amounts on refunding of bonds - The Statement of Net Position will amortize the deferred amounts received over the life of the bond. Governmental funds record the deferred amounts in the year issue. The balance on the deferred amounts at June 30, 2023 was: 820,940

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

Deferred inflows of resources related to pensions	(7,174,291)	
Deferred inflows of resources related to total other post-employment benefits obligation	<u>(113,487,043)</u>	(120,661,334)

Some of the District's revenues will be collected after the year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds. 509,215

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: (1,198,851)

Proportionate share of long-term liabilities associated with participation in the state retirement retirement systems are not current financial resources or liabilities and are not reported in the funds.

Net pension liabilities - proportionate share - employees' retirement system	(14,614,882)	
Net pension liabilities - proportionate share - teachers' retirement system	<u>(11,688,917)</u>	(26,303,799)

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

Bonds payable (inclusive of unamortized premiums)	(101,380,440)	
Energy performance contract debt payable	(21,690,318)	
Workers' compensation claims payable	(3,116,076)	
Termination benefits payable	(9,125,000)	
Compensated absences payable	(20,342,890)	
Total other post-employment benefits obligation	<u>(364,033,603)</u>	<u>(519,688,327)</u>

Total Net Position (Deficit) \$ (314,153,688)

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE 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	\$ 139,289,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,289,301
Other tax items - including STAR reimbursement	14,824,311						14,824,311
Charges for services	633,745			659,984			1,293,729
Use of money and property	1,284,485		10,239	7,562	990		1,303,276
Sale of property and compensation for loss	2,277,343						2,277,343
Miscellaneous	867,901	15,700		7,440			891,041
Interfund revenue	38,313						38,313
State sources	98,301,724	6,083,170	91,420				104,476,314
Federal sources	1,411	11,717,356	3,222,995				14,941,762
Medicaid reimbursement	45,227		488,276				45,227
Surplus food			1,503,207				488,276
Sales							1,503,207
<b>TOTAL REVENUES</b>	<b>257,563,761</b>	<b>17,816,226</b>	<b>5,316,137</b>	<b>674,986</b>	<b>990</b>	<b>-</b>	<b>281,372,100</b>
<b>EXPENDITURES</b>							
General support	24,960,185	2,660,216					27,620,401
Instruction	136,672,997	14,845,692		601,934			152,120,623
Pupil transportation	16,662,904	693,187					17,356,091
Employee benefits	64,250,228		69,315				64,319,543
Debt service - Principal	14,809,554						14,809,554
Debt service - Interest	4,708,007		5,009,807			3,244,938	4,708,007
Cost of sales							5,009,807
Capital outlay							3,244,938
<b>TOTAL EXPENDITURES</b>	<b>262,063,875</b>	<b>18,199,095</b>	<b>5,079,122</b>	<b>601,934</b>	<b>-</b>	<b>3,244,938</b>	<b>289,188,964</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,500,114)</b>	<b>(382,869)</b>	<b>237,015</b>	<b>73,052</b>	<b>990</b>	<b>(3,244,938)</b>	<b>(7,816,864)</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Premium on obligations	398,460						398,460
Operating transfers in	(409,701)	356,752	52,949				409,701
Operating transfers (out)							(409,701)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(11,241)</b>	<b>356,752</b>	<b>52,949</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,460</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,511,355)</b>	<b>(26,117)</b>	<b>289,964</b>	<b>73,052</b>	<b>990</b>	<b>(3,244,938)</b>	<b>(7,418,404)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>29,888,873</b>	<b>26,117</b>	<b>1,803,670</b>	<b>1,216,211</b>	<b>157,367</b>	<b>4,629,747</b>	<b>37,721,985</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 25,377,518</b>	<b>\$ -</b>	<b>\$ 2,093,634</b>	<b>\$ 1,289,263</b>	<b>\$ 158,357</b>	<b>\$ 1,384,809</b>	<b>\$ 30,303,581</b>



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

Net Change in Fund Balance		\$ (7,418,404)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in state aid revenues recognized under the full accrual method for the fiscal year ended June 30, 2023 is		509,215
In the Statement of Activities certain operating expenses are measured by amounts earned or incurred during the year; in the governmental funds, expenditures for these items are measured by the amount of financial resources used.		
Decrease in workers' compensation claims payable	\$ 490,561	
Decrease in termination benefits payable	405,000	
Decrease in compensated absences payable	<u>388,081</u>	1,283,642
Changes in the proportionate share of net pension asset/liability and the total other post-employment benefits obligation and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system	\$ (3,140,921)	
Teachers' retirement system	(3,480,143)	
Total other post-employment benefits obligation	<u>11,586,878</u>	4,965,814
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 and other additions	\$ 3,384,391	
Depreciation expense	<u>(13,877,621)</u>	(10,493,230)
Long-Term Debt Transaction Differences		
Interest on debt in the Statement of Activities different 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 Statement of Activities, 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:		
		186,809
Governmental funds report the premiums, discounts and similar items when the debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Amortization on bond premiums	\$ 440,469	
Amortization of deferred amounts on refundings of bonds	<u>(239,276)</u>	201,193
Repayment of long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Bond principal payments	\$ 12,500,000	
Energy performance contract principal payments	<u>2,309,554</u>	14,809,554
Change in Net Position of Governmental Activities		<u>\$ 4,044,593</u>

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2023**

	<b>Custodial</b>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ -
<b>TOTAL ASSETS</b>	\$ -
 <b>LIABILITIES</b>	
Other liabilities	\$ -
<b>TOTAL LIABILITIES</b>	\$ -
 <b>NET POSITION</b>	
Restricted	-
<b>TOTAL NET POSITION</b>	-
 <b>TOTAL LIABILITIES AND NET POSITION</b>	\$ -

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Custodial</b>
<b>ADDITIONS</b>	
Real property taxes collected	\$ 15,051,134
PILOTS collected	19,482
<b>TOTAL ADDITIONS</b>	15,070,616
<b>DEDUCTIONS</b>	
Real property taxes disbursed	15,051,134
PILOTS disbursed	19,482
<b>TOTAL DEDUCTIONS</b>	15,070,616
<b>CHANGE IN NET POSITION</b>	-
<b>NET POSITION - BEGINNING OF YEAR</b>	-
<b>NET POSITION - ENDING OF YEAR</b>	\$ -

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

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

The financial statements of Middle Country Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as they apply to governmental units. The Governmental Accounting Standards Board (GASB) prescribes those principles, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

**A) Reporting entity:**

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

The reporting entity of the District is based upon criteria set forth by GASB 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 Eastern Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, 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 contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

A BOCES' budget is composed of separate budgets for administrative, program and capital costs. Each component district's share of administrative, program, and capital costs are 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, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants and contributions, while the capital grants column reflects 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, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. 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.

**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.

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

**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 extra classroom 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.

The District reports the following fiduciary fund:

**Fiduciary Fund:** This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund which is used to account for real property taxes and payments in lieu of taxes (PILOTs) collected on behalf of other governments and disbursed to other governments. This fund is custodial in nature. Assets are held by the District as a custodian.

**D) Measurement focus and basis of accounting:**

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include real property taxes, grants, and donations. On an accrual basis, revenue from real property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from 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 one year after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, termination benefits, compensated absences, net pension liabilities, total other post-employment benefits obligations, and claims and judgments which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

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

**E) Real property taxes:**

Calendar

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. The District's tax levy is collected by the town of Brookhaven (the "Town") along with the respective Town and Suffolk County (the "County") levies. Tax collections are remitted to the District and Town Comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following July 1.

**F) Restricted resources:**

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

**G) Interfund transactions:**

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

In the District-Wide Statements, eliminations have been made for all interfund receivables and payables between the funds, except those amounts due from and to the fiduciary fund; if applicable.

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

Refer to Note 9 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, liabilities, and deferred inflows, disclosure of contingent items, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including useful lives of capital assets, computation of workers' compensation claims,

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

termination benefits, compensated absences, net pension assets/(liabilities), total other post-employment benefits, and potential contingent liabilities.

**I) Cash and cash equivalents:**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

**J) Receivables:**

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

**K) 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 are consumed.

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.

**L) Capital assets:**

Capital assets are reported at actual cost for acquisitions subsequent to 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and improvements	\$ 15,000	Straight-line	50 years
Furniture and equipment	\$ 5,000	Straight-line	5-20 years
Land improvements	\$ 15,000	Straight-line	20 years
Vehicles	\$ 5,000	Straight-line	8 years

The District evaluated 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



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

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) 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 liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities 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. See Note 12 for more information on short-term debt.

**N) 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 amounts received in advance for flexible spending plan payments in the general fund, grant monies received in advance in the special aid fund, and meals that have not yet been purchased in the school lunch fund.

**O) Deferred inflows and outflows 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. These amounts are related to deferred amounts on refundings, pensions and the total other post-employment benefits obligation which are reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14, 15, and 17.

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. The District reported deferred inflows of resources related to pensions and the total other post-employment benefits obligation reported in the District-Wide Statement of Net Position, which are detailed further in Notes 15 and 17 respectively.

The deferred inflows of resources on the governmental funds balance sheet are unavailable revenues, which are reported when potential revenues do not meet the availability criterion for recognition in the current period. This includes receivables of certain state aid or state grants. In subsequent periods, when the availability criterion is met, the liability for deferred revenues is

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

removed and revenues are recorded. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

**P) Employee benefits:**

**Compensated absences:**

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

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

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/termination method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial Statements, only the amount of matured liabilities for those employees that have obligated themselves to separate from service with the District by June 30 is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**Termination benefits:**

Termination benefits consists of first year eligible retirement incentive payments as specified in collective bargaining agreements. The liability is calculated in accordance with GASB Statement No. 47, *Accounting for Termination Benefits*. The liability is calculated on years of service plus rates in effect at year end.

In the Fund Financial Statements, only the amount of matured liabilities for those employees who have obligated themselves to separate from service with the District by June 30 is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**Q) Other benefits:**

District employees participate in the New York State 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 Sections 403(b) and 457.

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

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 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 payments). In the District-Wide Financial Statements, the cost of post-employment 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*.

**R) Long-term debt:**

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

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

In the District-Wide Financial Statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds. See Note 13 for more information on long-term debt.

**S) Equity classifications:**

**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) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unexpended proceeds and including any unamortized items (discounts, premiums, deferred amounts on refundings).

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 does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

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

Fund Financial Statements:

There are five classifications of fund balance as detailed below; however, in the Fund Financial Statements, there are four classifications of fund balance presented:

**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. At June 30, 2023, the District has \$2,325 in nonspendable fund balance for inventory recorded in the school lunch fund.

**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 as restricted:

Workers' Compensation Reserve:

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

Unemployment Insurance Reserve:

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

Insurance Reserve:

Insurance reserve (GML §6-n) is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve however the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to

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

\$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund.

Property Loss Reserve and Liability Reserve:

Property loss reserve and liability reserve (Education Law §1709(8)(c)) must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not exceed in total 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. These reserves are accounted for in the general fund.

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 funds as may be legally appropriated. The Teachers' Retirement System subfund is subject to contribution limits. These 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 benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general 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.

Restricted for Debt Service:

The unexpended balances of proceeds of borrowings for capital projects, interest and earning from investing proceeds of borrowings, and borrowing premiums can be recorded as amounts restricted for debt service. These restricted funds are accounted for in the debt service fund.

Restricted for Unspent Debt Proceeds:

Unspent long-term bond and energy performance contract 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.

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

**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.

**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., Board). The District has no committed fund balances as of June 30, 2023.

**Assigned fund balance** – includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. The District has established a Fund Balance policy that allows the Board to set forth the fund balance that is assigned. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

**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.

The capital projects fund had a deficit unassigned fund balance of \$414,505. This will be funded when the District receives unavailable revenues related to Smart School Bonds.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District’s general fund unassigned fund balance is within the legal limit.

**Order of Use of Fund Balance**

The District’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as assigned fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned.

**T) Future accounting pronouncement:**

GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

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

GASB Statement No. 100, *Accounting Changes and Error Corrections* — an amendment of GASB Statement No. 62. Effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*. Effective for fiscal years beginning after December 15, 2023.

These are the Statements that the District feels may have an impact on these financial statements and is not an all-inclusive list of GASB statements issued. The District will evaluate the impact other pronouncements may have on its financial statements and will implement them as applicable and when material.

**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 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 Balances and Statement of Activities fall into one of 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 of capital items in the Fund Financial Statements and depreciation expense on those items as recorded in the Statement of Activities.

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

Long-term debt differences:

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

**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. There were no supplemental appropriations for the fiscal year ending June 30, 2023.

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

Budgets are established and used for 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.

**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 assigned 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.



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

**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 Statement No. 40, *Deposit and Investment Risk Disclosures*, 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; or
- C) Collateralized with securities held by the pledging financial institution's trust department or custodian, 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 represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2023 included \$17,048,116 within the governmental funds for general reserves, and amounts restricted for scholarships and donations purposes, debt service and capital projects.

**C) Investment pool:**

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G, 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. All NYLAF investment and collateral policies are in accordance with General Municipal Law, Sections 10 and 11. The general fund and capital projects fund have \$15,957,310 and \$9,867, respectively, invested in NYLAF accounts.

The Lead Agent of NYLAF is the Red Hook Central School District. Additional information concerning NYLAF, including the annual report, can be found on its website at <https://nylaf.org/>.

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

**NOTE 5 – PARTICIPATION IN BOCES:**

During the fiscal year ended June 30, 2023, the District was billed \$15,789,380 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,772,057. Financial statements for the BOCES are available from the BOCES administrative office at Eastern Suffolk Board of Cooperative Educational Services James Hines Administration Center 201 Sunrise Highway Patchogue, NY 11772.

**NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:**

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

General fund

New York State aid - excess cost aid	\$ 3,296,111
New York State aid - general aid	1,737,033
BOCES aid	<u>2,772,057</u>
Total General fund	<u>7,805,201</u>

Special aid fund

State grants	3,741,936
Federal grants	<u>8,296,315</u>
Total Special aid fund	<u>12,038,251</u>

School lunch fund

State food service program reimbursement	17,827
Federal food service program reimbursement	<u>207,742</u>
Total School lunch fund	<u>225,569</u>

Capital projects fund

State aid - smart school bonds	<u>1,488,959</u>
Total Capital projects fund	<u>1,488,959</u>
Total - All funds	<u>\$ 21,557,980</u>

District management has deemed these amounts to be fully collectible.

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

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

Other districts - tuition billings	\$ 6,844
PILOT	183,670
Health services	2,186
Suffolk County - red light camera reimbursement	<u>61,011</u>
Total	<u>\$ 253,711</u>

District management has deemed these amounts to be fully collectible.

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

**NOTE 8 – 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>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 4,328,276	\$ -	\$ -	\$ 4,328,276
Construction in progress	96,433,276	3,244,938	(99,678,214)	-
Total capital assets that are not depreciated	<u>100,761,552</u>	<u>3,244,938</u>	<u>(99,678,214)</u>	<u>4,328,276</u>
Capital assets that are depreciated:				
Building and improvements	199,504,751	-	90,092,608	289,597,359
Furniture and equipment	8,763,728	139,453	9,585,606	18,488,787
Land improvements	3,455,554	-	-	3,455,554
Vehicles	6,587,019	-	-	6,587,019
Total capital assets that are depreciated	<u>218,311,052</u>	<u>139,453</u>	<u>99,678,214</u>	<u>318,128,719</u>
Less accumulated depreciation:				
Building and improvements	109,478,661	11,268,837	-	120,747,498
Furniture and equipment	6,698,775	2,044,184	-	8,742,959
Land improvements	3,366,579	80,467	-	3,447,046
Vehicles	4,462,982	484,133	-	4,947,115
Total accumulated depreciation	<u>124,006,997</u>	<u>13,877,621</u>	<u>-</u>	<u>137,884,618</u>
Total capital assets that are depreciated, net	<u>94,304,055</u>	<u>(13,738,168)</u>	<u>99,678,214</u>	<u>180,244,101</u>
Capital assets, net	<u>\$ 195,065,607</u>	<u>\$ (10,493,230)</u>	<u>\$ -</u>	<u>\$ 184,572,377</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 1,220,153
Instruction	11,766,867
Transportation	759,290
Food service program	<u>131,311</u>
Total depreciation expense	<u>\$ 13,877,621</u>

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

**NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 11,506,766	\$ -	\$ -	\$ 409,701
Special aid fund		11,799,948	356,752	
School lunch fund	786,071		52,949	
Miscellaneous special revenue fund		5,125		
Capital projects fund		487,764		
<b>Totals</b>	<u>\$ 12,292,837</u>	<u>\$ 12,292,837</u>	<u>\$ 409,701</u>	<u>\$ 409,701</u>

The District typically transfers from the general fund to the special aid fund to fund the District’s share of the summer programs for students with disabilities and state supported Section 4201 schools. The District transferred from the general fund to the school lunch fund to cover the negative balances on students who owe money to the District for meals.

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.

**NOTE 10 – COLLECTIONS IN ADVANCE:**

Collections in advance at June 30, 2023 consisted of:

General fund

Flexible spending plan payments	\$ 77,481
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Special aid fund

Grant proceeds received in advance	5,518
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School lunch fund

Prepaid meals	<u>79,337</u>
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Total - All funds	<u>\$ 162,336</u>
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**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 11 – DUE TO OTHER GOVERNMENTS:**

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

General fund

BOCES	\$ 4,472,473
NYS Unemployment insurance	11,701
Other local governments	3,400
Total General Fund	4,487,574

Special aid fund

State aid overpayment	7,536
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School lunch fund

Sales tax payable	102
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Total - All funds	\$ 4,495,212
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**NOTE 12 - SHORT-TERM DEBT:**

Transactions in short-term debt for the fiscal 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>
TAN	6/28/2023	3.50%	\$ -	\$ 43,500,000	\$ 43,500,000	\$ -

Interest paid on short-term debt for the year was \$1,319,500. The District received a premium on obligations of \$398,460 for a net cost of \$921,040 and effective interest rate of 2.44%.

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

**NOTE 13 – LONG-TERM LIABILITIES:**

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

	Balance June 30, 2022	Issued	Redeemed	Ending June 30, 2023	Amounts Due Within One Year
<b><u>Long-term debt</u></b>					
Bonds payable	\$111,940,000	\$ -	\$ 12,500,000	\$ 99,440,000	\$ 12,765,000
Add: unamortized premium on bonds	2,380,909	-	440,469	1,940,440	440,469
Total long-term debt	<u>114,320,909</u>	<u>-</u>	<u>12,940,469</u>	<u>101,380,440</u>	<u>13,205,469</u>
<b><u>Other long-term liabilities:</u></b>					
Energy performance contract debt payable	23,999,872	-	2,309,554	21,690,318	2,388,120
Workers' compensation claims payable	3,606,637	1,609,700	2,100,261	3,116,076	1,933,084
Termination benefits payable	9,530,000	-	405,000	9,125,000	400,000
Compensated absences payable	20,730,971	-	388,081	20,342,890	1,149,373
Net pension liability-proportionate share-ERS	-	14,614,882	-	14,614,882	-
Net pension liability-proportionate share-TRS	-	11,688,917	-	11,688,917	-
Total other post-employment benefits obligation	<u>339,843,529</u>	<u>42,442,228</u>	<u>18,252,154</u>	<u>364,033,603</u>	<u>-</u>
Total other long-term liabilities	<u>397,711,009</u>	<u>70,355,727</u>	<u>23,455,050</u>	<u>444,611,686</u>	<u>5,870,577</u>
Total long-term debt and liabilities	<u>\$512,031,918</u>	<u>\$ 70,355,727</u>	<u>\$ 36,395,519</u>	<u>\$545,992,126</u>	<u>\$ 19,076,046</u>

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, energy performance contract debt payable, workers' compensation claims payable, termination benefits payable, compensated absences payable, net pension liabilities, and total other post-employment benefits obligation.

**A) Bonds Payable**

Bonds payable is composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Construction serial bond	4/21/2016	7/15/2028	1.00-5.00%	\$ 4,455,000
Construction serial bond	3/20/2013	6/30/2027	2.00-4.00%	10,785,000
Construction serial bond	8/24/2016	8/15/2033	2.00%	21,400,000
Construction serial bond	8/15/2017	8/15/2033	2.00-3.00%	31,900,000
Construction serial bond	1/23/2019	1/15/2034	3.00%	18,950,000
Construction serial bond	9/4/2019	9/1/2034	1.50-2.00%	11,950,000
				<u>\$ 99,440,000</u>

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

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
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Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 12,765,000	\$ 2,489,775	\$ 15,254,775
2025	12,120,000	2,145,575	14,265,575
2026	10,970,000	1,830,400	12,800,400
2027	11,230,000	1,515,500	12,745,500
2028	8,470,000	1,248,500	9,718,500
2029-2033	40,535,000	3,141,562	43,676,562
2034-2035	3,350,000	84,000	3,434,000
	<u>\$ 99,440,000</u>	<u>\$ 12,455,312</u>	<u>\$ 111,895,312</u>

Upon default of the payment of principal or interest on the serial bonds, 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 and apply the amount withheld to the payment of the defaulted principal or interest.

**B) Energy Performance Contract Debt Payable**

Energy performance contract debt payable are composed of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	8/5/2011	10/15/2026	3.39%	\$ 3,988,720
Energy performance contract	2/12/2020	2/1/2035	2.11%	15,443,452
Energy performance contract	8/11/2021	8/1/2036	1.47%	2,258,146
				<u>\$ 21,690,318</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 2,388,120	\$ 478,690	\$ 2,866,810
2025	2,451,975	414,835	2,866,810
2026	2,517,655	349,155	2,866,810
2027	1,976,114	281,596	2,257,710
2028	1,405,363	243,248	1,648,611
2029-2033	7,470,596	772,456	8,243,052
2034-2037	3,480,495	94,268	3,574,763
	<u>\$ 21,690,318</u>	<u>\$ 2,634,248</u>	<u>\$ 24,324,566</u>

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

**C) Long-Term Interest**

Interest on long-term debt and energy performance contract debt for the year was composed of:

	Total
Interest paid	\$ 3,388,507
Less interest accrued in the prior year	(1,385,660)
Plus interest accrued in the current year	1,198,851
Plus amortization of deferred bond amounts	239,276
Less amortization of bond premiums	(440,469)
Total expense	\$ 3,000,505

**D) Premiums on Bonds:**

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$1,940,440 at June 30, 2023. This represents premiums received on the January 2019 bond issuance, and on the 2013 and 2016 bond refundings. These premiums are being amortized using the straight-line method over the life of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities.

**NOTE 14 – DEFERRED OUTFLOWS OF RESOURCES –DEFERRED AMOUNTS ON REFUNDINGS:**

Deferred amounts on refunding result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred amounts pertaining to the 2013 and 2016 bond refundings recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2023 consisted of the following:

**2013 Bond Refunding**

Initial deferred amounts on refunding	\$ 2,697,877
Amortization to date	(2,069,489)
Total deferred amounts - 2013, net of accumulated amortization	628,388

**2016 Bond Refunding**

Initial deferred amounts on refunding	467,853
Amortization to date	(275,301)
Total deferred amounts - 2016, net of accumulated amortization	192,552

Total deferred amounts, net of accumulated amortization	\$ 820,940
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The deferred amounts are being amortized, as a component of interest expense on the District-Wide Financial Statements using the straight-line method over 15 years and 14 years for the 2013 and 2016 bond refundings, respectively, the time to maturity of the refunded bonds, at the point of refunding.



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

**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 (RSSL). 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 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. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](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.

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

- 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, but 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% 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. The District's contribution rates for ERS' fiscal year ended March 31, 2023 for covered payroll was 15.9% for Tier 2, 13.0% for Tiers 3 & 4, 11.1% for Tier 5, and 8.2% 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, 2023 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:

	ERS	TRS
2023	\$ 2,627,942	\$ 11,193,910
2022	\$ 3,711,737	\$ 10,575,795
2021	\$ 3,304,180	\$ 10,358,058

**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, with update procedures used to roll forward the total pension asset/(liability). 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.

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

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
District's proportionate share of the net pension liability	\$ 14,614,882	\$ 11,688,917
District's portion of the Plan's total net pension liability	0.0681536%	0.609149%
Change in proportion since the prior measurement date	-0.0040195%	-0.0141310%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$5,469,038 for ERS and \$14,668,552 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:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 1,556,599	\$ 12,248,505	\$ 410,441	\$ 234,226
Changes of assumptions	7,097,929	22,674,521	78,445	4,708,626
Net difference between projected and actual earnings on pension plan investments	-	15,103,189	85,862	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,045,394	1,288,248	310,633	1,346,058
District's contributions subsequent to the measurement date	800,339	11,193,910	-	-
<b>Total</b>	<b>\$ 10,500,261</b>	<b>\$ 62,508,373</b>	<b>\$ 885,381</b>	<b>\$ 6,288,910</b>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal 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:

Fiscal Year Ended June 30	ERS	TRS
2023	\$ -	\$ 8,572,382
2024	2,190,313	4,424,146
2025	(549,620)	(1,942,813)
2026	3,164,730	29,753,779
2027	4,009,118	3,907,011
Thereafter	-	311,048
	<b>\$ 8,814,541</b>	<b>\$ 45,025,553</b>

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

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
Cost of living adjustments	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the 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:

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

Measurement date	ERS		TRS	
	March 31, 2023		June 30, 2022	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Asset Type:				
Domestic equity	32.0%	4.3%	33.0%	6.5%
International equity	15.0%	6.9%	16.0%	7.2%
Private equity	10.0%	7.5%	8.0%	9.9%
Real estate	9.0%	4.6%	11.0%	6.2%
Opportunistic/Absolute return strategy	3.0%	5.4%		
Real assets	3.0%	5.8%		
Domestic fixed income securities	23.0%	1.5%		
Cash	1.0%			
Credit	4.0%	5.4%		
Cash and cash equivalent			1.0%	-0.3%
Domestic fixed income securities			16.0%	1.1%
Global bonds			2.0%	0.6%
High-yield fixed income securities			1.0%	3.3%
Real estate debt			6.0%	2.4%
Global equities			4.0%	6.9%
Private debt			2.0%	5.3%
	100.0%		100.0%	

The expected real rate of return is net of 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-percentage-point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension asset/(liability)	\$ (35,317,900)	\$ (14,614,882)	\$ 2,684,899
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	\$ (107,777,293)	\$ (11,688,917)	\$ 69,120,777

**Pension Plan Fiduciary Net Position**

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

	ERS	TRS
	(Dollars in Thousands)	
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	\$ (133,883,474)
Plan 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 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. 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 \$800,339.

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 \$11,942,613.

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

**NOTE 16 – OTHER RETIREMENT PLANS:**

**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 \$1,274,714 and \$5,922,828 respectively.

**B) Deferred Compensation Plan:**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for some employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$544,565.

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

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

Plan Description

The District’s OPEB Plan (the “Plan”) defined as a single employer 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 New York State Health Insurance Program (NYSHIP), and all active employees and retirees are covered by either the Empire Plan or Emblem HMO. A small number of retirees also receive dental and life insurance benefits. 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 between 50% and 100% of premiums for retirees, between 35% and 90% of the excess premiums for family coverage, 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 \$12,736,321 to the Plan, including \$12,736,321 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 July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,106
Active employees	1,376
	<hr/>
Total	2,482
	<hr/>

**MIDDLE COUNTRY 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 \$364,033,603 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, 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%
Health Care Cost Trends	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2029
Retirees’ share of benefits-related costs	0% to 50% of projected health insurance premiums for retirees, 10% to 65% for family coverage, and 100% surviving spouse

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for general employees, SOA Pub-2010 Teachers Headcount Weighted Mortality Table fully general using Scale MP-2019 for teacher employees and retirees, and SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Some assumptions used in this valuation are based on NYSTRS and NYSERS valuation assumptions and as they are updated, those updates will be reflected in this valuation as well.

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

Total OPEB liability as of July 1, 2022	\$ 339,843,529
Service cost	9,554,715
Interest on total OPEB liability	14,032,540
Changes in benefit terms	(3,549,779)
Differences between expected and actual experience	18,854,973
Changes in assumptions or other inputs	(1,966,054)
Benefit payments	<u>(12,736,321)</u>
Total net changes	<u>24,190,074</u>
Total OPEB liability as of June 30, 2023	<u>\$ 364,033,603</u>



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

Changes in benefit terms includes an increase in medical individual premiums for three bargaining groups (Clerical, Nurses, and Unaffiliated) increased from 0% to 20% in 2022, resulting in a decrease in liabilities.

Changes in assumptions or other inputs include the following:

- Discount rate increased from 4.09% to 4.13% .
- Health care cost trends decreased from 7.5% decreasing to 4.5% by 2029 to 7.0% decreasing to 4.5% by 2029.

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 of 4.13%:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB liability	\$ 418,533,908	\$ 364,033,603	\$ 319,750,457

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 (6.00%) or 1 percentage point higher (8.00%) than the current healthcare cost trend rate of 7.0%:

	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB liability	\$ 311,944,975	\$ 364,033,603	\$ 430,141,423

**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 \$1,149,443. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 24,670,885	\$ 45,393,460
Changes of assumptions or other inputs	39,812,991	68,093,583
Total	\$ 64,483,876	\$ 113,487,043

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

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

Fiscal Year Ended June 30,	
2024	\$ (18,888,037)
2025	(7,904,478)
2026	(13,466,091)
2027	(11,559,380)
2028	2,814,819
Thereafter	-
	\$ (49,003,167)

**NOTE 18 – TERMINATION BENEFITS PAYABLE:**

The District offers a retirement incentive to certain administrators and teachers through their employment contracts and to unaffiliated staff through a Board policy. In general, for teachers and certain administrators, a retirement incentive of \$15,000 is available to those who have been in the employ of the District for at least ten years and who retire on the July 1 following his/her 55<sup>th</sup> birthday. For other administrators, a retirement incentive of \$15,000 is available to those who retire from the District and the New York State Teachers Retirement System and who have been in the employ of the District in the capacity as an administrator for at least five years. Unaffiliated staff employed by the District for at least five years are entitled to a \$10,000 retirement incentive. The current value of incentive payments earned for approximately 664 employees is \$9,125,000 and is recorded as a long-term liability on the Statement of Net Position.

**NOTE 19 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES**

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

Workers' compensation	\$ 296,113
Unemployment insurance	152,253
Insurance	1,312,235
Property loss	629,845
Liability	629,845
Retirement contribution	1,078,814
Employee benefit accrued liability	4,946,106
	\$ 9,045,211

**NOTE 20 – ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$2,400,000 has been appropriated to reduce taxes for the year ending June 30, 2024.

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

**NOTE 21 – RISK MANAGEMENT:**

**A) General:**

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) Risk Retention:**

The District participated in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2023. 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 and the District has essentially transferred all related risk to the pool. As of June 30, 2023, the District has reserves for property loss and liability totaling \$1,298,330.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. Liabilities do not include an amount for unpaid claims which were incurred on or before year but not reported (IBNR). As of June 30, 2023, the District has recorded potential workers' compensation claims payable of \$3,116,076 and has a workers' compensation reserve balance of \$1,035,869.

Claims activity for the current and preceding year is summarized below.

	<u>2023</u>	<u>2022</u>
Unpaid claims at beginning of year	\$ 3,606,637	\$ 4,073,381
Incurred claims and claim adjustment expenses	1,609,700	1,046,917
Claims payments	<u>(2,100,261)</u>	<u>(1,513,661)</u>
	<u>\$ 3,116,076</u>	<u>\$ 3,606,637</u>

**NOTE 22 - TAX ABATEMENTS:**

The Town of Brookhaven Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 892, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by \$1,214,840 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$422,307 for these programs during the fiscal year.

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

**NOTE 23 – COMMITMENTS AND CONTINGENCIES:**

**A) Encumbered:**

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

**General fund**

General support	\$ 55,983
Instruction	<u>433,120</u>
Total General fund	<u>489,103</u>

**Special Aid Fund**

General support	3,542
Instruction	<u>601,541</u>
Total Special aid fund	<u>605,083</u>

**School Lunch Fund**

Food service program	<u>309,195</u>
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**Capital projects fund**

Capital projects	<u>13,490</u>
Total - All funds	<u>\$ 1,416,871</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.

**C) Litigation:**

As of June 30, 2023, the District is involved in litigation proceedings resulting from the conduct of its affairs. Management cannot estimate monetary amounts associated with the resolution of these cases, nor the likelihood of an unfavorable outcome.

**NOTE 24 – SUBSEQUENT EVENTS:**

The District has evaluated the activity through the date of the auditor's report (the date the financial statements were available to be issued) and is reporting the following item in accordance with the above:

**Issuance of TANs**

The District issued tax anticipation notes on August 29, 2023, in the amount of \$43,500,000, which will mature on June 24, 2024 bearing a stated interest rate of 5.00%. The District received a premium of \$508,515 with the borrowing to yield an effective interest rate of 3.5734%.

**SUPPLEMENTARY INFORMATION**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Actual</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real Property Taxes	\$ 137,956,455	\$ 139,289,301	\$ 139,289,301	\$ -
Other Real Property Tax Items	16,013,536	14,680,690	14,824,311	143,621
Charges for Services	1,030,000	1,030,000	633,745	(396,255)
Use of Money and Property	590,171	590,171	1,284,485	694,314
Sale of Property and Compensation for Loss	217,000	217,000	2,277,343	2,060,343
Miscellaneous	3,583,258	3,583,258	867,901	(2,715,357)
Interfund Revenues	-	-	38,313	38,313
<b>State Sources</b>				
Basic Formula	85,000,226	85,000,226	59,670,588	(25,329,638)
Excess Cost Aid	-	-	18,008,267	18,008,267
Lottery Aid	13,116,382	13,116,382	16,705,932	3,589,550
BOCES Aid	2,478,249	2,478,249	2,772,057	293,808
Tuition Aid	2,800	2,800	264,696	261,896
Textbook Aid	537,240	537,240	543,007	5,767
Computer Hardware/Software Aid	272,716	272,716	274,949	2,233
Library Material Aid	56,481	56,481	55,278	(1,203)
Other State Aid	-	-	6,950	6,950
<b>Federal Sources</b>				
Medicaid reimbursement	200,000	200,000	45,227	(154,773)
<b>TOTAL REVENUES</b>	<b>261,054,514</b>	<b>261,054,514</b>	<b>257,563,761</b>	<b>(3,490,753)</b>
<b>OTHER FINANCING SOURCES</b>				
Premium on obligations - TAN	-	-	398,460	398,460
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>261,054,514</b>	<b>261,054,514</b>	<b>257,962,221</b>	<b>\$ (3,092,293)</b>
<b>APPROPRIATED FUND BALANCE AND RESERVES</b>				
Appropriated Fund Balance	2,400,000	2,400,000		
Prior Year's Encumbrances	1,234,873	1,234,873		
Appropriated Reserves	11,490,193	11,490,193		
<b>TOTAL APPROPRIATED FUND BALANCE AND RESERVES</b>	<b>15,125,066</b>	<b>15,125,066</b>		
<b>TOTAL REVENUES, OTHER FINANCING SOURCES, APPROPRIATED FUND BALANCE AND RESERVES</b>	<b>\$ 276,179,580</b>	<b>\$ 276,179,580</b>		

**Note to Required Supplementary Information**Budget Basis of Accounting

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
<b>EXPENDITURES</b>					
General Support					
Board of Education	\$ 144,130	\$ 150,155	\$ 141,743	\$ -	\$ 8,412
Central Administration	516,845	530,025	520,812	-	9,213
Finance	1,873,870	1,807,304	1,634,722	32,615	139,967
Staff	2,580,076	2,993,713	2,954,679	10,400	28,634
Central Services	18,202,270	17,796,086	17,220,761	12,968	562,357
Special Items	2,656,655	3,192,136	2,487,468	-	704,668
Total general support	<u>25,973,846</u>	<u>26,469,419</u>	<u>24,960,185</u>	<u>55,983</u>	<u>1,453,251</u>
Instruction					
Administration and Improvement	7,814,826	7,398,892	7,387,172	5,484	6,236
Teaching - Regular School	79,602,841	79,855,832	76,409,432	8,632	3,437,768
Programs for Children with Disabilities	36,348,244	36,711,937	35,359,337	176,000	1,176,600
Occupational Education	4,256,804	4,642,279	4,492,092	-	150,187
Teaching - Special Schools	520,563	608,027	537,728	-	70,299
Instructional Media	3,832,932	3,630,132	3,025,900	236,887	367,345
Pupil Services	9,593,104	9,932,890	9,461,336	6,117	465,437
Total instruction	<u>141,969,314</u>	<u>142,779,989</u>	<u>136,672,997</u>	<u>433,120</u>	<u>5,673,872</u>
Pupil Transportation	<u>17,289,124</u>	<u>17,136,886</u>	<u>16,662,904</u>	<u>-</u>	<u>473,982</u>
Employee Benefits	<u>71,085,730</u>	<u>69,767,220</u>	<u>64,250,228</u>	<u>-</u>	<u>5,516,992</u>
Debt Service					
Debt Service - Principal	14,809,554	14,809,554	14,809,554	-	-
Debt Service - Interest	4,584,365	4,748,865	4,708,007	-	40,858
Total debt service	<u>19,393,919</u>	<u>19,558,419</u>	<u>19,517,561</u>	<u>-</u>	<u>40,858</u>
<b>TOTAL EXPENDITURES</b>	<u>275,711,933</u>	<u>275,711,933</u>	<u>262,063,875</u>	<u>489,103</u>	<u>13,158,955</u>
<b>OTHER FINANCING USES</b>					
Transfers to Other Funds	<u>467,647</u>	<u>467,647</u>	<u>409,701</u>	<u>-</u>	<u>57,946</u>
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 276,179,580</u>	<u>\$ 276,179,580</u>	<u>262,473,576</u>	<u>\$ 489,103</u>	<u>\$ 13,216,901</u>
Net change in fund balance			(4,511,355)		
Fund balance - beginning			<u>29,888,873</u>		
Fund balance - ending			<u>\$ 25,377,518</u>		

**Note to Required Supplementary Information**

Budget Basis of Accounting

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

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)  
 FOR THE FISCAL YEARS ENDED JUNE 30,

	NYSTERS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension asset/(liability)	0.0681536%	0.0721731%	0.0692047%	0.0714904%	0.0743137%	0.0727740%	0.0723576%	0.0724680%	0.0702476%	0.0702476%	
District's proportionate share of the net pension asset/(liability)	\$ (14,614,882)	\$ 5,899,852	\$ (68,910)	\$ (18,931,080)	\$ (5,265,355)	\$ (2,348,740)	\$ (6,798,881)	\$ (11,631,318)	\$ (2,373,137)	\$ (3,174,392)	
District's covered payroll	\$ 24,704,381	\$ 24,893,818	\$ 25,631,224	\$ 23,560,919	\$ 23,116,132	\$ 22,546,913	\$ 20,853,069	\$ 20,258,173	\$ 20,610,016	\$ 19,402,005	
District's proportionate share of the net pension asset/(liability) as a percentage of its covered employee payroll	59.16%	23.70%	0.27%	80.35%	22.78%	10.42%	32.60%	57.42%	11.51%	16.36%	
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%	
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	N/A	

	NYSTRS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	
District's proportion of the net pension asset/(liability)	0.690915%	0.632803%	0.603115%	0.599366%	0.591186%	0.586605%	0.590947%	0.588572%	0.568047%	0.549144%	
District's proportionate share of the net pension asset/(liability)	\$ (11,688,917)	\$ 109,658,647	\$ 16,665,690	\$ (15,571,567)	\$ (10,690,204)	\$ (4,458,813)	\$ 6,329,288	\$ (61,133,877)	\$ (63,276,929)	\$ (3,614,762)	
District's covered payroll	\$ 109,022,607	\$ 108,688,902	\$ 102,367,668	\$ 101,942,899	\$ 97,000,252	\$ 93,524,270	\$ 91,705,091	\$ 89,868,630	\$ 84,779,765	\$ 81,727,453	
District's proportionate share of the net pension asset/(liability) as a percentage of its covered employee payroll	10.72%	100.89%	16.28%	15.27%	11.02%	4.77%	6.90%	68.03%	74.64%	4.42%	
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%	
Discount rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	N/A	

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



MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS  
 LAST TEN FISCAL YEARS ENDED JUNE 30,

	NYSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 2,627,942	\$ 3,711,737	\$ 3,304,180	\$ 3,342,737	\$ 3,169,360	\$ 3,031,707	\$ 2,966,365	\$ 3,408,900	\$ 3,685,597	\$ 3,585,625
Contributions in relation to the contractually required contribution	2,627,942	3,711,737	3,304,180	3,342,737	3,169,360	3,031,707	2,966,365	3,408,900	3,685,597	3,585,625
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 23,289,417	\$ 26,150,355	\$ 25,602,276	\$ 23,574,095	\$ 23,230,601	\$ 22,834,793	\$ 21,281,289	\$ 20,492,506	\$ 20,868,392	\$ 19,659,888
Contributions as a percentage of covered payroll	11.28%	14.19%	12.91%	14.18%	13.64%	13.28%	13.94%	16.63%	17.66%	18.24%

	NYTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 11,193,910	\$ 10,575,795	\$ 10,358,058	\$ 9,051,162	\$ 10,621,153	\$ 9,437,216	\$ 10,894,707	\$ 12,091,668	\$ 15,498,537	\$ 13,635,283
Contributions in relation to the contractually required contribution	11,193,910	10,575,795	10,358,058	9,051,162	10,621,153	9,437,216	10,894,707	12,091,668	15,498,537	13,635,283
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 110,119,985	\$ 110,637,925	\$ 108,688,902	\$ 102,367,668	\$ 101,942,899	\$ 97,000,252	\$ 93,524,270	\$ 91,705,091	\$ 89,868,630	\$ 84,779,765
Contributions as a percentage of covered payroll	10.17%	9.56%	9.53%	8.84%	10.42%	9.73%	11.65%	13.19%	17.25%	16.08%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 9,554,715	\$ 13,704,254	\$ 12,755,531	\$ 11,348,199	\$ 11,463,774	\$ 14,477,166
Interest	14,032,540	9,261,774	11,218,311	13,148,634	15,317,410	14,943,506
Changes in benefit terms	(3,549,779)	-	-	-	-	-
Differences between expected and actual experience	18,854,973	13,437,612	(40,298,400)	(30,928,103)	(54,564,408)	(40,885,768)
Changes in assumptions or other inputs	(1,966,054)	(99,682,807)	28,858,123	64,297,792	18,821,760	5,700,629
Benefit payments	<u>(12,736,321)</u>	<u>(12,104,668)</u>	<u>(12,501,298)</u>	<u>(11,755,003)</u>	<u>(12,461,546)</u>	<u>(13,220,032)</u>
Net change in total OPEB liability	24,190,074	(75,383,835)	32,267	46,111,519	(21,423,010)	(18,984,499)
Total OPEB liability - beginning	<u>339,843,529</u>	<u>415,227,364</u>	<u>415,195,097</u>	<u>369,083,578</u>	<u>390,506,588</u>	<u>409,491,087</u>
Total OPEB liability - ending	<u>\$ 364,033,603</u>	<u>\$ 339,843,529</u>	<u>\$ 415,227,364</u>	<u>\$ 415,195,097</u>	<u>\$ 369,083,578</u>	<u>\$ 390,506,588</u>
District's covered employee payroll	\$ 136,522,639	\$ 128,143,046	\$ 136,153,499	\$ 121,730,117	\$ 122,363,908	\$ 118,447,436
Total OPEB liability as a percentage of covered employee payro	266.65%	265.21%	304.97%	341.08%	301.63%	329.69%
Discount rate	4.13%	4.09%	2.19%	2.66%	3.51%	3.87%
Healthcare trend rates	7.00% to 4.50% by 2029	7.50% to 4.50% by 2029	7.50% to 4.50% by 2028	8.0% to 4.50% by 2028	8.50% to 4.50% by 2027	9.0% to 4.50% by 2027

## 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 for benefits.

*Changes of Assumptions:*

Changes of assumptions or other inputs reflects the effects of changes in the discount rate each period, as reported above.

Changes of assumptions also includes a change to the healthcare trend rates to an annual trend as reported above for each period reported.

*Changes in Benefit Terms:*

The explicit subsidy for medical individual premiums for three bargaining groups (Clerical, Nurses, and Unaffiliated) decreased from 100% to 80% from 2022 to 2023, resulting in a decrease in liability

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

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2023**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 274,944,707
Add: Prior year's encumbrances	<u>1,234,873</u>
Original Budget	276,179,580
Budget Revisions:	<u>-</u>
Final Budget	<u><u>\$ 276,179,580</u></u>

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

2023-24 voter-approved expenditure budget	<u>\$ 285,900,411</u>
Maximum allowed (4% of 2023-24 budget)	<u>\$ 11,436,016</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 2,889,103
Unassigned fund balance	<u>8,382,457</u>
Total unrestricted fund balance	<u>11,271,560</u>
Less:	
Appropriated fund balance	2,400,000
Encumbrances included in assigned fund balance	<u>489,103</u>
Total adjustments	<u>2,889,103</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 8,382,457</u></u>
Actual percentage of 2023-24 budget	<u>2.93%</u>

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unassigned fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
 JUNE 30, 2023

Project Title	Project Number	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023	
				Prior Year's	Current Year	Total		State Sources	Local Sources	Total		
<b>2015 Bond Project</b>												
District Wide Bond Project		\$ 2,179,131	\$ 103,298	\$ 9,674	\$ 49,484	\$ 59,158	\$ 44,140	\$ -	\$ 50,000	\$ -	\$ 103,298	\$ 44,140
District Wide Security Project	7999007	2,019,333	138,033	131,382	-	131,382	6,651	-	-	-	138,033	6,651
New Lane Generator	0016018	333,000	285,670	271,857	-	271,857	13,813	-	-	-	285,670	13,813
Damwood MS Windows	0008022	2,632,685	2,674,691	2,517,166	17,569	2,534,735	139,956	-	-	-	2,674,691	139,956
Solden MS Windows	0010022	2,415,685	2,411,017	2,410,987	-	2,410,987	30	-	-	-	2,411,017	30
Newfield HS Building Renovation #1	0006027	414,500	10,408,604	10,408,604	-	10,408,604	-	-	-	-	10,416,642	8,038
Newfield HS New Gym	0006024	6,542,645	9,875,749	9,865,189	-	9,865,189	10,560	-	-	-	9,889,629	24,440
Newfield HS Phase 3		-	-	-	-	-	-	-	-	-	9,724	9,724
Newfield HS Comfort Station		323,625	365,203	365,203	-	365,203	-	-	-	-	377,843	12,640
Centersch HS Phase 2	0015028	617,000	657,172	657,169	-	657,169	3	-	-	-	912,357	255,188
Centersch HS Phase 3		-	500,586	-	280,656	280,656	219,930	-	-	-	500,586	219,930
Centersch HS Generator	0015024	333,000	261,553	256,068	-	256,068	5,485	-	-	-	268,044	11,976
Centersch HS Chiller		1,573,484	1,573,484	29,344	212,498	241,842	1,331,642	-	-	-	1,067,774	825,932
Bicycle Path School Building Renovation #1		-	32,710	32,710	-	32,710	-	-	-	-	34,630	1,920
Hawkins Path Elementary School Windows		-	-	-	-	-	-	-	-	-	43,363	43,363
Buses		5,280,000	3,739,289	3,739,289	-	3,739,289	-	80,000	-	-	3,819,289	80,000
Fuel Management System		67,000	87,407	76,092	-	76,092	11,315	-	-	-	72,407	122,407
Smart Schools Bond Act		219,627	8,407,940	6,721,869	509,215	7,231,084	1,176,856	-	7,231,084	-	7,231,084	-
Energy Performance Contract 2021/22		2,391,840	2,391,840	70,611	2,175,516	2,246,127	145,713	-	-	-	2,391,840	145,713
Unity Drive Electric		-	100,000	95,745	-	95,745	4,255	-	100,000	-	100,000	4,255
<b>TOTAL</b>		<b>\$ 27,342,555</b>	<b>\$ 44,014,246</b>	<b>\$ 37,658,959</b>	<b>\$ 3,244,938</b>	<b>\$ 40,903,897</b>	<b>\$ 3,110,349</b>	<b>\$ 7,311,084</b>	<b>\$ 200,000</b>	<b>\$ 35,286,837</b>	<b>\$ 42,797,921</b>	<b>\$ 1,894,024</b>

Unencumbered Smart School Bonds  
 Fund Balance (509,215)  
**\$ 1,384,809**

**MIDDLE COUNTRY CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2023**

<b>Capital assets, net</b>		<b>\$ 184,572,377</b>
<b>Add:</b>		
Unspent debt proceeds		1,799,314
Deferred amounts on refunding		820,940
<b>Deduct:</b>		
Short-term portion of bonds payable (inclusive of unamortized premiums)	\$ 13,205,469	
Long-term portion of bonds payable (inclusive of unamortized premiums)	<u>88,174,971</u>	101,380,440
Short-term portion of energy performance contract debt payable	\$ 2,388,120	
Long-term portion of energy performance contract debt payable	<u>19,302,198</u>	<u>21,690,318</u>
<b>Net investment in capital assets</b>		<b><u><u>\$ 64,121,873</u></u></b>

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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  
Middle Country 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, each major fund, and the fiduciary fund of the Middle Country Central School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 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.

**Report on Compliance and Other Matters**

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

## **Purpose of This Report**

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

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

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