

FINANCIAL REPORT
AUDITED

MILLBROOK CENTRAL SCHOOL DISTRICT
For the Year Ended June 30, 2024

Audited for:

Board of Education
MILLBROOK CENTRAL SCHOOL DISTRICT



Audited By:

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MILLBROOK CENTRAL SCHOOL DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Millbrook Central School District
43 Alden Place
Millbrook, NY 12545

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Millbrook Central School District (the "School District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School 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 aggregate remaining fund information of the School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("*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 School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School 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 School 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, schedule of changes in the School District's total OPEB liability and related ratios, schedule of the School District's proportionate share of the net pension liability and related ratios, schedule of employer contributions and schedule of revenues and expenditures compared to budget information on pages 4 through 11 and 47 through 50 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 School District's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and by *Title 17, Part 43 of NYCRR*, combining nonmajor fund financial statements and the schedule of indebtedness 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 schedule of expenditures of federal awards, the combining nonmajor fund financial statements and the schedule of indebtedness are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Capital Projects Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 School District's internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, NY

October 7, 2024

**MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Introduction

The accompanying discussion and analysis of the Millbrook Central School District's ("the School District") financial performance has been prepared to provide an overview of the School District's financial activities for the year ended June 30, 2024. The discussion and analysis is only an introduction and should be read in conjunction with the School District's financial statements.

Financial Highlights

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,149,515. This amount was not within the statutory limit.
- As of the close of the current fiscal year, the School District's governmental fund financial statements report a combined ending fund balance of \$20,775,798 an increase of \$1,205,368 during the current fiscal year. This increase is largely a result of increased state foundation aid.
- On the district-wide financial statements, assets and deferred outflows of resources were less than the liabilities and deferred inflows of resources of the School District at the close of its most recent fiscal year by \$24,104,207. The School District's total net position increased by \$2,577,769 for the year ended June 30, 2024. This is mainly a result of additional state aid.
- For the year ending June 30, 2024, the School District recorded a liability of \$42,021,495 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the School District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the School District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

MILLBROOK CENTRAL SCHOOL DISTRICT REQUIRED SUPPLEMENTARY INFORMATION MANAGEMENT'S DISCUSSION AND ANALYSIS

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
- The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the School District include instruction, pupil transportation, school lunch program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances are reconciled to facilitate this comparison between governmental funds and governmental activities.
- The School District maintains six individual governmental funds. The General Fund, Capital Projects Fund, School Lunch Fund, Miscellaneous Special Revenue Fund and Special Aid Fund are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, either as major or non-major funds.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been prepared for the General Fund and is included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**MILBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

MILLBROOK CENTRAL SCHOOL DISTRICT'S NET POSITION

	<u>2024</u>	<u>2023</u>	<u>\$ Change</u>	<u>% Change</u>
Current Assets	\$ 22,882,792	\$ 21,384,297	\$ 1,498,495	7.01%
Capital and Intangible Assets	21,861,364	23,107,241	(1,245,877)	-5.39%
Total Assets	<u>44,744,156</u>	<u>44,491,538</u>	<u>252,618</u>	<u>0.57%</u>
Deferred Outflows of Resources				
Pensions	5,871,558	7,253,041	\$ (1,381,483)	-19.05%
Other Postemployment Benefits	9,076,690	11,791,144	(2,714,454)	-23.02%
Other	98,515	107,471	(8,956)	-8.33%
Total Deferred Outflows of Resources	<u>15,046,763</u>	<u>19,151,656</u>	<u>(4,104,893)</u>	<u>-21.43%</u>
Current Liabilities	3,579,561	3,225,676	353,885	10.97%
Long-Term Liabilities	54,876,571	58,541,126	(3,664,555)	-6.26%
Total Liabilities	<u>58,456,132</u>	<u>61,766,802</u>	<u>(3,310,670)</u>	<u>-5.36%</u>
Deferred Inflows of Resources				
Pensions	1,059,458	602,644	456,814	75.80%
Other Postemployment Benefits	24,371,109	27,955,724	(3,584,615)	-12.82%
Other	8,427	-	8,427	#DIV/0!
Total Deferred Inflows of Resources	<u>25,438,994</u>	<u>28,558,368</u>	<u>(3,119,374)</u>	<u>-10.92%</u>
Net Position:				
Net Investment in Capital Assets	9,580,599	9,486,055	94,544	1.00%
Restricted	15,188,769	14,027,312	1,161,457	8.28%
Unrestricted	(48,873,575)	(50,195,343)	1,321,768	2.63%
Total Net Position	<u>\$ (24,104,207)</u>	<u>\$ (26,681,976)</u>	<u>\$ 2,577,769</u>	<u>9.66%</u>

**MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

\$9,580,599 reflects the District's investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Those assets subject to external restrictions total \$15,188,769. The remaining balance is an unrestricted deficit of \$48,873,575, primarily attributable to the accrual of other post-employment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, certain items are included in the Statement of Net Position. As of June 30, 2024, the School District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in the custody of, nor are they accessible by the School District. Rather these represent the School District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note IX of the financial statements for more information on these pension items.

The negative unrestricted net position balance of \$48,873,575 continues to be the result of recognizing the liability for Other Postemployment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2023-2024 fiscal year, this liability decreased by a net amount of \$1,468,410 to a balance of \$42,021,495.

**MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

MILLBROOK CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

	2024	%	2023	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 662,578	36.31%	\$ 673,526	31.03%	\$ (10,948)	-1.63%
Operating Grants and Contributions	1,162,256	63.69%	1,496,827	68.97%	(334,571)	-22.35%
Total Program Revenue	1,824,834	100.00%	2,170,353	100.00%	(345,519)	-15.92%
General Revenues:						
Real Property Taxes	25,504,401	71.75%	25,071,668	74.86%	432,733	1.73%
Other Tax Items	789,821	2.22%	848,008	2.53%	(58,187)	-6.86%
Use of Money and Property	761,324	2.14%	479,881	1.43%	281,443	58.65%
Miscellaneous	837,621	2.36%	364,478	1.09%	473,143	100.00%
State Sources	7,629,729	21.47%	6,703,767	20.01%	925,962	13.81%
Federal Sources	22,464	0.06%	25,149	0.08%	(2,685)	-10.68%
Total General Revenues	35,545,360	100.00%	33,492,951	100.00%	2,052,409	6.13%
Total Revenues	37,370,194		35,663,304		1,706,890	4.79%
Program Expenses:						
General Support	4,480,856	12.88%	3,603,122	11.19%	877,734	24.36%
Instruction	26,009,481	74.75%	25,466,531	79.07%	542,950	2.13%
Pupil Transportation	3,122,686	8.98%	2,138,517	6.64%	984,169	46.02%
Debt Service	490,136	1.41%	496,287	1.54%	(6,151)	-1.24%
Other	41,198	0.12%	57,177	0.18%	(15,979)	-27.95%
School Lunch Program	648,068	1.86%	443,835	1.38%	204,233	46.02%
Total Expenses	34,792,425	100.00%	32,205,469	100.00%	\$ 2,586,956	8.03%
Change in Net Position	\$ 2,577,769		\$ 3,457,835			

**MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Millbrook Central School Funds

The major changes from 2022-23 to 2023-24 are as follows:

Revenues:

- Real Property Taxes revenue increased by \$432,733. This was mainly due to an increase in property taxes collected.
- Operating Grants and Contributions decreased by \$334,571. This was due to decreased CARES funding.
- State Sources revenue increased by \$925,962, due to the state increasing foundation aid.
- Miscellaneous revenue increased by \$473,148. This was mainly due to a health insurance premium holiday received by the District.

Expenses:

- General Support increased by \$877,734 mainly due to an increase in support costs.
- Instructional Program expenses increased by \$542,950. This increase is mainly due to an increase in the capital asset expenses.
- Pupil Transportation expenses increased by \$984,169. This increase is mainly due to an increase in the transportation contracts.

Fund Balance Reporting

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds: The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the School District's financing for spending at the end of the fiscal year.

The School District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

**MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

Total Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the School District's governmental funds, reported combined fund balances of \$20,775,798, an increase of \$1,205,368 from the prior year. \$2,420,233 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purpose. The remainder of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund for retirement contributions of \$1,978,922, for unemployment benefits of \$164,215, for tax certiorari of \$421,609, for insurance of \$1,899,958, for repairs of \$206,706, and for Capital Projects of \$10,517,359.

The summary of the combined fund balances are as follows:

Nonspendable	\$	17,281
Restricted	\$	15,188,769
Assigned	\$	2,420,233
Unassigned	\$	3,149,515

The General Fund is the primary operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$20,602,203 of which \$3,149,515 was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At June 30, 2024, the unassigned fund balance in the General Fund exceeded 4% of the 2025 budget.

The fund balance of the School District's General Fund increased by \$1,314,329 during the current fiscal year.

**MILLBROOK CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

General Fund Budgetary Highlights

During the year, the School District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital and Intangible Assets and Debt Administration

Capital and Intangible Assets: At June 30, 2024, the School District had \$21,861,364 net of accumulated depreciation invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The decrease in capital assets during the current fiscal year is a result of depreciation expense.

Debt: As of June 30, 2024, the School District had \$12,280,765 in general obligation and other long-term debt outstanding.

More detailed information about the School District's capital assets and long-term debt is presented in the notes to the financial statements.

Pension

At June 30, 2024, the School District reported a liability of \$1,317,401 for its proportionate share of the ERS net pension liability. This asset was measured at March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023. The TRS net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. At June 30, 2024 the School District reported an liability of \$678,697 for its proportionate share of the net pension liability of TRS.

Factors Bearing on the District's Future

Our District continues to remain well prepared to deal with ongoing financial challenges, however, we, like many other school districts in New York State, are faced with the perpetual challenges of declining enrollment, an ever-growing number of unfunded mandates, increases to the minimum wage, and the revenue earning difficulties directly caused by the continued promotion of the tax levy limit. Additionally, not knowing the State's true intent as to whether it will fulfill its commitment to fully fund the Foundation Aid formula presents even more challenges to budgeting and operations. That being said, the District has been able to continue to maintain and enhance important academic programming despite these challenges. We continue to rely on the trust that has been garnered with our public that we do not spend more than we need to in order to provide our students with an excellent education which will make them competitive in the college and or career path of their choice.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Millbrook Central School District
Elliot Garcia, Assistant Superintendent for Business and Personnel
Millbrook Central School District
PO Box AA
Millbrook, New York 12545

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,819,654
Restricted Cash	16,064,651
Accounts Receivable	79,206
State and Federal Aid Receivable	2,902,000
Inventories	17,281
	<u>22,882,792</u>
Capital Assets, not being depreciated	542,261
Capital Assets, being depreciated - net	21,312,318
Intangible Right-to-Use Lease Asset	6,785
Total Capital Assets and Intangible Assets, net (Note VI)	<u>21,861,364</u>
Total Assets	<u>44,744,156</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources - Pension (Note VIII)	5,871,558
Deferred Outflows of Resources - OPEB (Note IX)	9,076,690
Deferred Outflows of Resources - Loss on Bond Refunding	98,515
Total Deferred Outflows of Resources	<u>15,046,763</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>59,790,919</u>
LIABILITIES	
Accounts Payable	452,055
Accrued Liabilities	200,412
Due to Other Governments	38,167
Due to Pension System	1,383,316
Other Liabilities	24,617
Accrued Interest Payable (Note VII)	35,902
Non-Current Liabilities:	
Due and Payable Within One Year:	
Leases Payable (Note VII)	1,986
Bonds Payable (Note VII)	1,300,000
Bond Premiums (Note VII)	11,638
Installment Purchase Debt (Note VII)	131,468
Due and Payable More Than One Year:	
Leases Payable (Note VII)	4,799
Bonds Payable (Note VII)	10,535,000
Bond Premiums (Note VII)	23,276
Installment Purchase Debt (Note VII)	272,598
Compensated Absences Payable (Note VII)	23,305
Net Pension Liability-Proportionate Share (Note VIII)	1,996,098
Other Postemployment Benefits (Note IX)	42,021,495
Total Liabilities	<u>58,456,132</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pension (Note VIII)	1,059,458
Deferred Inflows of Resources - OPEB (Note IX)	24,371,109
Deferred Inflows of Resources - Other	8,427
Total Deferred Inflows of Resources	<u>25,438,994</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>83,895,126</u>
NET POSITION	
Net Investment in Capital Assets	9,580,599
Restricted	15,188,769
Unrestricted	(48,873,575)
Total Net Position	<u>\$ (24,104,207)</u>

See accompanying notes to basic financial statements.

**MILBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Position
					Governmental
					Activities
<u>FUNCTIONS/PROGRAMS</u>					
Primary Government:					
Governmental Activities:					
General Support	\$ (4,480,856)	\$ -	\$ -	\$ -	\$ (4,480,856)
Instruction	(26,009,481)	509,896	952,193	-	(24,547,392)
Pupil Transportation	(3,122,686)	-	-	-	(3,122,686)
School Lunch Program	(648,068)	152,682	210,063	-	(285,323)
Other Expenditures	(41,198)	-	-	-	(41,198)
Interest on Debt	(490,136)	-	-	-	(490,136)
Total Primary Government	<u>\$ (34,792,425)</u>	<u>\$ 662,578</u>	<u>\$ 1,162,256</u>	<u>\$ -</u>	<u>(32,967,591)</u>
General Revenues:					
Real Property Taxes					25,504,401
Other Tax Items					789,821
Use of Money and Property					761,324
Miscellaneous					837,621
State Sources					7,629,729
Federal Sources					22,464
Total General Revenues					<u>35,545,360</u>
Change in Net Position					<u>2,577,769</u>
Net Position - Beginning					<u>(26,681,976)</u>
Net Position - Ending					<u>\$ (24,104,207)</u>

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Aid	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,092,542	\$ 549,376	\$ 177,736	\$ 3,819,654
Restricted Cash	16,064,651	-	-	16,064,651
Due from Other Funds	2,688,221	-	-	2,688,221
State and Federal Aid Receivable	673,173	2,226,859	1,968	2,902,000
Accounts Receivable, Net	72,803	-	6,403	79,206
Inventories	-	-	17,281	17,281
Total Assets	<u>\$22,591,390</u>	<u>\$ 2,776,235</u>	<u>\$ 203,388</u>	<u>25,571,013</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 393,309	\$ 58,746	\$ -	\$ 452,055
Accrued Liabilities	187,945	1,800	10,667	200,412
Due to Other Funds	-	2,677,599	10,622	2,688,221
Due to Other Governments	-	38,090	77	38,167
Due to Teachers' Retirement System	1,281,012	-	-	1,281,012
Due to Employees' Retirement System	102,304	-	-	102,304
Other Liabilities	24,617	-	-	24,617
Total Liabilities	<u>1,989,187</u>	<u>2,776,235</u>	<u>21,366</u>	<u>4,786,788</u>
Deferred Inflows of Resources:				
Deferred Inflows of Resources - Other	<u>-</u>	<u>-</u>	<u>8,427</u>	<u>8,427</u>
Fund Balances:				
Nonspendable	-	-	17,281	17,281
Restricted	15,188,769	-	-	15,188,769
Assigned	2,263,919	-	156,314	2,420,233
Unassigned	3,149,515	-	-	3,149,515
Total Fund Balances	<u>20,602,203</u>	<u>-</u>	<u>173,595</u>	<u>20,775,798</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$22,591,390</u>	<u>\$ 2,776,235</u>	<u>\$ 203,388</u>	<u>\$25,571,013</u>

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 3,819,654	\$ -	\$ -	\$ 3,819,654
Restricted Cash	16,064,651	-	-	16,064,651
Due From Other Funds	2,688,221	-	(2,688,221)	-
State and Federal Aid Receivable	2,902,000	-	-	2,902,000
Accounts Receivable, Net	79,206	-	-	79,206
Inventories	17,281	-	-	17,281
Capital Assets, net	-	21,854,579	-	21,854,579
Intangible Right to Use Lease Asset	-	6,785	-	6,785
Total Assets	25,571,013	21,861,364	(2,688,221)	44,744,156
Deferred Outflows of Resources - Pension ERS	-	1,204,665	-	1,204,665
Deferred Outflows of Resources - Pension TRS	-	4,666,893	-	4,666,893
Deferred Outflows of Resources - OPEB	-	9,076,690	-	9,076,690
Deferred Outflows of Resources - Bond Refunding	-	98,515	-	98,515
Total Assets and Deferred Outflows	\$ 25,571,013	\$ 36,908,127	\$ (2,688,221)	\$ 59,790,919
LIABILITIES				
Accounts Payable	\$ 452,055	\$ -	\$ -	\$ 452,055
Accrued Liabilities	200,412	-	-	200,412
Due to Other Funds	2,688,221	-	(2,688,221)	-
Due to Other Governments	38,167	-	-	38,167
Due to Teachers' Retirement System	1,281,012	-	-	1,281,012
Due to Employees' Retirement System	102,304	-	-	102,304
Other Post Employment Benefits	-	42,021,495	-	42,021,495
Bond Interest and Matured Bonds	-	35,902	-	35,902
Bonds Payable	-	11,869,914	-	11,869,914
Leases Payable	-	6,785	-	6,785
Installment Purchase Debt	-	404,066	-	404,066
Compensated Absences	-	23,305	-	23,305
TRS Net Pension Liability-Proportionate Share	-	678,697	-	678,697
ERS Net Pension Liability-Proportionate Share	-	1,317,401	-	1,317,401
Other Liabilities	24,617	-	-	24,617
Total Liabilities	4,786,788	56,357,565	(2,688,221)	58,456,132
Deferred Inflows of Resources - Pension ERS	-	710,838	-	710,838
Deferred Inflows of Resources - Pension TRS	-	348,620	-	348,620
Deferred Inflows of Resources - OPEB	-	24,371,109	-	24,371,109
Deferred Inflows of Resources - Other	8,427	-	-	8,427
Total Liabilities and Deferred Inflows	4,795,215	81,788,132	(2,688,221)	83,895,126
Total Fund Balances/Net Position	20,775,798	(44,880,005)	-	(24,104,207)
Total Liabilities, Deferred Inflows and Fund Balances/Net Position	\$ 25,571,013	\$ 36,908,127	\$ (2,688,221)	\$ 59,790,919

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Special Aid Fund	Non-Major Funds	Total Governmental Funds
Revenues:				
Real Property Taxes	\$ 25,504,401	\$ -	\$ -	\$ 25,504,401
Other Tax Items	743,921	-	-	743,921
Non Property Taxes	45,900	-	-	45,900
Charges for Services	509,896	-	-	509,896
Use of Money and Property	761,103	-	221	761,324
Miscellaneous	728,687	63,258	45,676	837,621
State Aid	4,833,597	2,675,989	120,143	7,629,729
Federal Aid	22,464	952,193	179,518	1,154,175
Surplus Food	-	-	30,545	30,545
Food Sales	-	-	152,682	152,682
Total Revenues	33,149,969	3,691,440	528,785	37,370,194
Expenditures:				
General Support	3,562,182	91,167	\$ 1,050	3,654,399
Instruction	15,897,863	3,147,684	-	19,045,547
Pupil Transportation	2,639,499	452,589	-	3,092,088
Employee Benefits	7,866,618	-	61,265	7,927,883
Debt Service - Principal	1,373,349	-	-	1,373,349
Debt Service - Interest	481,751	-	-	481,751
Cost of Sales	-	-	548,611	548,611
Other Expenditures	-	-	41,198	41,198
Total Expenditures	31,821,262	3,691,440	652,124	36,164,826
Excess/(Deficiency) of Revenues Over Expenditures	1,328,707	-	(123,339)	1,205,368
Other Financing Sources/(Uses):				
Operating Transfers In	10,622	-	25,000	35,622
Operating Transfers Out	(25,000)	-	(10,622)	(35,622)
Total Other Financing Sources/(Uses)	(14,378)	-	14,378	-
Change in Fund Balances	1,314,329	-	(108,961)	1,205,368
Fund Balances - Beginning	19,287,874	-	282,556	19,570,430
Fund Balances - Ending	\$ 20,602,203	\$ -	\$ 173,595	\$ 20,775,798

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Transactions	Long-Term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:						
Real Property Taxes	\$ 25,504,401	\$ -	\$ -	\$ -	\$ -	\$ 25,504,401
Other Tax Items	743,921	-	-	-	-	743,921
Non Property Taxes	45,900	-	-	-	-	45,900
Charges for Services	509,896	-	-	-	-	509,896
Use of Money and Property	761,324	-	-	-	-	761,324
Miscellaneous	837,621	-	-	-	-	837,621
State Aid	7,629,729	-	-	-	-	7,629,729
Federal Aid	1,154,175	-	-	-	-	1,154,175
Surplus Food	30,545	-	-	-	-	30,545
Food Sales	152,682	-	-	-	-	152,682
Total Revenues	37,370,194	-	-	-	-	37,370,194
Expenditures:						
General Support	3,654,399	-	16,349	-	810,108	4,480,856
Instruction	19,045,547	-	1,226,447	-	5,737,487	26,009,481
Pupil Transportation	3,092,088	-	1,095	-	29,503	3,122,686
Employee Benefits	7,927,883	(1,251,328)	-	-	(6,676,555)	-
Debt Service - Principal	1,373,349	-	-	(1,373,349)	-	-
Debt Service - Interest	481,751	-	-	8,385	-	490,136
Cost of Sales	548,611	-	-	-	99,457	648,068
Other Expenditures	41,198	-	-	-	-	41,198
Total Expenditures	36,164,826	(1,251,328)	1,243,891	(1,364,964)	-	34,792,425
Excess/(Deficiency) of Revenues Over Expenditures	1,205,368	1,251,328	(1,243,891)	1,364,964	-	2,577,769
Other Financing Sources/(Uses)						
Operating Transfers In	35,622	-	-	-	(35,622)	-
Operating Transfers Out	(35,622)	-	-	-	35,622	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-
Change in Fund Balances	\$ 1,205,368	\$ 1,251,328	\$ (1,243,891)	\$ 1,364,964	\$ -	\$ 2,577,769

See accompanying notes to basic financial statements.

**MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Custodial Funds
ASSETS	
Cash and Cash Equivalents	<u>\$ 55,144</u>
Total Assets	<u>55,144</u>
LIABILITIES	
Total Liabilities	<u>-</u>
NET POSITION	
Unrestricted (Deficit)	<u>55,144</u>
Total Net Position	<u>55,144</u>
Total Liabilities and Net Position	<u><u>\$ 55,144</u></u>

See accompanying notes to basic financial statements.

MILLBROOK CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	<u>\$ 150,360</u>
Total Additions	<u>150,360</u>
DEDUCTIONS	
Other Custodial Activities	<u>145,235</u>
Total Deductions	<u>145,235</u>
Change in Fiduciary Net Position	<u>5,125</u>
Net Position - Beginning of Year	<u>50,019</u>
Net Position - End of Year	<u><u>\$ 55,144</u></u>

See accompanying notes to basic financial statements.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Millbrook Central School District (the “School District”) operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The President of the Board serves as the chief fiscal officer and the Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, which is the School District, (b) organizations for which the School District is financially accountable and (c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

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

B. Joint Venture

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

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate. There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2024, the Millbrook Central School District was billed \$2,648,685 for BOCES administrative and program costs. The School District's share of BOCES Aid amounted to \$549,876. Financial statements for the BOCES are available from the BOCES administrative office.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - District-wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (2) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues.

D. Basis of Presentation - Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, reconciliations are presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation.

Fund Categories

The fund statements provide information about the School 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. All remaining governmental funds are aggregated and reported as non-major funds.

The School District reports the following major governmental funds:

- a. General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.
- b. Special Aid Fund - The Special Aid Fund is used to account for special projects or programs supported in whole or in part with federal, State or local funds.

The School District reports the following non-major governmental funds:

- a. Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
- b. School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.
- c. Miscellaneous Special Revenue Fund - Miscellaneous Special Revenue Fund is used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Basis of Presentation - Fund Financial Statements - Continued

The School District reports the following fiduciary funds:

These funds are used to account for fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the School District, and are not available to be used.

- a. Custodial Funds - These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust funds.

The School District accounts for assets held as an agent for various student organizations in a custodial fund. The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are available.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured, such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from federal and State grants are recognized as revenues when the expenditure is made. A sixty day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to judgments and claims, compensated absences, net pension liability and other postemployment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and liabilities under leases are reported as other financing sources.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Cash Equivalents - The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in 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 deposits 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. Investments are stated at fair value.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates.

Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes - Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 20. Taxes are collected during the period September 1 to November 2.

Uncollected real property taxes are subsequently enforced by Dutchess County ("the County"). An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the School District no later than the forthcoming April 1.

In June of 2011, New York State passed Chapter 97 of the Laws of 2011 ("Tax Cap Law"). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the School District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items ("CPI-U"), subject to certain limited exceptions and adjustments.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

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

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2024, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus food at a stated value which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by non-spendable fund balance, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consist of costs which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent year's budget and/or will benefit such periods. Reported amounts in governmental funds are equally offset by non-spendable fund balance in the fund financial statements, which indicates that these amounts do not constitute “available spendable resources” even though they are a component of current assets.

Other Assets/Restricted Assets - Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight-line method over estimated useful lives ranging from 5 to 65 years.

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheets.

Intangible Right-to-Use Asset - The District is a lessee for various noncancellable leases of equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short term), the District recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Fund Balance. For all other leases, the District recognizes a lease liability and an intangible right-to-use leased asset in the Statements of Net Position.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the District is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

The following key estimates and judgments are used by the District to determine the following:

- Discount rate: The District generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the District's bonds are not actively traded, the District determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.
- Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either an District or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the District and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.
- Lease payments: The lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Vested Employee Benefits - 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. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out (LIFO) basis. Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions. Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability in the District-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria has been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or revenue from grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts have been deemed to be measurable but not “available” pursuant to generally accepted accounting principles.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Deferred Outflows/Inflows of Resources - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

The government has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and differences during the measurement period between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item relates to Other Postemployment Benefits and represents the effect of changes in actuarial assumptions.

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

Short-Term Debt - The School District may issue Bond Anticipation Notes ("BANs") 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.

Accrued Liabilities and Long-Term Obligations - Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid and reported in the fund financial statements. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as liabilities in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as a long-term liability. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances - Continued

Net Pension Liability - The net pension liability represents the School District's proportionate share of the net pension liability of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net Position - Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Equity Classifications:

1. District-Wide Statements:

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

- a. Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) and net intangible assets (cost less amortization) by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.
- b. Restricted Net Position – reports net position when constraints placed on the position 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.
- c. Unrestricted Net Position – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the School District.

2. Fund Statements:

In the fund basis statements there are five classifications of fund balance:

- a. Non-Spendable Fund Balance – includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.
- b. Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted reserve fund balances:
 - i. Unemployment Insurance - According to General Municipal Law §6-m, this reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve, or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

b. Restricted - Continued

- ii. Workers' Compensation - According to General Municipal Law §6-j, this reserve fund 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.
- iii. Tax Certiorari - According to Education Law §3651.1-a, this reserve fund must be used to pay for settled tax certiorari cases and expenditures can be made from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.
- iv. Retirement Contributions - According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.
- v. Capital Projects - According to Education Law §3651, restricted fund balances must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

b. Restricted - Continued

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

General Fund:

Retirement Contribution Reserve - ERS	\$ 1,091,476
Retirement Contribution Reserve - TRS	887,446
Unemployment Insurance	164,215
Insurance Reserve	1,899,958
Tax Certiorari	421,609
Capital Reserve	10,517,359
Repair Reserve	206,706
Total Restricted Funds	<u>\$ 15,188,769</u>

- c. Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2024.
- d. Assigned – Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$522,603. Amounts assigned to the reduction of the 2024-2025 tax levy is \$1,741,316.
- e. Unassigned – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In funds other than the General Fund, this classification should only be used to report a deficit balance.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances – Continued

2. Fund Statements - Continued:

e. Unassigned - Continued

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

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

In order to determine the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 7, 2024.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

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

Due to the difference in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the government funds.

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

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

- (1) The costs of building and acquiring capital assets (land, infrastructure, buildings and 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 School District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$ 45,656,325
Accumulated Depreciation	(23,801,746)
Capital Assets, Net	<u>\$ 21,854,579</u>

- (2) The governmental funds do not report long-term assets because they are not current financial resources. However, they are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

Original Intangible Right to Use Assets	
Intangible Right-to-Use Asset	\$ 24,233
Accumulated Amortization	(17,448)
	<u>\$ 6,785</u>

- (3) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Deferred Outflows of Resources	<u>\$ 15,046,763</u>
Deferred Inflows of Resources	<u>\$ 25,438,994</u>

- (4) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

Accrued Interest Payable at June 30, 2024	<u>\$ 35,902</u>
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**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**A. Total Fund Balances of the Governmental Funds vs. Net Position of Governmental Activities -
Continued**

(5) The governmental funds do not report long-term liabilities because they are not a use of current financial resources. However, they are reported in the Statement of Net Position because they represent economic liabilities.

Bonds Payable	\$ 11,835,000
Bond Premium	34,914
Leases Payable	6,785
Installment Purchase Debt	404,066
Compensated Absences	23,305
TRS Net Pension Liability	678,697
ERS Net Pension Liability	1,317,401
Other Postemployment Benefits	42,021,495
	<u>\$ 56,321,663</u>

**B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance and the Statement of Activities**

Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- 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 use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements when paid, 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.

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds	\$ 37,370,194
Total revenues reported in the Statement of Activities	<u>\$ 37,370,194</u>

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS
AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance and the Statement of Activities – Continued**

Total Expenditures/Expenses

Total expenditures reported in governmental funds	\$ 36,164,826
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences decreased during the year.	(17,962)
In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense was less than the amount of financial resources used during the year.	(2,338,571)
In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense exceeded the amount of financial resources expended during the year.	1,105,205
Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year was more than the interest payable for the prior year.	8,385
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$1,301,770 was more than capital expenditures of \$57,879 in the current year.	1,243,891
When the purchase of right-to-use assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as amortization expense. This is the amount of amortization expense of \$1,986 for the year.	1,986
Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	(1,375,335)
Total expenses reported in the Statement of Activities	<u>\$ 34,792,425</u>

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

III. STEWARDSHIP. COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Budgets for General Fund are legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the School Lunch or Debt Service funds.
- g) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.

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

- h) Appropriations in General and Special Aid funds lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year, pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Final Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget.

C. Capital Projects Fund Deficits

Deficits in individual capital projects sometimes arise either because of expenditures exceeding current financing on the projects or from capital projects exceeding their budgetary authorization. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

IV. CASH AND CASH EQUIVALENTS

At June 30, 2024, the carrying amount of the District's deposits (cash, certificates of deposit and interest-bearing savings accounts) was \$19,939,349 and the bank balance was \$20,830,043. The School District's deposits at June 30, 2024, and during the year then ended, were covered by FDIC Insurance or by pledged collateral held by the School District's agent bank in the School District's name.

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2024 were as follows:

<u>Funds</u>	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General	\$ 2,688,221	\$ -
Capital Projects	-	10,622
Special Aid	-	2,677,599
TOTAL	<u><u>\$ 2,688,221</u></u>	<u><u>\$ 2,688,221</u></u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2024 were as follows:

<u>Funds</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General	\$ 10,622	\$ 25,000
Capital Projects	-	10,622
Cafeteria	25,000	-
TOTAL	<u><u>\$ 35,622</u></u>	<u><u>\$ 35,622</u></u>

Interfund Transfers were made for the following purposes:

- Unspent capital proceeds
- Budgeted transfers

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VI. CAPITAL AND INTANGIBLE ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 542,261	\$ -	\$ -	\$ 542,261
Total capital assets, not being depreciated	<u>542,261</u>	<u>-</u>	<u>-</u>	<u>542,261</u>
Capital assets, being depreciated:				
Buildings and Improvements	3,286,233	-	-	3,286,233
Furniture and Equipment	38,444,774	-	-	38,444,774
Vehicles	3,329,372	57,879	(4,194)	3,383,057
Total capital assets being depreciated	<u>45,060,379</u>	<u>57,879</u>	<u>(4,194)</u>	<u>45,114,064</u>
Accumulated depreciation for:				
Buildings and Improvements	(2,016,354)	(190,323)	-	(2,206,677)
Furniture and Equipment	(17,577,418)	(1,044,614)	-	(18,622,032)
Vehicles	(2,910,398)	(66,833)	4,194	(2,973,037)
Total accumulated depreciation	<u>(22,504,170)</u>	<u>(1,301,770)</u>	<u>4,194</u>	<u>(23,801,746)</u>
Total capital assets, being depreciated, net	<u>22,556,209</u>	<u>(1,243,891)</u>	<u>-</u>	<u>21,312,318</u>
Governmental activities capital assets, net	<u>23,098,470</u>	<u>(1,243,891)</u>	<u>-</u>	<u>21,854,579</u>
Intangible Right to Use Lease Assets:				
Leased Equipment	24,233	-	-	24,233
Less Accumulated Amortization	(15,462)	(1,986)	-	(17,448)
Total Intangible Right to Use Lease Assets, net	<u>8,771</u>	<u>(1,986)</u>	<u>-</u>	<u>6,785</u>
Total Capital and Intangible Assets	<u>\$ 23,107,241</u>	<u>\$ (1,245,877)</u>	<u>\$ -</u>	<u>\$ 21,861,364</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
General Government	\$ 21,757
Instruction	1,278,918
Transportation	<u>1,095</u>
Total Depreciation Expense	<u>\$ 1,301,770</u>

Amortization expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	<u>\$ 1,986</u>
Total Amortization Expense	<u>\$ 1,986</u>

MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

VII. LONG-TERM DEBT

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

Governmental Activities	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
Leases Payable	\$ 8,771	\$ -	\$ (1,986)	\$ 6,785	\$ 1,986
Installment Purchase Debt	532,415	-	(128,349)	404,066	131,468
Serial Bonds	13,080,000	-	(1,245,000)	11,835,000	1,300,000
Unamortized Bond Premium	46,552	-	(11,638)	34,914	11,638
Other liabilities:					
Compensated Absences	41,267	-	(17,962)	23,305	-
ERS Pension Liability	1,574,438	-	(257,037)	1,317,401	-
TRS Pension Liability	1,154,752	-	(476,055)	678,697	-
Other Postemployment Benefits	43,489,905	-	(1,468,410)	42,021,495	-
Total long-term liabilities	<u>\$ 59,928,100</u>	<u>\$ -</u>	<u>\$ (3,606,437)</u>	<u>\$ 56,321,663</u>	<u>\$ 1,445,092</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately.

Each governmental fund's liability for general obligation bonds payable, judgments and claims, compensated absences, net pension liability and other postemployment benefit obligations is liquidated by the General Fund.

The following is a summary of the maturity of serial bonds and installment purchase debt:

	Principal	Interest	Total
2025	\$ 1,300,000	\$ 417,063	\$ 1,717,063
2026	1,365,000	357,513	1,722,513
2027	1,420,000	302,913	1,722,913
2028	865,000	246,113	1,111,113
2029	895,000	219,081	1,114,081
2030-2034	4,910,000	657,263	5,567,263
2035	1,080,000	35,100	1,115,100
Total	<u>\$ 11,835,000</u>	<u>\$ 2,235,046</u>	<u>\$ 14,070,046</u>

Interest expense on long-term debt recorded during the year was:

Interest Paid	\$ 481,751
Less: Interest accrued - prior year	(24,835)
Less: Bond Premium Amortization	(11,638)
Plus: Loss on Refunding Amortization	8,956
Plus: Interest accrued - current year	35,902
	<u>\$ 490,136</u>

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS

Plan Description

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees.

Plan Year Ended	ERS		TRS	
2024	\$	323,643	\$	1,103,165
2023	\$	249,191	\$	1,127,897
2022	\$	314,705	\$	1,044,750

At June 30, 2024, the School District reported the following for its proportionate share of the net pension (asset)/liability for ERS and TRS:

	ERS		TRS	
Measurement Date	March 31, 2024		June 30, 2023	
Net Pension liability	\$	1,317,401	\$	678,697
School District's proportion of the net pension liability		0.0089473%		0.0593480%

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

The net pension liability was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2024, the School District recognized pension expense in the district-wide financial statements of \$2,595,976 (\$620,893 for ERS and \$1,975,083 for TRS). Pension expenditures of \$1,422,548 (\$319,349 for ERS and \$1,103,199 for TRS) were recorded in the fund financial statements and were charged to the General Fund.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 424,334	\$ 1,645,660	\$ 2,069,994
Changes of assumptions	498,080	1,461,215	1,959,295
Net difference between projected and actual earnings on pension plan investments	-	346,937	346,937
Changes in proportion and difference between the District's contributions and proportionate share of contributions	179,947	109,882	289,829
School District's contributions subsequent to the measurement date	102,304	1,103,199	1,205,503
Total	<u>\$ 1,204,665</u>	<u>\$ 4,666,893</u>	<u>\$ 5,871,558</u>

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 35,922	\$ 4,067	\$ 39,989
Changes of assumptions	-	318,464	318,464
Net difference between projected and actual earnings on pension plan investments	643,543	-	643,543
Changes in proportion and difference between the District's contributions and proportionate share of contributions	31,373	26,089	57,462
Total	<u>\$ 710,838</u>	<u>\$ 348,620</u>	<u>\$ 1,059,458</u>

MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

VIII. PENSION PLANS – CONTINUED

Deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended:	ERS	TRS
2023	\$ (196,198)	\$ 320,496
2024	295,366	(326,768)
2025	408,881	2,739,497
2026	(116,526)	208,623
2027	-	167,038
Thereafter	-	106,188
Total	<u>\$ 391,523</u>	<u>\$ 3,215,074</u>

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	ERS March 31, 2024	TRS June 30, 2023
Investment Rate of Return	5.90% compounded annually net of investment expense	6.95% compounded annually net of investment expense
Projected Salary Increases	4.40%	1.95%-5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience Study	July 1, 2015 - June 30, 2020 System's Experience Study
Inflation Rate	2.90%	2.40%
Mortality Improvement	Society of Actuaries Scale MP - 2021	Society of Actuaries Scale MP - 2021

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

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

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

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

Measurement Date	ERS		TRS	
	March 31, 2024		June 30, 2023	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
Asset Class:				
Domestic Equity	32%	4.00%	33%	6.80%
International Equity	15%	6.65%	16%	7.60%
Private Equity	10%	7.25%	8%	10.00%
Real Estate Equity	9%	4.60%	11%	6.30%
Domestic Fixed Income Securities	0%	0.00%	16%	2.20%
Global Bonds	0%	0.00%	2%	1.60%
High Yield Bonds	0%	0.00%	1%	4.40%
Global Equities	0%	0.00%	4%	7.20%
Private Debt	0%	0.00%	2%	6.00%
Real Estate Debt	0%	0.00%	6%	3.20%
Opportunistic/Absolute Return Strategy	3%	5.25%	0%	0.00%
Credit	4%	5.40%	0%	0.00%
Real Assets	3%	5.79%	0%	0.00%
Fixed Income	23%	1.50%	0%	0.00%
Cash	1%	0.25%	1%	0.30%
Total	100%		100%	

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

VIII. PENSION PLANS – CONTINUED

The discount rate used to calculate the total pension 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) 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:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$ 4,142,043	\$ 1,317,401	\$ (1,041,761)
	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
Employer's Proportionate Share of the Net Pension (Asset)/Liability	\$ 10,336,902	\$ 678,697	\$ (7,444,271)

The components of the collective net pension liability as of the March 31, 2024 ERS measurement date and the June 30, 2023 TRS measurement date were as follows.

	(Dollars in Thousands)	
	ERS	TRS
Measurement Date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,122
Plan net position	225,972,801	137,221,537
Employers' net pension liability	<u>\$ 14,724,050</u>	<u>\$ 1,143,585</u>
Ratio of plan net position to the employers' total pension liability	93.88%	99.17%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2024 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2024 were \$102,304 to ERS and \$1,281,012 to TRS and were recorded in the General Fund.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

The School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post-employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2024, the following employees were covered by the benefit terms:

Active Employees	183
Retirees	<u>116</u>
Total Employees Covered by Benefit Terms	<u><u>299</u></u>

The School District's total OPEB liability of \$42,021,495 was measured as of June 30, 2024 and was determined by an actuarial valuation dated July 1, 2023.

The total OPEB liability as of the June 30, 2024 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation Rate	2.60%
Projected Salary Increases, Including Wage Inflation	4.50% average, including inflation
Discount Rate	4.21%
Healthcare Cost Trend Rates	8.00% decreasing to 4.50% over 55 years
Retiree's Share of Benefit Related Costs	7.5% to 15% of projected health insurance premiums for retirees

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates were based on recent mortality tables published by SOA (Pub-2010), which were based on the public pension plan's mortality experience from calendar years 2008 to 2013 and the most recent generational projection scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS valuation as of June 30, 2021.

MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

The School District's change in the total OPEB liability for the year ended June 30, 2024 is as follows:

Balance - Beginning	\$ 43,489,905
Changes for the Year:	
Service Cost	1,623,217
Interest	1,831,731
Changes of Benefit Terms	(204,003)
Change in Assumptions	671,186
Differences Between Expected and Actual Experience	(3,852,429)
Benefit Payments	(1,538,112)
Net Changes	(1,468,410)
Balance - Ending	\$ 42,021,495

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%) or 1 percentage point higher (5.21%) than the current discount rate:

	1% Decrease 3.21%	Discount Rate 4.21%	1% Increase 5.21%
Total OPEB Liability	\$ 48,236,011	\$ 42,021,495	\$ 36,946,509

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.5% decreasing to 3.5%) or 1 percentage point higher (8.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 37,241,622	\$ 42,021,495	\$ 47,137,578

For the year ended June 30, 2024, the School District recognized additional OPEB benefit of \$2,338,571 in the district-wide financial statements. At June 30, 2024, the School 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
Differences between expected and actual experience	\$ 950,832	\$ (15,188,037)
Changes of Assumptions or other inputs	8,125,858	(9,183,072)
Total	\$ 9,076,690	\$ (24,371,109)

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

IX. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”) - CONTINUED

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

Year Ending June 30,	Amount
2025	\$ (3,919,241)
2026	(3,869,448)
2027	(2,485,139)
2028	(4,166,181)
2029	(399,945)
Thereafter	(454,465)
Total	<u><u>\$ (15,294,419)</u></u>

X. CONTINGENCIES

Contingencies

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. Accordingly, the School District's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

XI. RISK MANAGEMENT

The District participates in the Dutchess Educational Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District incurs costs related to a workers' compensation insurance plan ("Plan") sponsored by Dutchess County BOCES. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of five (5) years; a member may withdraw from the plan after that time by providing 180 days written notice. Plan members include 13 districts. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, the members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both future payments of losses and related claim events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims cost depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Based on actuarial reports received by the District, there was no liability due to the Plan as of June 30, 2024. Financial statements for the Plan are available from the administrator at 5 BOCES Road; Poughkeepsie, New York 12601.

XII. NEW ACCOUNTING STANDARDS:

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of the financial statements with essential information about risks related to concentrations and constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement addresses application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the potential impact of these statements, if any, on the District's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

MILLBROOK CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES OF SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

<u>Total OPEB Liability</u>	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
Service Cost	\$ 1,623,217	\$ 1,427,498	\$ 2,834,215	\$ 2,119,206	\$ 2,312,520	\$ 2,363,435	\$ 2,297,944	\$ 1,615,678
Interest	1,831,731	1,723,247	1,468,797	1,395,924	2,081,713	1,824,329	1,576,944	1,650,909
Change of Benefit Terms	(204,003)	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(3,852,429)	1,868,229	(13,525,251)	14,504,247	(1,588,075)	(1,321,354)	(7,419,999)	9,372,809
Changes in Assumptions or Other Inputs	671,186	(1,486,597)	(12,838,432)	(2,736,955)	(8,102,065)	6,655,818	-	-
Benefit Payments	(1,538,112)	(1,481,482)	(1,460,972)	(1,352,962)	(1,325,448)	(922,203)	(865,530)	(874,363)
Net Change in Total OPEB Liability	(1,468,410)	2,050,895	(23,521,643)	13,929,460	(6,621,355)	8,600,025	(4,410,641)	11,765,033
Total OPEB Liability - Beginning	43,489,905	41,439,010	64,960,653	51,031,193	57,652,548	49,052,523	53,463,164	41,698,131
Total OPEB Liability - Ending (a)	\$ 42,021,495	\$ 43,489,905	\$ 41,439,010	\$ 64,960,653	\$ 51,031,193	\$ 57,652,548	\$ 49,052,523	\$ 53,463,164
<u>Plan Fiduciary Net Position</u>								
Contributions - Employer	\$ 1,538,112	\$ 1,481,482	\$ 1,460,972	\$ 1,352,962	\$ 1,325,448	\$ 922,203	\$ 865,530	\$ 874,363
Benefit Payments	(1,538,112)	(1,481,482)	(1,460,972)	(1,352,962)	(1,325,448)	(922,203)	(865,530)	(874,363)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 42,021,495	\$ 43,489,905	\$ 41,439,010	\$ 64,960,653	\$ 51,031,193	\$ 57,652,548	\$ 49,052,523	\$ 53,463,164
Plan Fiduciary Net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
Covered Payroll	\$ 13,722,700	\$ 13,258,647	\$ 12,469,687	\$ 11,998,229	\$ 12,110,923	\$ 11,906,228	\$ 11,357,423	\$ 11,357,423
Total OPEB Liability as a percentage of covered payroll	306.2%	328.0%	332.3%	541.4%	421.4%	484.2%	431.9%	470.7%

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

6/30/24	4.21%
6/30/23	4.13%
6/30/22	4.09%
6/30/21	2.19%
6/30/20	2.66%
6/30/19	3.51%
6/30/18	3.58%
6/30/17	2.85%

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2017 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS

Plan Year Ended	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Actual Covered Member Payroll	Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Teachers Retirement System					
6/30/2023	0.05934800%	\$ 678,697	\$ 11,496,613	5.90%	99.17%
6/30/2022	0.06017800%	\$ 1,154,752	\$ 11,192,795	10.32%	98.60%
6/30/2021	0.05982000%	\$ (10,366,171)	\$ 10,791,095	(96.06%)	113.25%
6/30/2020	0.05928600%	\$ 1,638,233	\$ 10,245,066	15.99%	97.80%
6/30/2019	0.06001900%	\$ (1,559,294)	\$ 10,199,042	(15.29%)	102.20%
6/30/2018	0.06132000%	\$ (1,108,818)	\$ 10,140,657	(10.93%)	101.53%
6/30/2017	0.06354800%	\$ (483,031)	\$ 10,106,445	(4.78%)	100.66%
6/30/2016	0.06371200%	\$ 682,382	\$ 9,703,676	7.03%	99.01%
6/30/2015	0.06498600%	\$ (6,750,005)	\$ 9,761,824	(69.15%)	110.46%
6/30/2014	0.06524300%	\$ (7,267,648)	\$ 9,919,601	(73.27%)	111.48%

Plan Year Ended	Proportion of the Net Pension (Asset)/Liability	Proportionate Share of the Net Pension (Asset)/Liability	Actual Covered Member Payroll	Net Pension (Asset)/Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees Retirement System					
3/31/2024	0.00894730%	\$ 1,317,401	\$ 2,879,869	45.75%	93.88%
3/31/2023	0.00734210%	\$ 1,574,438	\$ 2,332,713	67.49%	90.78%
3/31/2022	0.00714490%	\$ (584,069)	\$ 2,366,372	(24.68%)	103.65%
3/31/2021	0.00617040%	\$ 6,144	\$ 2,064,364	0.30%	99.95%
3/31/2020	0.00642530%	\$ 1,701,449	\$ 2,072,630	82.09%	86.39%
3/31/2019	0.00666820%	\$ 472,463	\$ 2,097,971	22.52%	96.27%
3/31/2018	0.00662260%	\$ 213,742	\$ 2,078,420	10.28%	98.24%
3/31/2017	0.00651280%	\$ 611,956	\$ 2,014,622	30.38%	94.70%
3/31/2016	0.00674810%	\$ 1,083,090	\$ 1,997,274	54.23%	90.68%
3/31/2015	0.00636460%	\$ 215,013	\$ 1,071,749	20.06%	97.95%

**MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Teachers Retirement System					
6/30/2024	\$ 1,127,897	\$ 1,127,897	\$ -	\$ 11,496,613	9.81%
6/30/2023	\$ 1,044,750	\$ 1,044,750	\$ -	\$ 11,192,795	9.33%
6/30/2022	\$ 967,611	\$ 967,611	\$ -	\$ 10,791,095	8.97%
6/30/2021	\$ 891,557	\$ 891,557	\$ -	\$ 10,245,066	8.70%
6/30/2020	\$ 1,063,925	\$ 1,063,925	\$ -	\$ 10,199,042	10.43%
6/30/2019	\$ 978,849	\$ 978,849	\$ -	\$ 10,140,657	9.65%
6/30/2018	\$ 1,180,244	\$ 1,180,244	\$ -	\$ 10,106,445	11.68%
6/30/2017	\$ 1,303,645	\$ 1,303,645	\$ -	\$ 9,703,676	13.43%
6/30/2016	\$ 1,711,248	\$ 1,711,248	\$ -	\$ 9,761,824	17.53%
6/30/2015	\$ 1,566,075	\$ 1,566,075	\$ -	\$ 9,919,601	15.79%

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution (deficiency) excess	Covered Employee Payroll	Required Contributions as a Percentage of Covered Payroll
Employees Retirement System					
6/30/2024	\$ 323,643	\$ 323,643	\$ -	\$ 3,078,686	10.51%
6/30/2023	\$ 249,191	\$ 249,191	\$ -	\$ 2,332,713	10.68%
6/30/2022	\$ 314,705	\$ 314,705	\$ -	\$ 2,366,372	13.30%
6/30/2021	\$ 291,135	\$ 291,135	\$ -	\$ 2,064,364	14.10%
6/30/2020	\$ 291,507	\$ 291,507	\$ -	\$ 2,072,630	14.06%
6/30/2019	\$ 354,138	\$ 354,138	\$ -	\$ 2,097,971	16.88%
6/30/2018	\$ 294,912	\$ 294,912	\$ -	\$ 2,078,420	14.19%
6/30/2017	\$ 378,582	\$ 378,582	\$ -	\$ 2,014,622	18.79%
6/30/2016	\$ 312,908	\$ 312,908	\$ -	\$ 1,997,274	15.67%
6/30/2015	\$ 387,317	\$ 387,317	\$ -	\$ 1,071,749	36.14%

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Year End	Final Budget
	Original	Final	GAAP Basis	Encumbrances	Variance to Actual &
Revenues:					
Real Property Taxes	\$26,253,005	\$25,509,084	\$ 25,504,401	\$ -	\$ (4,683)
Other Tax Items	-	743,921	743,921	-	-
Non Property Taxes	35,000	35,000	45,900	-	10,900
Charges for Services	455,295	455,295	509,896	-	54,601
Use of Money and Property	20,000	20,000	761,103	-	741,103
Miscellaneous	280,000	290,746	728,687	-	437,941
State Aid	5,050,447	5,050,447	4,833,597	-	(216,850)
Medicaid Reimbursement	28,500	28,500	-	-	(28,500)
Federal Aid	-	-	22,464	-	22,464
Total Revenues	32,122,247	32,132,993	33,149,969	-	1,016,976
Expenditures:					
General Support					
Board of Education	67,249	66,858	60,415	-	6,443
Central Administration	290,065	310,365	309,624	-	741
Finance	474,941	589,826	489,905	82,313	17,608
Staff	259,451	241,913	221,473	1,638	18,802
Central Services	2,185,031	2,477,250	2,161,988	241,145	74,117
Special Items	300,184	353,118	318,777	29,995	4,346
Total General Support	3,576,921	4,039,330	3,562,182	355,091	122,057
Instruction					
Instruction, Administration and Improvement	1,083,026	1,148,730	1,137,756	50	10,924
Teaching - Regular School	7,596,526	7,636,008	7,426,336	6,814	202,858
Programs for Students with Disabilities	4,444,138	4,333,374	3,929,793	10,372	393,209
Occupational Education	463,075	456,075	-	-	456,075
Instructional Media	1,252,879	1,400,805	1,389,913	3,883	7,009
Pupil Services	2,022,930	2,094,058	2,014,065	1,731	78,262
Total Instruction	16,862,574	17,069,050	15,897,863	22,850	1,148,337
Pupil Transportation	2,606,912	2,658,782	2,639,499	-	19,283
Employee Benefits	8,972,865	8,550,892	7,866,618	144,662	539,612
Debt Service - Principal	1,373,350	1,373,350	1,373,349	-	1
Debt Service - Interest	481,750	481,751	481,751	-	-
Total Expenditures	33,874,372	34,173,155	31,821,262	522,603	1,829,290
Excess/(Deficiency) of Revenues Over Expenditures	(1,752,125)	(2,040,162)	1,328,707	(522,603)	2,846,266
Other Financing Uses:					
Operating Transfers In	13,000	13,000	10,622	-	(2,378)
Operating Transfers Out	(125,000)	(220,000)	(25,000)	-	(195,000)
Total Other Financing Sources/(Uses)	(112,000)	(207,000)	(14,378)	-	(197,378)
Net Change in Fund Balance	(1,864,125)	(2,247,162)	1,314,329	(522,603)	2,648,888
Appropriated Fund Balance	1,864,125	2,247,162	-	-	(2,247,162)
Change in Fund Balance	\$ -	\$ -	\$ 1,314,329	\$ (522,603)	\$ 401,726

**SUPPLEMENTARY
INFORMATION**

**MILLBROOK CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2024**

	Cafeteria Fund	Capital Projects Fund	Miscellaneous Fund	Total Non- Major Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 95,435	\$ 36,700	\$ 45,601	\$ 177,736
State and Federal Aid Receivable	1,968	-	-	1,968
Accounts Receivable, Net	6,403	-	-	6,403
Inventories	17,281	-	-	17,281
Total Assets	<u>\$ 121,087</u>	<u>\$ 36,700</u>	<u>\$ 45,601</u>	<u>\$ 203,388</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accrued Liabilities	\$ 10,667	\$ -	\$ -	\$ 10,667
Due to Other Funds	-	10,622	-	10,622
Due to Other Governments	77	-	-	77
Deferred Revenues				
Total Liabilities	<u>10,744</u>	<u>10,622</u>	<u>-</u>	<u>21,366</u>
Deferred Inflows of Resources:				
Deferred Inflows of Resources - Other	<u>8,427</u>	<u>-</u>	<u>-</u>	<u>8,427</u>
Fund Balances:				
Nonspendable	17,281	-	-	17,281
Assigned	84,635	26,078	45,601	156,314
Unassigned	-	-	-	-
Total Fund Balances	<u>101,916</u>	<u>26,078</u>	<u>45,601</u>	<u>173,595</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 121,087</u>	<u>\$ 36,700</u>	<u>\$ 45,601</u>	<u>\$ 203,388</u>

MILLBROOK CENTRAL SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Cafeteria Fund	Capital Projects Fund	Miscellaneous Fund	Total Governmental Funds
Revenues:				
Use of Money and Property	\$ -	\$ 89	\$ 132	\$ 221
Miscellaneous	3,226	-	42,450	45,676
State Aid	120,143	-	-	120,143
Federal Aid	179,518	-	-	179,518
Surplus Food	30,545	-	-	30,545
Food Sales	152,682	-	-	152,682
Total Revenues	486,114	89	42,582	528,785
Expenditures:				
General Support	-	1,050	-	1,050
Employee Benefits	61,265	-	-	61,265
Cost of Sales	548,611	-	-	548,611
Other Expenditures	-	-	41,198	41,198
Total Expenditures	609,876	1,050	41,198	652,124
Excess/(Deficiency) of Revenues Over Expenditures	(123,762)	(961)	1,384	(123,339)
Other Financing Sources/(Uses):				
Operating Transfers In	25,000	-	-	25,000
Operating Transfers Out	-	(10,622)	-	(10,622)
Total Other Financing Sources/(Uses)	25,000	(10,622)	-	14,378
Change in Fund Balances	(98,762)	(11,583)	1,384	(108,961)
Fund Balances - Beginning	200,678	37,661	44,217	282,556
Fund Balances - Ending	\$ 101,916	\$ 26,078	\$ 45,601	\$ 173,595

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2024

	Fiscal Year of Issue	Fiscal Year of Final Maturity	Interest Rate	Outstanding Beginning of Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Amount of Interest Paid During Fiscal Year	Amount of Interest Accrued at 6/30/2024	Due Within the Next Year
<u>LEASES PAYABLE</u>									
2023 Quadient	2023	2028	0.30%	\$ 8,771	\$ 1,986	\$ 6,785	\$ -	\$ -	\$ 1,986
TOTAL LEASE PAYABLE				8,771	1,986	6,785	-	-	1,986
<u>INSTALLMENT PURCHASE DEBT</u>									
Energy Performance				532,415	128,349	404,066	12,938	6,546	131,468
TOTAL INSTALLMENT PURCHASE DEBT				532,415	128,349	404,066	12,938	6,546	131,468
<u>BOND PREMIUMS</u>									
Unamortized Bond Premiums				\$ 46,552	\$ 11,638	\$ 34,914	\$ -	\$ -	\$ 11,638
TOTAL BOND PREMIUMS				46,552	11,638	34,914	-	-	11,638
<u>SERIAL BONDS</u>									
2013 Serial Bond	2013	2027	1.00-4.00%	2,230,000	525,000	1,705,000	83,950	284	545,000
2013 Refunded Serial Bond	2013	2035	2.00-5.00%	10,850,000	720,000	10,130,000	384,863	29,072	755,000
TOTAL SERIAL BONDS				13,080,000	1,245,000	11,835,000	468,813	29,356	1,300,000
TOTAL INDEBTEDNESS				\$ 13,667,738	\$ 1,386,973	\$ 12,280,765	\$ 481,751	\$ 35,902	\$ 1,445,092

OTHER INFORMATION

**MILLBROOK CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2024**

Adopted Budget	\$ 33,999,373
Additions:	
Encumbrances from Prior Year	<u>383,036</u>
Original Budget	34,382,409
Budget Revisions:	
Budget Amendments - Other	<u>10,746</u>
Final Budget	<u><u>\$ 34,393,155</u></u>

**MILLBRPOOK CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2024**

2024-2025 Voter-approved expenditure budget maximum allowed	<u>\$ 33,999,373</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance	
Assigned Fund Balance	\$ 2,263,919
Unassigned Fund Balance	<u>3,149,515</u>
Total Unrestricted Fund Balance	<u>5,413,434</u>
Less:	
Appropriated Fund Balance for 2024-25 Budget	1,741,316
Encumbrances Included in Assigned Fund Balance	<u>522,603</u>
Total Adjustments	<u>2,263,919</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,149,515</u></u>
Actual Percentage	<u><u>9%</u></u>

**MILLBROOK CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2024**

Project	Expenditures and Transfers to Date					Methods of Financing				Fund Balance (Deficit) at June 30, 2024
	Project Budget	Prior Year	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Interfund Transfers	Totals	
Major & Non-Major Projects:										
Completed 2022 & 2023 Projects	\$ 37,750	\$ -	\$ 11,672	\$ 11,672	\$ 26,078	\$ 37,750	\$ -	\$ -	\$ 37,750	\$ 26,078
Total	<u>\$ 37,750</u>	<u>\$ -</u>	<u>\$ 11,672</u>	<u>\$ 11,672</u>	<u>\$ 26,078</u>	<u>\$ 37,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,750</u>	<u>\$ 26,078</u>

MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets, net	\$	21,854,579
Intangible Right to Use Lease Asset		6,785

Deductions:

Short-term Portion of Bonds Payable	1,300,000	
Long-term Portion of Bonds Payable	10,535,000	
Short-term Portion of Bond Premiums	11,638	
Long-term Portion of Bond Premiums	23,276	
Short-term Installment Purchase Debt	131,468	
Long-term Installment Purchase Debt	272,598	
Short Term Portion of Lease Payable	1,986	
Long Term Portion of Lease Payable	4,799	
		12,280,765
Net Investment in Capital Assets	\$	<u><u>9,580,599</u></u>

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**

**MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Name of Federal Agency or Department	Assistance Listing Number	Pass - Through Entity Identifying Number	Disbursement/ Expenditures
<i>Department of Education:</i>			
Passed Through NYS Department of Education:			
Special Education Cluster:			
Special Education Grants to States	84.027A	0032-23-0193	\$ 277,750
Special Education Grants to States	84.027X	5532-22-0193	32,110
Special Education Preschool Grants	84.173X	5533-22-0193	680
Special Education Preschool Grants	84.173A	0033-23-0193	5,890
Total Special Education Cluster			<u>316,430</u>
Title I Grants to Local Education Agencies	84.01A	0021-24-0709	126,498
Title I Grants to Local Education Agencies	84.01A	0021-23-0710	31,796
Total Title I			<u>158,294</u>
Supporting Effective Instruction State Grants	84.367A	0147-24-0710	28,216
Total Supporting Effective Instruction State Grants			<u>28,216</u>
Student Support and Academic Enrichment	84.424	0204-23-0710	10,000
Total Student Support and Academic Enrichment			<u>10,000</u>
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0710	295,293
Education Stabilization Fund, UPK	84.425	5870-23-9188	140,400
Total Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act			<u>435,693</u>
Passed Through Dutchess County BOCES:			
English Language Acquisition State Grants	84.365	N/A	3,560
Total Title III Grants			<u>3,560</u>
Total Department of Education			<u>952,193</u>
<i>Department of Agriculture:</i>			
Passed Through NYS Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	35,880
National School Lunch Program	10.555	N/A	174,183
Total Child Nutrition Cluster			<u>210,063</u>
Total Department of Agriculture			<u>210,063</u>
Total Expenditures of Federal Awards			<u>\$ 1,162,256</u>

N/A - Pass-Through entity identifying number not applicable or not available

**MILLBROOK CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the “schedule”) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's basic financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – INDIRECT COST RATE:

Certain federal award programs of the District have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

NOTE 3 – MATCHING COSTS:

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 4 – INSURANCE:

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the District's casualty insurance policies.

NOTE 5 – NON-MONETARY ASSISTANCE:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Such assistance has been apportioned to the lunch and breakfast program and total \$30,545.

NOTE 6 – RECONCILIATION TO FINANCIAL STATEMENTS:

The federal expenditures presented in the Schedule reconcile to the State and Federal revenue reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as follows:

Federal Expenditures as reported in the Schedule	\$ 1,162,256
Reconciling Items:	
Add Medicare Included in General Fund	<u>22,464</u>
Federal Aid as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as shown in Federal Aid and Surplus Foods	<u>\$ 1,184,720</u>



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**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**

Board of Education
Millbrook Central School District
424 Main Street
Cairo, NY 12413

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 aggregate remaining fund information of the Millbrook Central School District (the "School District") as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-01 to be a material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-02.

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.

RBT CPAs, LLP

Hudson, NY
October 7, 2024



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Millbrook Central School District
P.O. Box AA
Millbrook, NY 12545

Opinion on Each Major Federal Program

We have audited the Millbrook Central School District (the "School District"), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Millbrook Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Millbrook Central School District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Millbrook Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Millbrook Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Millbrook Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Millbrook Central School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Millbrook Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Millbrook Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Millbrook Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, NY
October 7, 2024

**MILLBROOK CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

A. Financial Statement Findings

2023-001 – Unassigned Fund Balance. Continues in 2024.

B. Findings and Questioned Costs for Federal Awards

None Noted

**MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF INDEPENDENT AUDIT RESULTS

Financial Statements

Type of auditors' report the auditor issued:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
• Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> No

Noncompliance material to financial statements noted?

 X Yes No

Federal Awards

Internal control over major Federal programs:

• Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
• Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> No

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are
required to be reported in accordance with
2 CFR 200.516(a)?

 Yes X No

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund, UPK
84.425U	Emergency Relief (ARP ESSER)

Dollar threshold used to distinguish
between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

 X Yes No

**MILLBROOK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

A. Financial Statement Finding

Finding 2024-01: Inventory/Supply Control

Condition: The School District's cafeteria had no system in place to track the cafeteria supplies on hand and what was purchased and used by cafeteria staff.

Criteria: Districts are required to have controls in place over their assets and be able to track their usage.

Cause: The systems in the cafeteria have grown relaxed over time.

Effect: The School District was not able to accurately account for supplies on hand.

Recommendation: The District should put a system in place to track the supplies on hand and their usage.

Client Response: See corrective action plan.

Finding 2024-02: Unassigned Fund Balance

Condition: The School District's unassigned fund balance as of June 30, 2024, was approximately 9% of the 2025 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires school districts maintain no more than 4% of the subsequent year's budgeted expenditures in unassigned fund balance in the General Fund.

Cause: The School District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.

Effect: The School District was not in compliance with Section 1318 of the NYS Real Property Tax Law.

Recommendation: RBT recommends that the School District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law.

Client Response: See corrective action plan.

B. Findings and Questioned Costs for Federal Awards

None Noted

