

MILFORD CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022

MILFORD CENTRAL SCHOOL DISTRICT

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Independent Auditors' Report

To the Board of Education
Milford Central School District
Milford, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milford Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Milford Central School District, as of June 30, 2022, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements (see table of contents). Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Milford Central School District's basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information schedules (see table of contents) have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **October 20, 2022** on our consideration of the Milford Central 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Milford Central School District's internal control over financial reporting and compliance.



October 20, 2022
Norwich, New York

Management's Discussion and Analysis

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MILFORD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis For the year ended June 30, 2022

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2022. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short term and long term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district wide statements. The fund financial statements concentrate on the District's most significant funds with all other non major funds listed in total in one column.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term, as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The following graphic summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

MILFORD CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the year ended June 30, 2022**

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ deferred outflows of resources/ liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

MILFORD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis For the year ended June 30, 2022

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district wide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

1. Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long term focus of the district wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
2. Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district wide financial statements because it cannot use these assets to finance its operations.

MILFORD CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the year ended June 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Condensed Statement of Net Position

	Governmental Activities and total District			
	2021	2022	Increase (Decrease)	Percentage Change
Current and Other Assets.....	\$ 4,151	\$ 4,229	\$ 78	
Capital Assets.....	13,750	13,520	(231)	
	17,901	17,749	(152)	-0.9%
Deferred Outflows of Resources.....	14,357	11,986	(2,372)	
	32,258	29,734	(2,524)	-7.8%
Long-term Liabilities.....	44,391	44,597	206	
Other Liabilities.....	553	584	31	
	44,944	45,181	237	0.5%
Deferred Inflows of Resources.....	4,403	7,060	2,657	
	49,347	52,241	2,894	5.9%
Net Position				
Net investment in Capital Assets.....	9,829	10,331	502	
Restricted.....	1,654	2,016	361	
Unrestricted.....	(28,572)	(34,854)	(6,282)	
	\$ (17,089)	\$ (22,507)	\$ (5,418)	31.7%

Analysis of Net Position

Overall net position is negative by \$22 million this is a decline of \$5.4 million from the previous year. Changes in Governmental Accounting Standards require the District to recognise their proportional share of the state pension plans, the changes in net position are contingent on the plan activity and key plan assumptions which are beyond the control of the District but are shared proportionately by the State and Local Governments. Also Governmental Accounting Standards requires the district to recognise their entire obligation for Other Post Employment Benefits. These benefits are employment contract obligations of the district for retiree health insurance benefits. The actuary calculated amount of Other Post Employment Benefits, which is basically health insurance, is nearly \$44 million an increase of \$4.5 million from the previous year.

MILFORD CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the year ended June 30, 2022**

Condensed Changes in Net Position from Operating Results

	Governmental Activities and total District			
	2021	2022	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues				
Charges for Services.....	\$ 35	\$ 66	\$ 31	
Operating Grants and Contributions.....	430	503	74	
Capital Grants and Contributions.....	114	5	(109)	
General Revenues				
Property Taxes.....	4,388	4,476	88	
State Formula Aid.....	5,267	5,633	366	
Interest Earnings.....	3	3	(0)	
Other.....	752	753	0	
Total Revenue.....	10,988	11,438	450	4.1%
Expenses				
General Support.....	2,444	2,498	(54)	
Instruction.....	10,143	12,418	(2,274)	
Pupil Transportation.....	892	1,304	(411)	
Community Services.....	4	5	(1)	
Debt Service - Interest.....	100	200	(100)	
Cost of Sales - Food.....	460	478	(18)	
Total Expenses.....	14,043	16,902	(2,859)	-20.4%
Change in Net Position.....	\$ (3,055)	\$ (5,464)	\$ (2,409)	

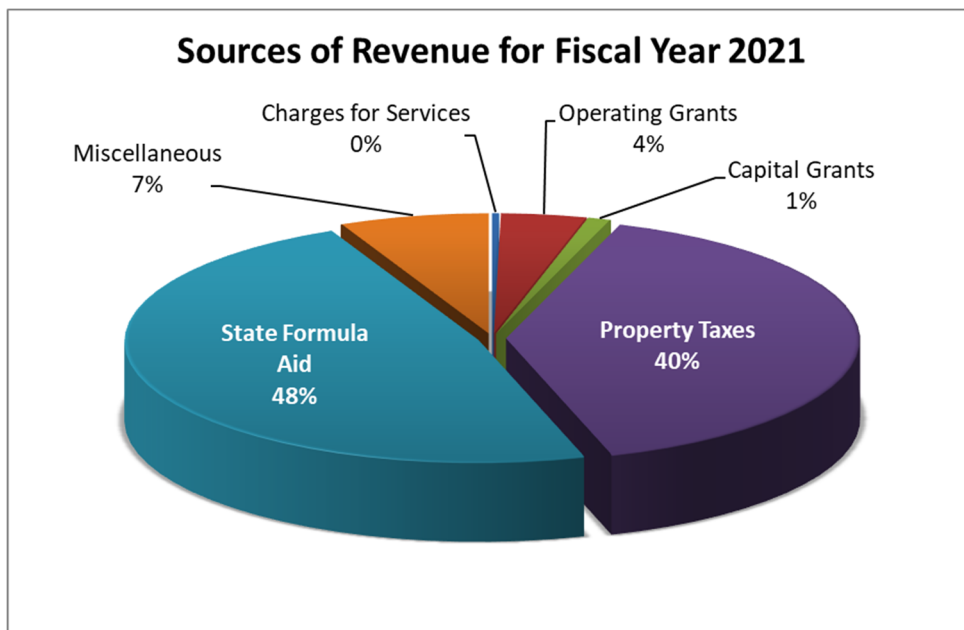
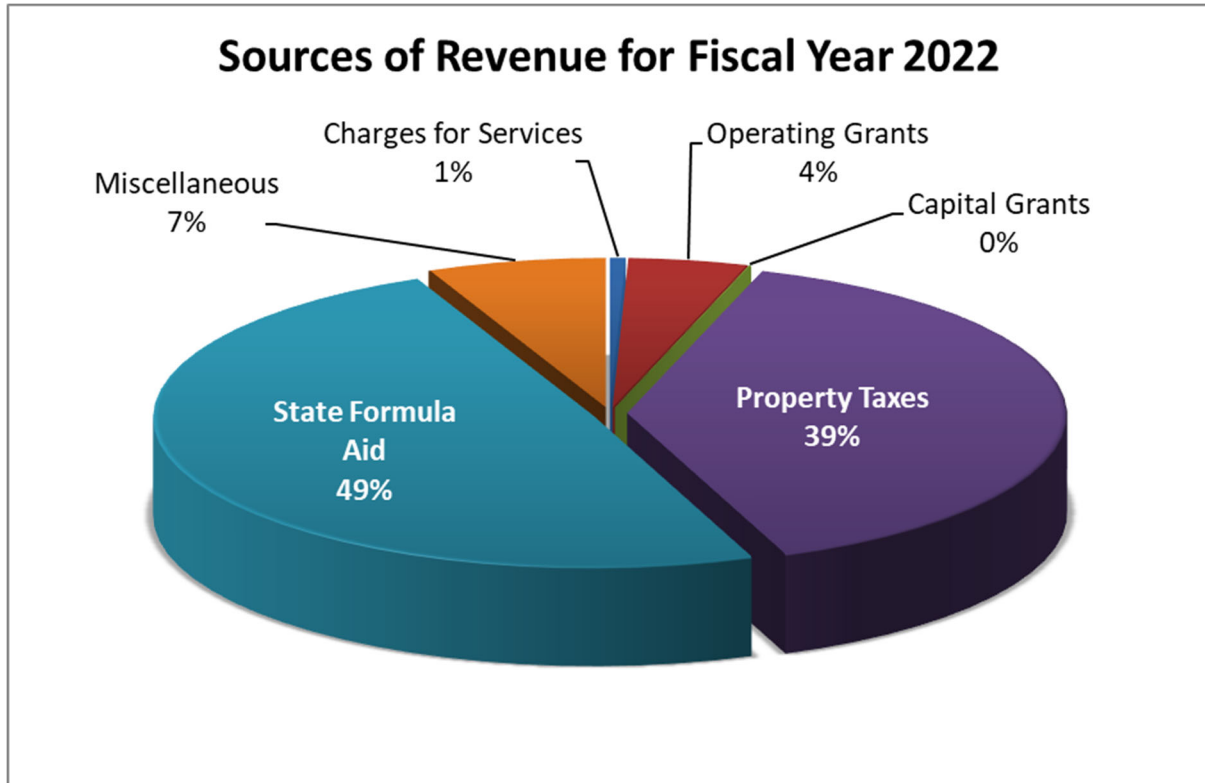
Analysis of Changes in Net Position

Revenues are consistent with the prior year, increasing \$450 thousand. General revenues from property taxes increased \$88 thousand.

Expenses increased for instructional related to wages and wage costs. Changes in the reporting standards for pension and other post employment benefits effect these amounts.

Management's Discussion and Analysis
For the year ended June 30, 2022

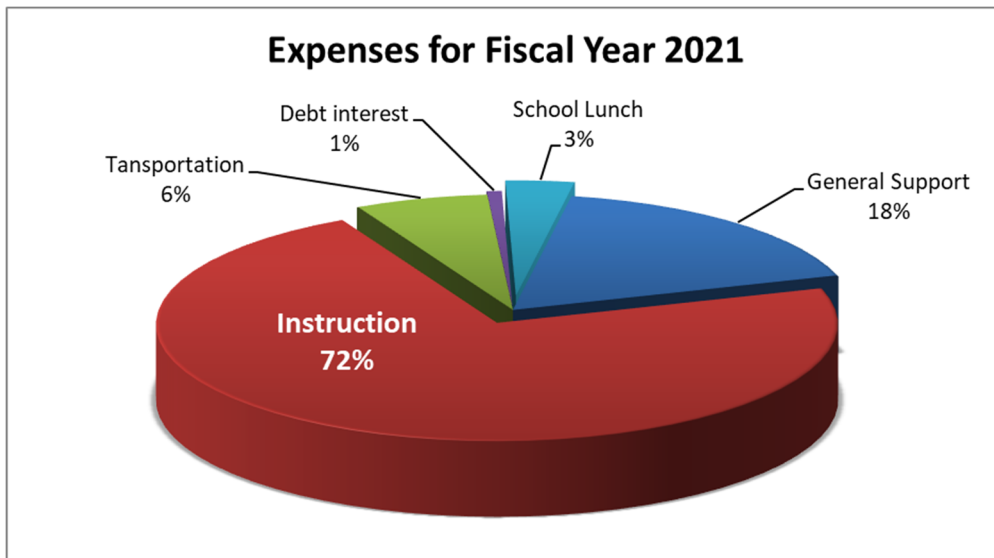
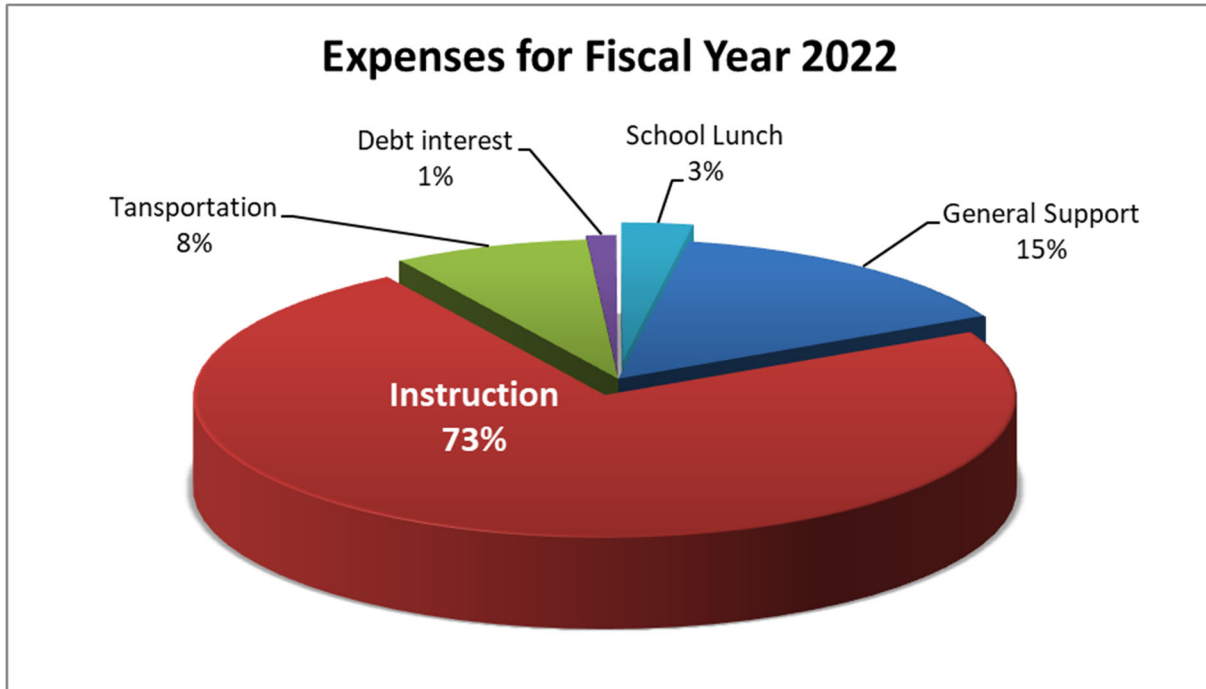
A graphic display of the distribution of revenues for the two years is as follows:



MILFORD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the year ended June 30, 2022

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



MILFORD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis For the year ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The district's well-funded reserves, including an unemployment reserve, a retirement contributions reserve (both ERS and TRS), an insurance reserve, a tax certiorari reserve, an employee benefit and an accrued liability reserve, and a repair serve to protect the district currently and will do so in the years ahead.

While these funds will not only protect the district from unforeseen expenses, the continued diligent planning of the administrative team and Board of Education, over many years prior, has put the Milford Central School District in a stable financial position.

The 2021-2022 budget includes the appropriation \$739,835 of fund balance to balance the budget. In the 2022-2023 school year budget that amount was reduced to \$640,000. It is important for the district to continue to reduce this figure moving forward.

The district continues to benefit from its participation in the Catskill Area Schools Benefit Plan (CASEBP), however, will see health insurance costs per plan increasing by 4% during the 2022-2023 school year.

The district continues to closely monitor all expenditures, resources, and the educational needs of our students. Multi-year budgeting practices are in place with a focus on sharing education resources and programs through our BOCES as well with other neighboring school districts.

GENERAL FUND BUDGETARY HIGHLIGHTS

The district's general fund budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances.

The District's General Fund adopted budget for the year 2021-22 was \$11,145,241, an increase in the amount of 3.82% over the previous budget. The adopted budget for 2022-2023 is \$11,322,140, an increase over last year in the amount of 1.59%.

The difference between the 2021-2022 General fund's original budget and the final amended budget was 55,340, made up of prior year encumbrances of \$55,142 and donations of \$198. In addition, the final budget variance with budgetary actual and encumbrances was reasonable.

In preparing the budget for the 2022-2023 school year, some changes in process that were instituted in the years prior were continued, to include the following:

- The 2022-2023 General Fund budget continues to include the purchase of a school bus as a line item.
- The budget includes a Capital Outlay project of \$100,000 or less to make small capital improvements to the district facilities.
- In an effort to remove barriers created by poverty, the district has decided to continue to provide student supplies and has eliminated fees for the use of musical instruments for the 2022-2023 school year.

MILFORD CENTRAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the year ended June 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets include: land and improvements, buildings and improvements, furniture, equipment, buses and vehicles. Depreciation expense is taken over the estimated useful life of these assets. The following schedule is the net value of these assets, which includes additions, deletions, and depreciation.

Capital Assets (Net of Depreciation) (in thousands)

	Governmental Activities and total School District	
	2021	2022
Land and improvements.....	\$ 82	\$ 70
Buildings.....	12,204	12,579
Furniture and equipment.....	199	176
Vehicles.....	350	545
Construction in progress.....	915	-
	<u>\$ 13,750</u>	<u>\$ 13,520</u>

Debt Administration

Total long-term debt includes serial bonds, installment loans, and contractual obligations to employees. The obligations to the employees include compensated absences such as unused vacation and sick days that may be paid out to the employee on their retirement and the actuarially calculated value of post-retirement health insurance any other post-employment benefits. The constitutional debt limit allows the district to have outstanding debt equal to or less than 10 percent of the full value on the most recent tax roll.

Outstanding Long-Term Debt (in thousands)

	Governmental Activities and total School District		
	2021	2022	Change
General Obligation Bonds.....	\$ 3,805	\$ 3,365	-11.6%
Compensated absences.....	337	322	-4.5%
Other Post Employment Benefits.....	39,727	44,205	11.3%
	<u>\$ 43,869</u>	<u>\$ 47,892</u>	<u>9.2%</u>

MILFORD CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis For the year ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE

In May 2022 the voters of the Milford Central School District approved a budget of \$11,322.241 for the 2022-2023 school year, an expenditure increase of 1.59.%.

The COVID19 pandemic will have long-lasting effects on the national and state economy as well as the district's financial outlook. The district continues to be well-positioned to mitigate any potential changes to State Aid, however, these mitigation efforts are not infinite. As budget lines are continually reduced to the greatest extent practicable, unexpected costs in the future could result in a reduction of staff.

The enactment of the Property Tax Cap Chapter 97 of the Laws of 2011 has resulted in limitations in the amount of funds the district can raise in taxes, both in the past as well as going forward.

In relation to State Aid, the district has reached full phase-in of its Foundation Aid; therefore, the district anticipates receiving the annual due minimum increase based on the enacted state budget going forward.

The district was allotted over \$1 million in American Rescue Plan funds over the last couple years. The district is using these funds to ensure that the students' needs are met in relation to academics, social and emotional learning. These funds roll off the end of the 2022-2023 and the 2023-2024 school year, therefore, the district continues to address concerns once these funds are depleted.

The district is always concerned with the challenges surrounding maintaining and upgrading the existing facilities. The Building Condition Survey and Five-Year Plan have been completed by the district's architects. School administration, along with the Board of Education are working with our financial advisors to begin planning our next capital project, taking into consideration the district needs and the impact on state aid as well as the impact on our taxpayers. To address some of these needs the district plans to go out to the taxpayers with a request to establish a Capital Reserve, in order to start funding potential future projects.

The Board of Education and the Administration continue to strive to be fiscally responsible to the community while sustaining a quality instructional program for students. The current economic climate will test the planning that has been done to date, and our district's ability to continue to provide a quality education will be dependent on the community, staff, administration, and Board working together to rethink what is possible under the current and potential future fiscal restraints.

REQUESTS FOR INFORMATION

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

Business Office
Milford Central School District
42 West Main Street
Milford, New York 13339

Basic Financial Statements

MILFORD CENTRAL SCHOOL DISTRICT

**Statement of Net Position
June 30, 2022**

ASSETS

Cash	
Unrestricted.....	\$ 1,792,752
Restricted.....	1,758,116
Receivables	
Accounts receivable.....	3,796
State and federal aid receivable.....	477,292
Due from other governments.....	178,819
Inventories.....	18,100
Net pension assets, proportionate share.....	3,398,249
Intangible lease assets, net.....	150,037
Capital assets, net.....	13,369,731
	<u>21,146,892</u>

DEFERRED OUTFLOW OF RESOURCES

Retiree benefit payments.....	9,542,833
Pensions.....	2,442,721
	<u>11,985,554</u>

LIABILITIES

Payables	
Accounts payable.....	23,549
Accrued expenses.....	419,647
Student deposits.....	74,553
Due To	
Other Governments.....	27,689
Teachers' Retirement System.....	33,193
Employees' Retirement System.....	-
Bond interest and matured bonds.....	5,221
Long-term liabilities	
Due and payable within one year	
Bonds payable.....	335,000
Leases payable.....	44,874
Due and payable after one year	
Bonds payable.....	3,030,000
Leases payable.....	58,488
Compensated absences payable.....	322,376
Other postemployment benefits payable.....	44,204,558
	<u>48,579,148</u>

DEFERRED INFLOW OF RESOURCES

Retiree benefit payments.....	2,320,471
Pensions.....	4,739,478
	<u>7,059,949</u>

NET POSITION

Investment in capital assets, net of related debt.....	10,008,873
Restricted.....	3,650,244
Unrestricted (deficit).....	(36,165,768)
	<u>\$ (22,506,651)</u>

MILFORD CENTRAL SCHOOL DISTRICT

**Statement of Net Activities and Changes in Net Position
For the year ended June 30, 2022**

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS					
General support.....	\$ 2,498,076	\$ -	\$ 721	\$ -	\$ (2,497,355)
Instruction.....	12,417,593	49,173	213,653	4,716	(12,150,051)
Pupil transportation.....	1,303,604	-	-	-	(1,303,604)
Community.....	5,254	-	-	-	(5,254)
Debt service interest.....	199,924	-	-	-	(199,924)
Foodservice.....	477,535	16,911	288,955	-	(171,669)
	<u>\$ 16,901,986</u>	<u>\$ 66,084</u>	<u>\$ 503,329</u>	<u>\$ 4,716</u>	<u>(16,327,857)</u>
GENERAL REVENUES					
Real property taxes.....					3,892,933
Other tax items.....					582,936
Use of money and property.....					2,854
Sale of property and compensation for loss.....					(1,267)
Miscellaneous.....					188,221
State sources.....					5,632,466
Federal sources.....					565,793
					<u>10,863,936</u>
Change in Net Position.....					\$ (5,463,921)
Total Net Position - Beginning of year.....					(17,088,483)
Other changes in Net Position.....					45,753
Total Net Position - End of year.....					<u>\$ (22,506,651)</u>

MILFORD CENTRAL SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
June 30, 2022**

	General	School Foodservice	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Cash						
Unrestricted.....	\$ 1,667,968	\$ 77,296	\$ 35,599	\$ -	\$ 11,889	\$ 1,792,752
Restricted.....	1,532,016	-	91,706	134,394	-	1,758,116
Receivables						
Accounts receivable.....	3,060	-	8,902	-	-	11,962
Due from other funds.....	173,062	-	-	-	-	173,062
Due from fiduciary funds.....	-	-	-	-	-	-
State and federal aid receivable.....	240,193	53,967	159,522	-	15,444	469,126
Due from other governments.....	178,819	-	-	-	-	178,819
Other receivables, net.....	-	-	-	-	-	-
Inventories.....	-	18,100	-	-	-	18,100
	<u>\$ 3,795,118</u>	<u>\$ 149,363</u>	<u>\$ 295,729</u>	<u>\$ 134,394</u>	<u>\$ 27,333</u>	<u>\$ 4,401,937</u>
LIABILITIES						
Payables						
Accounts payable.....	\$ 6,085	\$ 4,022	\$ 12	\$ -	\$ -	\$ 10,119
Accrued liabilities.....	419,647	-	-	-	-	419,647
Student deposits.....	-	-	74,553	-	-	74,553
Due to:						
Due to other funds.....	-	16,722	133,149	-	23,191	173,062
Due to fiduciary funds.....	-	-	-	-	-	-
Due to other governments.....	27,392	297	-	-	-	27,689
Due to Teachers' Retirement System.....	33,193	-	-	-	-	33,193
Deferred revenues.....	-	13,430	-	-	-	13,430
	<u>486,317</u>	<u>34,471</u>	<u>207,714</u>	<u>-</u>	<u>23,191</u>	<u>751,693</u>
FUND BALANCES						
Nonspendable.....	-	18,100	-	-	-	18,100
Restricted						
Unemployment insurance.....	36,368	-	-	-	-	36,368
Retirement contributions.....	420,376	-	-	-	-	420,376
Insurance.....	33,039	-	-	-	-	33,039
Tax certiorari.....	219,857	-	-	-	-	219,857
Employee benefit and accrued liability.....	322,376	-	-	-	-	322,376
Repair.....	500,000	-	-	-	-	500,000
Debt.....	-	-	-	134,394	-	134,394
Other.....	-	-	17,153	-	-	17,153
Assigned						
Appropriated.....	640,000	96,792	-	-	-	736,792
Encumbrances.....	81,286	-	70,862	-	4,142	156,290
Unassigned.....	1,055,499	-	-	-	-	1,055,499
	<u>3,308,801</u>	<u>114,892</u>	<u>88,015</u>	<u>134,394</u>	<u>4,142</u>	<u>3,650,244</u>
	<u>\$ 3,795,118</u>	<u>\$ 149,363</u>	<u>\$ 295,729</u>	<u>\$ 134,394</u>	<u>\$ 27,333</u>	<u>\$ 4,401,937</u>

MILFORD CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the year ended June 30, 2022**

	General	School Foodservice	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes.....	\$ 3,892,933	\$ -	\$ -	\$ -	\$ -	\$ 3,892,933
Other tax items.....	582,936	-	-	-	-	582,936
Charges for services.....	49,354	-	(954)	-	-	48,400
Use of money and property.....	2,619	14	19	62	-	2,714
Miscellaneous.....	187,921	-	837	-	-	188,758
Local sources.....	-	140	3,306	-	-	3,446
State sources.....	5,611,997	5,008	92,057	-	4,716	5,713,778
Medicaid reimbursement.....	44,139	-	-	-	-	44,139
Federal sources.....	-	288,955	672,829	-	-	961,784
Sales - school lunch.....	-	16,911	-	-	-	16,911
	<u>10,371,899</u>	<u>311,028</u>	<u>768,094</u>	<u>62</u>	<u>4,716</u>	<u>11,455,799</u>
EXPENDITURES						
General support.....	1,441,044	131,570	2,088	-	-	1,574,702
Instruction.....	4,815,475	-	584,038	-	-	5,399,513
Pupil transportation.....	396,316	-	13,768	-	-	410,084
Community service.....	800	-	12,515	-	-	13,315
Employee benefits.....	2,797,915	44,840	112,435	-	-	2,955,190
Debt service						
Principal.....	487,589	-	-	-	-	487,589
Interest.....	200,300	-	-	-	-	200,300
Cost of sales.....	-	101,154	-	-	-	101,154
Capital outlay.....	161,404	-	-	-	104,389	265,793
	<u>10,300,843</u>	<u>277,564</u>	<u>724,844</u>	<u>-</u>	<u>104,389</u>	<u>11,407,640</u>
Excess (Deficiency) of Revenues over Expenditures.....	<u>71,056</u>	<u>33,464</u>	<u>43,250</u>	<u>62</u>	<u>(99,673)</u>	<u>48,159</u>
OTHER FINANCING SOURCES AND (USES)						
Operating transfers in.....	15,000	-	14,012	105,017	92,252	226,281
Operating transfers (out).....	(106,264)	-	-	(15,000)	(105,017)	(226,281)
	<u>(91,264)</u>	<u>-</u>	<u>14,012</u>	<u>90,017</u>	<u>(12,765)</u>	<u>-</u>
Net Change in Fund Balances.....	(20,208)	33,464	57,262	90,079	(112,438)	48,159
Fund Balances - Beginning of year.....	3,329,009	81,428	31,816	44,315	116,580	3,603,148
Other Changes in fund balance.....	-	-	(1,063)	-	-	(1,063)
Fund Balances - End of year.....	<u>\$ 3,308,801</u>	<u>\$ 114,892</u>	<u>\$ 88,015</u>	<u>\$ 134,394</u>	<u>\$ 4,142</u>	<u>\$ 3,650,244</u>

MILFORD CENTRAL SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities
in the statement of net position are different due to the following:

Total fund balances - governmental funds..... \$ 3,650,244

Capital and intangible assets are used in governmental activities are long-term assets they
are not financial resources and, therefore, are not reported in governmental funds

Net capital assets recorded in statement of net position..... 13,369,731

Net intangible assets recorded in statement of net position..... 150,037

Proportionate share of long-term asset and liability associated with participation in state
retirement systems are not current financial resources or obligations and are not reported in
governmental funds:

Net pension asset..... 3,398,249

Deferred outflows..... 2,442,721

Deferred inflows..... (4,739,478)

Other Post Employment Benefit obligations paid for the benefit of retired employees as part of
their employment contracts are not current financial obligations therefore not reported in
governmental funds:

Other Post Employment Benefits..... (44,204,558)

Deferred outflows..... 9,542,833

Deferred inflows..... (2,320,471)

Long-term liabilities are not due and payable in the current period and, therefore, are not
reported in governmental funds:

Compensated Absences..... (322,376)

Serial Bonds..... (3,365,000)

Lease liability..... (103,362)

Accrued Interest on Long Term Debt..... (5,221)

Net Position of Governmental Activities..... \$ (22,506,651)

MILFORD CENTRAL SCHOOL DISTRICT

**Reconciliation of Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Statement of Activities
For the year ended June 30, 2022**

Amounts reported for governmental activities in the statement activities are different due to the following:

Net Changes in Fund Balance - Total Governmental Funds..... \$ 48,159

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown as assets in the statement of net position and depreciation is allocated over their useful lives.

Depreciation expense.....	(629,560)
Amortization expense.....	(47,730)
Capital outlays.....	250,408
Intangible lease value acquired for use.....	49,530

Proceeds from the sale of assets are recorded as revenue in the governmental funds, while only the net gain or loss on the sale is reported in the statement of activities.

Net gain or loss on sale of fixed assets.....	(1,267)
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Changes in proportionate share of net pension asset/liability reported in the statement of activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the government funds.

Teachers' retirement system.....	451,108
Employees' retirement system.....	168,803

Changes in Other Post Employment Benefits obligations paid for the benefit of retirees as part of their employment contracts do not require the use of current financial resources and therefore are not reported as revenues or expenditures in the government funds.

Change in Other Post Employment Benefits payable.....	(6,206,045)
---	-------------

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceed proceeds.

Repayment of Bond Principal.....	440,000
Repayment of Lease Principal.....	47,589

Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Compensated Absences.....	14,238
Change in accrued Interest.....	376

Change in Net Position - Governmental Activities.....	<u>\$ (5,463,921)</u>
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MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A) Reporting Entity

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

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

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

1) Extra Classroom Activity Funds

The Extra Classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activity Funds are included with this report. The district accounts for assets held as an agent for various student organizations in a Miscellaneous Special Revenue Fund, reported as part of Special Revenue Fund.

2) Scholarship Funds

The Scholarship Funds of the District represent funds of donors. The Board of Education exercises general oversight of these funds. These funds are independent of the District with respect to its financial transactions. The district accounts for these funds in a Miscellaneous Special Revenue Fund, reported as part of the Special Revenue Fund.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

B) Joint Venture

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

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

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.

During the year, the District was billed \$1,484,209 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$391,527. Financial statements for BOCES are available from the BOCES administrative office at 2020 Jump Brook Road, Grand Gorge, New York 12434.

C) Basis of Presentation

1) District-wide statements:

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

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

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

2) Fund financial statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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

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

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extra classroom activity funds and for payroll or employee withholding.

D) Measurement focus and basis of accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 120 days after the end of the fiscal year.

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

E) Property Taxes

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

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

F) Restricted resources

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

G) Interfund transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

H) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, other postemployment benefits, potential contingent liabilities and useful lives of long-lived assets.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

I) Cash (and cash equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the 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 deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

J) Receivable (or Accounts receivable)

Receivables (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.

K) Inventories and prepaid items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

L) 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.

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

M) Capital assets

Capital assets are reported at actual cost for acquisitions subsequent to July 2016. For assets acquired prior to this date, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

<u>Classes of Capital Assets</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$5,000	Straight Line	20 - 50 Years
Furniture and Equipment	\$5,000	Straight Line	5 - 20 Years
Licensed Vehicles	\$5,000	Straight Line	8 - 10 Years

Capital assets that are not depreciated include land and construction in progress. Certain infrastructure capital assets are accounted for using the modified approach permitted for eligible assets under GASB 34. The modified approach requires that an asset management system be established which assures that an expenditure amount sufficient to preserve the assets in good condition for proper and efficient functioning is budgeted each year in lieu of depreciation. Accordingly, all expenditures made for those assets, other than additions and improvements that increase capacity or efficiency, are charged to expense in the period incurred instead of calculating depreciation. The school district is required to conduct a condition assessment of these assets at least once every three years.

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly are the District contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

O) Deferred revenues

Deferred revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

Many deferred revenues recorded in governmental funds are not recorded in the District-wide statements.

P) Vested employee benefits

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

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

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

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

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Q) Other benefits

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expense.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

R) Short-term debt

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

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

S) Accrued liabilities and long-term obligations

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

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

T) Equity classifications

District-wide statements

In the district-wide statements there are three classes of Net Position:

- 1) **Invested in Capital Assets, Net of Related Debt** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- 2) **Restricted Net Position** – reports Net Position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- 3) **Unrestricted Net Position** – reports all other Net Position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Fund statements:

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

- 1) **Non-spendable** fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$18,100.
- 2) **Restricted fund balance** - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance.

Restricted fund balance includes the following:

General Fund:

Unemployment insurance.....	\$ 36,368
Retirement contributions.....	420,376
Insurance.....	33,039
Tax certiorari.....	219,857
Employee benefit accrued liability.....	322,376
Repair.....	500,000
Debt Service Fund	
Debt payments.....	134,394
Special Revenue Funds	
Scholarships.....	17,153
	<u>\$ 1,683,563</u>

The School District has established the following restricted fund balances:

- i. Employee Benefit Accrued Liability
According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- ii. Retirement Contributions
According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.
- iii. Unemployment Insurance
According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

iv. Capital

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

v. Repairs

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

vi. Insurance

According to General Municipal Law §6-n, 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.

- 3) **Committed fund balance** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2022.
- 4) **Assigned fund balance** - 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.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Assigned fund balance includes the following:

General Fund	
Subsequent year's expenditures.....	\$ 640,000
Encumbrances.....	81,286
Special Revenues Fund	
Encumbrances.....	70,862
School Lunch Fund	
Subsequent year's expenditures.....	96,792
Encumbrances.....	-
Capital Projects Fund	
Encumbrances.....	4,142
	<u>\$ 893,082</u>

Unassigned fund balance - Includes all other General Fund Net Position that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District.

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 School 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.

Spending Prioritization:

Unless the determination to use restricted, committed or assigned fund balance is made by the District prior to spending amounts on an expenditure incurred, the spending prioritization policy of the District shall be followed.

In the case that expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available; the District considers unrestricted amounts to have been spent. In the case that expenditures are incurred for which committed, assigned, and unassigned fund balance is available; the District considers unassigned amounts to have been spent. The specific fund balance spending prioritization of the District is as follows:

1. Unassigned
2. Assigned
3. Committed
4. Restricted

U) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standards issued by GASB.

GASB has issued Statement 87, Leases

GASB has issued Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, effective for the year ending June 30, 2022

V) Future Changes in Accounting Standards

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

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

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

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

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

A) Total fund balances of governmental funds vs. net position of governmental activities:

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

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

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

1) Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned.

Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2) Capital related differences:

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

3) Long-term debt transaction differences:

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

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

1) General Fund

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

Appropriations are adopted at the program line item level.

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

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

2) Capital Project

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

3) Special Aid Funds

Budgets are established by grantors and used for individual program fund expenditures. The maximum program amount authorized is based upon the grantor contracts and agreements not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the program.

B. Encumbrances

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

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 4 CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized.....	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name.....	<u>\$ 3,260,662</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,758,116.

Note 5 DONOR RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships. Donor-restricted endowments are \$17,153 and are reported in the Special Revenue Fund. The amount of net appreciation on investments of donor-restricted endowments that is available for authorization for expenditure by the District is \$17,153. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donors.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 6 CAPITAL ASSETS

General fixed assets are carried at estimated historical cost. The values of these assets, including any donated assets, are measured at the most recent cash or cash equivalent price of the asset as established by an independent appraiser. The most recent appraisal date was July 2016. Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Any costs related to the asset that are incurred after the appraisal date such as additions, improvements, or replacements are added to the value of the asset if they provide future service potential; otherwise, they are expended in the period of occurrence. Proceeds from dispositions of property are included in income.

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Construction in progress.....	\$ 914,955	\$ -	\$ 914,955	\$ -
Total nondepreciable historical cost.....	<u>914,955</u>	<u>-</u>	<u>914,955</u>	<u>-</u>
Capital assets that are depreciated:				
Land and improvements.....	232,024	-	-	232,024
Buildings.....	21,336,650	834,424	-	22,171,074
Furniture and equipment.....	461,077	-	15,212	445,865
Licensed vehicles.....	960,653	381,238	105,131	1,236,760
Total depreciable historical cost.....	<u>22,990,404</u>	<u>1,215,662</u>	<u>120,343</u>	<u>24,085,723</u>
Less: accumulated depreciation				
Land and improvements.....	150,366	11,601	-	161,967
Buildings.....	9,132,429	459,830	-	9,592,259
Furniture and equipment.....	262,120	21,770	13,945	269,945
Licensed vehicles.....	610,294	136,359	54,832	691,821
Total accumulated depreciation.....	<u>10,155,209</u>	<u>629,560</u>	<u>68,777</u>	<u>10,715,992</u>
Total depreciable and non-depreciable historical cost, net.....	<u>\$ 13,750,150</u>			<u>\$ 13,369,731</u>
Depreciation expense was charged to governmental functions as follows:				
Administrative services.....		58,760		
Instruction.....		330,112		
Foodservice.....		47,159		
Student transportation.....		193,529		
		<u>\$ 629,560</u>		

The district does not have infrastructure assets as defined by GASB publications.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 7 SHORT-TERM DEBT

The District may issue Revenue Anticipation Notes and Tax Anticipation Notes, in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished using expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes, in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will 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.

Note 8 LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Addition/ Issued</u>	<u>Deletion/ Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bond Issue:					
Serial Bond - 2006	\$ 160,000	\$ -	\$ 160,000	\$ -	\$ -
Serial Bond - 2012	870,000	-	115,000	755,000	115,000
Serial Bond - 2021	2,775,000	-	165,000	2,610,000	220,000
Total bonds and notes payables	\$ 3,805,000	-	440,000	\$ 3,365,000	\$ 335,000
Other Liabilities					
Compensated absences	336,613	-	14,237	322,376	-
Other post employment benefits	39,727,189	6,323,570	1,846,201	44,204,558	1,896,972
Total	<u>\$ 43,868,802</u>	<u>6,323,570</u>	<u>2,300,438</u>	<u>\$ 47,891,934</u>	<u>\$ 2,231,972</u>

Compensated absences - represent the value of earned and unused portion of the liability for compensated absences.

Other post-employment benefits – represent actuarial valuations of an ongoing post-employment plans involving estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

The following is a summary of maturity of bond indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Serial Bond	6/22/2012	6/15/2028	3.00%	\$ 755,000
Serial Bond	6/16/2021	6/15/2036	4.00%	2,610,000
				<u>\$ 3,365,000</u>

Principal and interest payments due on bonds payable is as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 335,000	\$ 143,350	\$ 478,350
2024	345,000	131,100	476,100
2025	360,000	118,200	478,200
2026	375,000	104,425	479,425
2027	260,000	87,625	347,625
2028-2032	920,000	289,225	1,209,225
2033-2036	770,000	80,400	850,400
Total	<u>\$ 3,365,000</u>	<u>\$ 954,325</u>	<u>\$ 4,319,325</u>

Interest paid on long term debt during the year was:

Interest paid.....	\$ 196,163
Less: interest accrued in the prior year.....	(5,597)
Add: interest accrued in current year.....	5,221
	<u>\$ 195,787</u>

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 9 LEASES

The district leases instructional and other equipment under noncancelable operating leases. These leases generally fall under two lease models: 1) Single purchase lease with 5-year amortization, 2) asset(s) purchased through installment purchase agreement (IPA) with 5-year amortization. Payments under these was \$51,726.

Below is a schedule of lease liability activity during the year:

	(restated) Beginning Balance	Issued	Payment	Redeemed	Interest	Ending Balance
ONC BOCES Instructional equipment pool						
2019 Instructional equipment.....	\$ 20,124	\$ -	\$ 10,478	\$ 9,926	\$ 552	\$ 10,198
2018 Instructional equipment.....	3,112	-	3,197	3,112	85	-
2019 Instructional equipment.....	15,511	-	8,076	7,651	425	7,860
2020 Instructional equipment.....	19,194	-	6,752	6,226	526	12,968
2021 Instructional equipment.....	6,551	-	1,751	1,572	179	4,979
2022 Instructional equipment.....	-	30,459	6,602	5,767	835	24,692
BT BOCES Office Equipment						
2021 Office Copiers.....	24,686	-	6,600	5,923	677	18,763
BT BOCES Equipment pool						
2018 Instructional equipment.....	641	-	658	641	17	-
2020 Instructional equipment.....	4,455	-	1,567	1,445	122	3,010
2021 Instructional equipment.....	7,147	-	1,912	1,715	197	5,432
2022 Instructional equipment.....	-	19,071	4,133	3,611	522	15,460
	<u>\$ 101,421</u>	<u>\$ 49,530</u>	<u>\$ 51,726</u>	<u>\$ 47,589</u>	<u>\$ 4,137</u>	<u>\$ 103,362</u>

Below is a description of lease liabilities:

Maturities of lease liabilities:

Fiscal Year			
Ending June 30	Principal	Interest	Total
2023	\$ 45,037	\$ 2,832	\$ 47,869
2024	27,718	1,598	29,316
2025	20,159	838	20,997
2026	10,449	286	10,735
	<u>\$ 103,363</u>	<u>\$ 5,554</u>	<u>\$ 108,917</u>

Note 10 INTERFUND BALANCES AND TRANSFERS

	Receivable	Payable	Financing Source	Financing Use
General Fund.....	\$ 173,062	\$ -	\$ 15,000	\$ 106,264
School Food Service Fund.....	-	16,722	-	-
Special Aid Fund.....	-	133,149	14,012	-
Capital Projects Fund.....	-	23,191	92,252	105,017
Debt Service Fund.....	-	-	105,017	15,000
	<u>\$ 173,062</u>	<u>\$ 173,062</u>	<u>\$ 226,281</u>	<u>\$ 226,281</u>

All interfund payables are expected to be repaid within one year.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 11 PENSION PLANS

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

1) *Provisions and administration:*

Teachers' Retirement System (TRS): The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org

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

- 2) *Funding policies:* The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

The District made payment of the required contributions, based on covered payroll was:

Contributions	ERS	TRS
2022	\$ 180,707	\$ 280,978
2021	176,419	281,617
2020	166,569	325,171

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

3) Pension Liabilities, Pension Expense (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial valuation date.....	3/31/2022	6/30/2021
Net pension liability (asset).....	\$ (388,086)	\$ (3,010,163)
District's portion of the Plan's total net pension liability (asset).....	0.0047475%	0.017371%

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense of (\$168,803) for ERS and the actuarial value (\$451,108) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience.....	\$ 29,390	\$ 414,919	\$ 38,121	\$ 15,639
Changes of assumptions.....	647,672	990,106	10,929	175,333
Net difference between projected and actual earnings on pension plan investments.....	-	-	1,270,818	3,150,447
Changes in proportion and differences between the District's contributions and proportionate share of contributions.....	24,705	54,951	41,647	36,544
District's contributions subsequent to the measurement date.....	-	-	-	-
	<u>701,767</u>	<u>1,459,976</u>	<u>1,361,515</u>	<u>3,377,963</u>

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

	ERS	TRS
Year ended:		
2020	\$ (101,306)	\$ (386,620)
2021	(148,626)	(457,250)
2022	(335,179)	(570,957)
2023	(74,637)	(755,440)
2024	-	146,624
Thereafter	-	-

5) Actuarial Assumptions

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

	ERS	TRS
Measurement date	3/31/2022	6/30/2021
Actuarial valuation date	4/1/2021	6/30/2020
Inflation	2.70%	2.40%
Salary increases	4.40%	5.2 - 2.0%
Investment rate of return	5.90%	7.00%
Cost-of-living adjustment	1.40%	1.30%
Decrement tables	MP2020	MP2020

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2019. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014. System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2014 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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

Measurement date	ERS		TRS	
	3/31/2022		6/30/2021	
	Target	long-term	Target	long-term
Asset Class:	allocation	expected real	allocation	expected real
		rate of return		rate of return
Domestic equities	32.0%	3.3%	33.0%	6.8%
International equities	15.0%	5.9%	16.0%	7.6%
Global equities	-	-	4.0%	7.1%
Private equity	10.0%	6.5%	8.0%	10.0%
Real estate	9.0%	5.0%	11.0%	3.3%
Opportunistic portfolio	3.0%	4.1%	-	-
Credit	4.0%	3.8%		
Real assets	3.0%	5.8%	-	-
Fixed income	23.0%	0.0%	16.0%	1.3%
Private debt	-	-	1.0%	5.9%
Global bond income	-	-	2.0%	8.0%
Real estate mortgages	-	-	7.0%	3.3%
High-yield bond income	-	-	1.0%	3.8%
Cash	1.0%	-1.0%	1.0%	-0.2%
	100.0%		100.0%	

6) Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

7) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage point higher than the current rate :

ERS	1% Decrease	Current Assumption (5.9%)	1% Increase
Employer's proportionate share of the net pension liability (asset)	\$ 998,929	\$ (388,086)	\$ (1,548,256)
TRS	1% Decrease	Current Assumption (7.0%)	1% Increase
Employer's proportionate share of the net pension liability (asset)	\$ (315,873)	\$ (3,010,163)	\$ (5,247,519)

8) Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)		
Valuation date	ERS 3/31/2022	TRS 6/30/2021	Total
Employers' total pension liability	\$ 223,874,888	\$ 42,237,292	\$ 266,112,180
Fiduciary net position	232,049,473	41,669,250	273,718,723
Employers' net pension liability	\$ (8,174,585)	\$ 568,042	\$ (7,606,543)
Ratio of plan net position to the Employers' total pension liability	103.7%	98.7%	102.9%

9) Other items

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

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2022 is \$20,123 for ERS and \$(186,315) for TRS.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 12 POST-EMPLOYMENT BENEFITS

The District provides post-employment coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

1) General Information about the OPEB Plan

Plan Description - The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided - The school district provides medical, dental and vision benefits to its retired employees and their spouses. Employees are eligible for these benefits upon retirement at age 55 or over with at least 10 years of service. The school district pays from 85% to 100% of the cost of individual coverage and 0% to 85% of the cost spouse or dependent coverage.

Employees Covered by Benefit Terms – At December 31, 2021, the following employees were covered by the benefit terms:

Inactive Members or Beneficiaries Currently Receiving Benefits	93
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Members	93
	<hr/> 186

2) Total OPEB Liability

The District's total OPEB liability of \$44,204,558 was measured as of December 31, 2021 and was determined by an actuarial valuation as of January 1, 2021.

Actuarial Assumptions and Other Inputs – The actuarial assumptions used to value the post-retirement medical liabilities can be categorized into three groups: economic assumptions, healthcare assumptions, and demographic assumptions. The total OPEB liability in the January 1 2021 actuarial valuation applied to all periods included in the measurement.

Economic Assumptions The two economic assumptions used in the valuation are the discount rate and the health care cost trend rates. The economic assumptions are used to account for changes in the cost of benefits over time and to discount future benefit payments for the time value of money.

Inflation	2.5%
Salary increases	Vary by pension retirement system membership TRS or ERS
Discount rate	2.12% prior measurement date 2.05% measurement date
Mortality Table	Based on same assumptions used for TRS and ERS
Health Care Cost Trends	6.73% decreasing to an ultimate rate of 4.04% by 2075 Known premium increases followed by 6.0% decreasing gradually to an ultimate rate of 4.04% by 2075.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The assumption is consistent with the Social Security administration's current best estimate of the ultimate long-term (75-year horizon) annual percentage increase in CPI.

Healthcare Cost Trends: Medical costs have historically increased more rapidly than the rate of inflation. In estimating future retiree benefits, future increases in medical costs must be taken into consideration. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group. The following assumptions were used as input variables into this model:

Inflation	2.5%
Salary Increases	Vary by Pension retirement system membership New York State Teachers Retirement System (TRS) or Employees Retirement System (ERS)
Discount Rate	
Prior measurement Date	2.12%
Current Measurement Date	2.05%
Mortality Table	MP-2021
Medical / Rx Trends	6.00% from 2021 to 2022, decreasing gradually to an ultimate rate of 4.04% by 2075
Part B Trends	6.73% in 2021, followed by projected Part B premium increase shown in the 2021 Medicare Trustees report, Decreasing gradually to an ultimate rate of 4.04% by 2075
Dental / Vision Trends	3.50% in 2021, followed by 3.00% thereafter

Health care trend rates reflect both the current and long-term outlook for increases in health care costs. The short-term rates are based on recent industry surveys, plan experience and near-term expectations. The long-term trend rate is based on our general inflation assumption plus an adjustment to reflect expectations for long-term medical inflation.

Demographic Assumptions: The mortality rates used in this valuation were developed by the Office of the Actuary of the New York Teachers Retirement System (TRS) and the Office of the Actuary for the New York State Employees Retirement System (ERS), for the valuation of their respective pension liabilities.

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

3) Changes in the Total OPEB Liability

Fiscal Year Ending.....	6/30/2022
Measurement Period Ending.....	12/31/2021
Total OPEB Liability	
Service Cost.....	\$ 1,696,489
Interest.....	869,241
Change in Benefit terms.....	2,673,267
Difference between expected and actual experience.....	(198,230)
Changes in assumptions or other inputs.....	284,555
Benefit payments.....	(847,953)
Net change.....	4,477,369
Balance at the beginning of the year.....	39,727,189
Balance at the end of the year.....	<u>\$ 44,204,558</u>

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

	Discount Rate		
	Baseline		
	1% Decrease	Rate 2.05%	1% Increase
Total OPEB Liability	\$ 54,649,362	\$ 44,204,558	\$ 36,384,433

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

	Healthcare Cost Trend Rates		
	Baseline		
	1% Decrease	Various %	1% Increase
Total OPEB Liability	\$ 35,310,556	\$ 44,204,558	\$ 56,454,832

4) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$6,206,045. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ -	\$ 1,870,937
Changes of assumption or other inputs.....	9,542,833	449,534
	<u>\$ 9,542,833</u>	<u>\$ 2,320,471</u>

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

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

	Amount
Year ending June 30, 2023.....	1,815,001
2024.....	1,815,001
2025.....	1,842,908
2026.....	1,282,463
2027.....	454,656
Thereafter.....	12,333
	<u>\$ 7,222,362</u>

Note 13 RISK MANAGEMENT

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

Note 14 CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability:

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

Contingent Liability for Sick Leave:

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness).

Potential Liability to New York State:

The District has receives state aid revenue sharing and grants, which are subject to audit by New York State Comptroller's Office. Such audits may result in adjustments to revenues. Based on prior audits, the district's administration believes any adjustments will be immaterial.

Note 15 TAX ABATEMENTS

The District received payment in Lieu of Tax (PILOT) payment totaling \$124,836.

The County of Otsego enters property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$5,766 because of this program.

The Town of Milford enter property tax abatement programs for the purpose of subsidized housing for low-income individuals. The School District property tax revenue was reduced by \$9,100.

Note 16 PRIOR PERIOD ADJUSTMENT

The District has adjusted prior period fund balance and net position by \$45,753 for the following items:

- 1) State aid for Special Revenue no longer collectible(\$1,063)
- 2) Reclassification of \$46,816 fund balances to comply with Governmental Accounting Standards Board pronouncement number 87, Leases .

MILFORD CENTRAL SCHOOL DISTRICT

Notes to the Financial Statements

Note 17 SUBSEQUENT EVENTS

The District has evaluated subsequent events through the issuance date of the financial statements. On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the date of this filing, the District has implemented reopening plans for the school year which includes elements of in-person and remote learning. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact financial position and results of operations on a long-term basis.

Required Supplementary Information

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (non-GAAP basis) and Actual – General Fund
For the year ended June 30, 2022**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes.....	\$ 4,341,746	\$ 3,894,759	\$ 3,892,933	\$ 1,826
Other tax items.....	133,568	580,555	582,936	(2,381)
Charges for services.....	13,200	13,200	49,354	(36,154)
Use of money and property.....	4,000	4,000	2,619	1,381
Sale of property and compensation for loss.....	-	-	-	-
Miscellaneous.....	121,927	122,125	187,921	(65,796)
	<u>4,614,441</u>	<u>4,614,639</u>	<u>4,715,763</u>	<u>(101,124)</u>
State sources.....	5,642,965	5,642,965	5,611,997	30,968
Medicaid reimbursement.....	15,000	15,000	44,139	(29,139)
Federal sources.....	-	-	-	-
Total Revenues.....	<u>10,272,406</u>	<u>10,272,604</u>	<u>10,371,899</u>	<u>(99,295)</u>
OTHER FINANCING SOURCES				
Transfers from other funds.....	15,000	15,000	15,000	
Appropriated fund balances.....	<u>857,834</u>	<u>912,977</u>	<u>-</u>	
Total Revenues & Other Financing Sources.....	<u>\$ 11,145,240</u>	<u>\$ 11,200,581</u>	<u>\$ 10,386,899</u>	

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (non-GAAP basis) and Actual – General Fund
For the year ended June 30, 2022**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education.....	\$ 11,510	13,763	11,533	30	\$ 2,200
Central administration.....	215,025	222,483	221,255	853	375
Finance.....	307,082	320,978	301,258	13,884	5,836
Staff.....	84,940	92,847	88,509	2,834	1,504
Central services.....	658,458	677,492	634,332	17,730	25,430
Special items.....	193,463	190,465	184,157	-	6,308
	<u>1,470,478</u>	<u>1,518,028</u>	<u>1,441,044</u>	<u>35,331</u>	<u>41,653</u>
Instruction					
Instruction, administration, and improvement.....	147,786	170,278	167,449	1,047	1,782
Teaching - regular school.....	2,400,878	2,320,583	2,167,073	10,089	143,421
Programs for children with handicapping conditions.....	1,937,805	1,941,419	1,708,009	5,183	228,227
Teaching - special school.....	61,452	85,498	74,810	-	10,688
Instructional media.....	276,791	283,020	265,849	116	17,055
Pupil services.....	512,323	529,116	432,285	3,706	93,125
	<u>5,337,035</u>	<u>5,329,914</u>	<u>4,815,475</u>	<u>20,141</u>	<u>494,298</u>
Student Transportation.....	469,936	470,446	396,316	8,555	65,575
Community services.....	851	851	800	-	51
Employee Benefits.....	2,914,302	2,933,703	2,797,915	17,262	118,526
Debt Service, principal.....	455,000	443,000	487,589	-	(44,589)
Debt Service, interest.....	217,958	217,958	200,300	-	17,658
Capital outlay.....	154,680	161,681	161,404	-	277
Total Expenditures.....	<u>11,020,240</u>	<u>11,075,581</u>	<u>10,300,843</u>	<u>81,289</u>	<u>693,449</u>
OTHER FINANCING USES					
Transfers to other funds.....	125,000	125,000	106,264	-	18,736
Total Expenditures and Other Uses....	<u>\$ 11,145,240</u>	<u>\$ 11,200,581</u>	<u>\$ 10,407,107</u>	<u>\$ 81,289</u>	<u>\$ 712,185</u>
Net change in fund balances.....			(20,208)		
Fund balance - beginning.....			3,329,009		
Fund balance - ending.....			<u>\$ 3,308,801</u>		

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of Other Post-Employment Benefits
For the year ended June 30, 2022**

Schedule of Changes in total OPEB Liability and Fiduciary Net Position

Fiscal Year Ending.....	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Period Ending.....	12/31/2021	12/31/2020	12/31/2019	6/30/2019	6/30/2018
Total OPEB Liability					
Service Cost.....	\$ 1,696,489	\$ 1,379,331	\$ 390,032	\$ 683,294	\$ 721,021
Interest.....	869,241	987,724	468,292	945,523	861,393
Change in Benefit terms.....	2,673,267	-	-	-	-
Difference between expected and actual experience.....	(198,230)	(1,297,724)	(1,326,995)	-	-
Changes in assumptions or other inputs.....	284,555	4,393,992	9,186,187	1,535,449	(1,165,696)
Benefit payments.....	(847,953)	(804,802)	(346,955)	(425,901)	(518,228)
Net change.....	4,477,369	4,658,521	8,370,561	2,738,365	(101,510)
Balance at the beginning of the year.....	39,727,189	35,068,668	26,698,107	23,959,742	24,061,252
Balance at the end of the year.....	<u>\$ 44,204,558</u>	<u>\$ 39,727,189</u>	<u>\$ 35,068,668</u>	<u>\$ 26,698,107</u>	<u>\$ 23,959,742</u>

Plan Fiduciary Net Position

Contributions from employer.....	847,953	804,802	346,955	425,901	518,228
Benefit payments made.....	(847,953)	(804,802)	(346,955)	(425,901)	(518,228)
Net change.....	-	-	-	-	-
Balance at the beginning of the year.....	-	-	-	-	-
Balance at the end of the year.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Employer OPEB Contributions

Actuarially Determined Contribution.....	\$ 5,325,322	\$ 5,463,323	\$ 8,717,516	\$ 3,164,266	\$ 416,718
Contributions in relation to the Actuarially Determined Contri.....	(847,953)	(804,802)	(346,955)	(425,901)	(518,228)
Contributions Deficiency (Excess).....	<u>\$ 4,477,369</u>	<u>\$ 4,658,521</u>	<u>\$ 8,370,561</u>	<u>\$ 2,738,365</u>	<u>\$ (101,510)</u>
Covered Payroll.....	\$ 4,097,256	\$ 4,145,192	\$ 3,974,713	\$ 3,952,005	\$ 3,383,516
Contributions as a percentage of Covered Payroll.....	20.7%	19.4%	8.7%	10.8%	15.3%

MILFORD CENTRAL SCHOOL DISTRICT

Schedule of Other Post-Employment Benefits For the year ended June 30, 2022

Significant Methods and Assumptions used in Calculating the Actuarially Determined Contributions:

Actuarial Cost Method

The Actuarial Cost Method used to determine the Total OPEB Liability and the Annual Required Contribution is the Entry Age Normal (EAN) method as prescribed by GASB No. 75. This method is in the family of future benefit cost methods, which requires an estimate of the projected benefit payable at retirement to determine costs and liabilities.

The Normal Cost (or Service Cost) is the annual allocation required for each participant from entry date to the assumed retirement date so that the accumulated allocation at retirement is equal to the liability for the projected benefit. The projected benefits are based on estimates of future years of service and projected health benefit costs. The normal cost is developed as a level percent of compensation as prescribed by GASB No. 75.

The Present Value of Future Benefits is equal to the value of the projected benefit payable at retirement discounted back to the participant's current age. Discounts include such items as interest and mortality. The present value of future normal cost allocations is equal to the discounted value of the normal costs allocated from the member's current age to retirement age.

The difference between the Present Value of Future Benefits and the present value of future normal cost allocations represents the Total OPEB Liability at the participant's current age.

The Total OPEB Liability for participants currently receiving payments is calculated as the actuarial present value of future benefits expected to be paid. No normal cost is allocated for these participants.

Financial and Census Data

The School District provided the participant data, financial information and plan descriptions used in this valuation. The actuary has checked the data for reasonableness, but has not independently audited the data. The actuary has no reason to believe the data is not complete and accurate, and knows of no further information that is essential to the preparation of the actuarial valuation.

Plan Fiduciary Net Position

Market value of assets as of the measurement date is zero because the plan is funded on a pay-as-you-go basis.

MILFORD CENTRAL SCHOOL DISTRICT

Schedule of Other Post-Employment Benefits For the year ended June 30, 2022

Economic Assumptions

1. **Discount Rate:** An interest rate of 2.05% was used. The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.
2. **Inflation:** 2.50% per year.
3. **Salary increases** Vary by pension retirement system membership TRS or ERS.
4. **Health Care Cost Trend:** Medical costs have historically increased more rapidly than the rate of inflation. In estimating future retiree benefits, future increases in medical costs must be taken into consideration. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables were developed under the guidance of the SOA Project Oversight Group.

The assumptions are summarized as follows:

- a) Rate of inflation: 2.50%
- b) Rate of growth in real income/ GDP per capita: 1.5%
- c) Extra trend due to technology and other factors: 1.2%
- d) Health share of GDP resistance point: 25%
- e) Year for limiting cost growth to GDP growth: 2075
- f) Pre-Medicare: 6.00% for 2021 decreasing to an ultimate rate of 4.04% by 2075
- g) Medicare: 6.73% for 2021 decreasing to an ultimate rate of 4.04% by 2075

Medical Assumptions

1. **Initial Per Capita Claim Costs:** beginning in 2021 period. These costs are assumed to increase with health care trend rates in the future.
2. **Annual Part B premium reimbursements:** beginning in 2021 the amount of \$1,626 for all Medicare eligible participants and they are assumed to increase according to Medicare Part B trend rates.

MILFORD CENTRAL SCHOOL DISTRICT

Schedule of Other Post-Employment Benefits
For the year ended June 30, 2022

Demographic Assumptions

3. **Census Collection Date:** The census used in this report represents the eligible population as of July 1, 2021. The valuation date is January 1, 2021 and measurement date are December 31, 2021.
4. **Mortality:** The mortality rates used in this valuation were developed by the Office of the Actuary of the New York Teachers Retirement System (TRS) and the Office of the Actuary for the New York State Employees Retirement System (ERS), for the valuation of their respective pension liabilities.
5. **Withdrawal Rates:** The valuation considers the fact that if an employee terminates his/her employment other than by retirement, then no benefit is provided. The withdrawal rates used in this valuation were developed by the Office of the Actuary of the New York Teachers Retirement System (TRS) and the Office of the Actuary for the New York State Employees Retirement System (ERS), for the valuation of their respective pension liabilities.:
6. **Retirement Rates:** Employees who meet the service requirement may typically retire from the District at age 55 or later. The valuation considers the fact that employees may elect to retire at different ages. The retirement rates used in this valuation were developed by the Office of the Actuary of TRS and the Office of the Actuary for ERS, for the valuation of their respective pension liabilities.
7. **Retiree Option Election Rates:** If retirees have a choice between multiple options, election rates for each option must be selected. The valuation assumes that all current retirees are, and future retirees will be, covered by either Plan O or Plan PPO-A according to their enrollment. Future retirees currently on Buyout are assumed to elect Plan O at retirement.
8. **Proportion Electing Spousal Coverage:** The valuation must consider the proportion of retiring employees who elect spousal coverage upon their retirement. The following proportions are assumed, based on current retiree experience: Male 65% and Female 40%.

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of District's Proportionate Share of Net Pension Liability (Asset)
For the year ended June 30, 2022**

NYSLRS PENSION PLAN

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability (asset).....	0.0047475%	0.0046768%	0.0044886%	0.0044082%	0.0039869%	0.0041894%	0.0043768%	0.0043078%
District's proportionate share of the net pension liability (asset)..... \$	(388,086)	\$ 4,657	\$ 1,188,605	\$ 312,335	\$ 128,674	\$ 393,650	\$ 702,498	\$ 145,528
District's covered-employee payroll..... \$	1,171,163	\$ 1,144,810	\$ 1,148,752	\$ 1,106,181	\$ 1,030,840	\$ 1,030,241	\$ 887,405	\$ 860,000
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.....	-33.14%	0.41%	103.47%	28.24%	12.48%	38.21%	79.16%	16.92%
Plan fiduciary net position as a percentage of total pension liability.....	99.95%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

TRS PENSION PLAN

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability (asset).....	0.017371%	0.018727%	0.018344%	0.018263%	0.018538%	0.017962%	0.018223%	0.017643%
District's proportionate share of the net pension liability (asset)..... \$	(3,010,163)	\$ 517,470	\$ (476,572)	\$ (330,250)	\$ (140,908)	\$ 192,385	\$ (1,892,825)	\$ (1,965,324)
District's covered-employee payroll..... \$	2,948,353	\$ 3,178,521	\$ 3,061,874	\$ 2,974,908	\$ 2,937,683	\$ 2,771,776	\$ 3,018,135	\$ 3,099,612
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.....	-102.10%	16.28%	-14.99%	-11.10%	-4.80%	6.94%	-62.72%	-63.41%
Plan fiduciary net position as a percentage of total pension liability.....	97.76%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.50%

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of District's Contributions to Pension Plans
For the year ended June 30, 2022**

NYSLRS PENSION PLAN

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution.....	\$ 180,707	\$ 177,620	\$ 166,569	\$ 159,704	\$ 153,420	\$ 155,035	\$ 186,650	\$ 189,649
Contributions in relation to the								
contractually required contribution.....	\$ 180,707	\$ 177,620	\$ 166,569	\$ 159,704	\$ 153,420	\$ 155,035	\$ 186,650	\$ 189,649
Contribution deficiency (excess).....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll.....	\$ 1,171,163	\$ 1,144,810	\$ 1,148,752	\$ 1,106,181	\$ 1,030,840	\$ 1,030,241	\$ 797,486	\$ 860,000
Contributions as a percentage of								
covered-employee payroll.....	15.43%	15.52%	14.50%	14.44%	14.88%	15.05%	23.40%	22.05%

TRS PENSION PLAN

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution.....	\$ (170,616)	\$ 692,849	\$ 586,705	\$ 254,676	\$ 350,971	\$ 319,937	\$ 279,865	\$ 423,500
Contributions in relation to the								
contractually required contribution.....	\$ (170,616)	\$ 692,849	\$ 586,705	\$ 254,676	\$ 350,971	\$ 319,937	\$ 279,865	\$ 423,500
Contribution deficiency (excess).....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll.....	\$ 2,948,353	\$ 3,178,521	\$ 3,061,874	\$ 2,974,908	\$ 2,937,683	\$ 2,771,776	\$ 3,018,135	\$ 3,099,612
Contributions as a percentage of								
covered-employee payroll.....	-5.79%	21.80%	18.46%	8.56%	11.95%	11.54%	9.27%	13.66%

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Supplementary Information

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of Change from Original Budget to Revised Budget
And Section 1318 of Real Property Tax Law Limit Calculation
For the year ended June 30, 2022**

Change from Adopted Budget to Revised Budget

Adopted Budget.....	\$ 11,145,241
Add: Prior year's encumbrances.....	55,142
Original budget.....	11,200,383
Budget revision:	
Gifts, Donations, and charges for services.....	198
	<u>11,200,581</u>
Final budget.....	<u>\$ 11,200,581</u>
<i>Next year's budget is a voter approved budget of.....</i>	<u>\$ 11,322,140</u>

Section 1318 of Real Property Tax Law Limit Calculation

Subsequent year voter-approved budget.....	\$ 11,322,140
Maximum allowed percentage.....	4%
Limit of un expended surplus funds.....	<u>\$ 452,886</u>
General fund balance	
Restricted.....	\$ 1,532,016
Assigned.....	721,286
Unassigned.....	1,055,499
Total governmental - general fund balance.....	<u>\$ 3,308,801</u>
Less:	
Restricted not subject to the law.....	(1,532,016)
Appropriated for subsequent year's budget in assigned.....	(640,000)
Encumbrances included in assigned.....	(81,286)
	<u>(2,253,302)</u>
General fund balance subject to limit.....	<u>\$ 1,055,499</u>
Calculated Actual percentage.....	<u>9.322%</u>
Dollar amount of overage.....	<u>\$ 602,613</u>

The portion of general fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance. Restricted fund balance is not subject to the law.

MILFORD CENTRAL SCHOOL DISTRICT

**Schedule of Capital Project Expenditures and Methods of Financing
For the year ended June 30, 2022**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Building Project 2019.....	\$ 4,690,000	4,690,000	4,307,560	7,423	4,314,983	\$ 375,017
Smart Schools Project....	144,800	144,800	129,378	4,714	134,092	10,708
Capital Outlay 2022.....	100,000	100,000	-	92,252	92,252	7,748
Other.....	-	-	-	-	-	-
	<u>\$ 4,934,800</u>	<u>4,934,800</u>	<u>4,436,938</u>	<u>104,389</u>	<u>4,541,327</u>	<u>\$ 393,473</u>

PROJECT TITLE	Methods of Financing				Fund Balance 6/30/2022
	Proceeds of Obligations	State Aid	Local Sources	Total	
Building Project 2019.....	\$ 3,345,000	-	969,983	4,314,983	\$ -
Smart Schools Project.....	-	134,092	-	134,092	-
Capital Outlay 2022.....	-	-	92,252	92,252	-
Other.....	-	-	4,142	4,142	4,142
	<u>\$ 3,345,000</u>	<u>134,092</u>	<u>1,066,377</u>	<u>4,545,469</u>	<u>\$ 4,142</u>

MILFORD CENTRAL SCHOOL DISTRICT
Invested in Capital Assets, Net of Related Debt
June 30, 2022

Capital assets, net.....	\$ 13,369,731
Add:	
Cash in capital fund.....	11,889
Cash in debt service fund fund.....	-
State aid receivable.....	15,444
Deduct:	
Accounts payable.....	-
Due to other funds.....	(23,191)
Bond Anticipation Note payable.....	-
Serial Bonds payable.....	<u>(3,365,000)</u>
Investment in capital assets, net of related debt.....	<u><u>\$ 10,008,873</u></u>

Governmental Auditing Standards Reports

Cwynar, Farrow & Locke

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A Professional Limited Liability Company

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education
Milford Central School District
Milford, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Milford Central School District, New York State as of and for the year ended June 30, 2022, which collectively comprise the School District's basic financial statements and have issued our report thereon dated **October 20, 2022**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Milford Central 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 Milford Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Milford Central 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Milford Central School District's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Caryn, Farrow, & Locke

October 20, 2022
Norwich, New York

