

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report
June 30, 2023

THREE VILLAGE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Three Village Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information as listed in the table of contents on pages 59 through 63 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 11, 2023

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

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

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The general fund budget for the 2022-2023 school year is \$224,060,618. This is an increase of \$3,798,183 or 1.72% over the previous year’s budget. The increase in the budget was spread throughout many areas.
- The 2022-2023 budget maintained current educational programs and offerings and balanced class size while also restoring math and writing centers at the junior high schools.
- The District funded \$400,000 to the Retirement Contribution Reserve. This was the second of a maximum of five annual payments required to replenish the \$2 million borrowed from the reserve for COVID-19 pandemic related expenditures.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Statements.
 - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
 - *Fiduciary Funds Financial Statements*, if applicable, provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of District.

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

The financial statements also include notes that provide additional information about the financial statements and the balances reported. 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. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the District’s Annual Financial Report

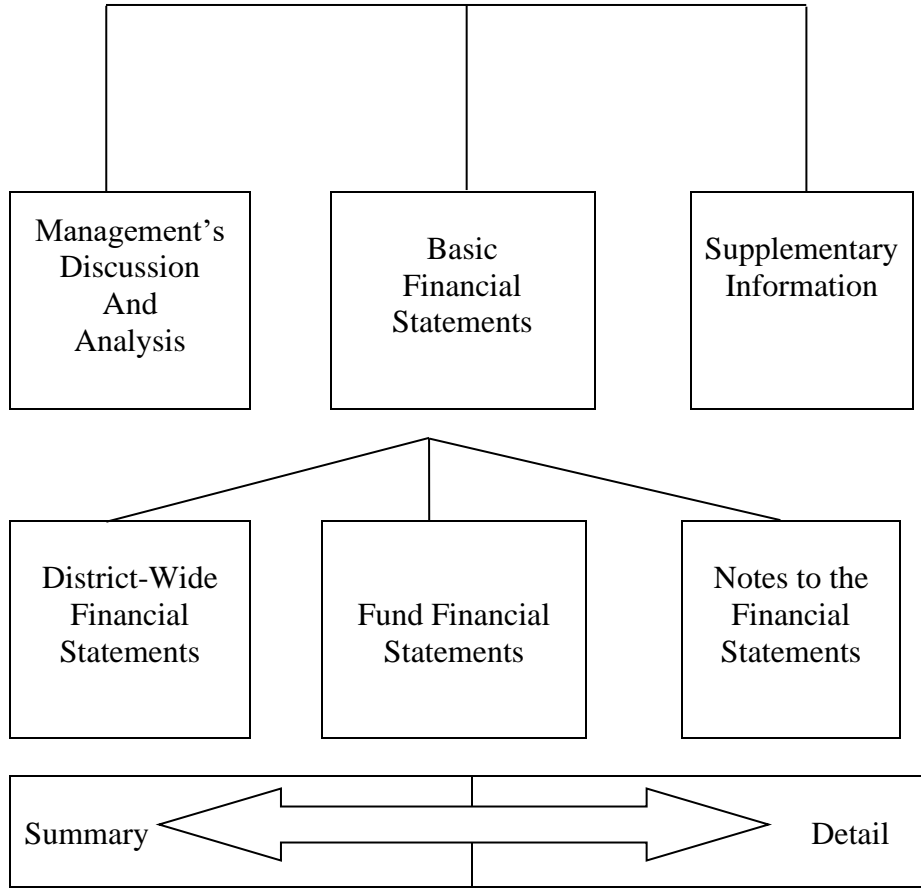


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

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

Table A-2: Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
	District	Governmental	Fiduciary (if applicable)
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others
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 Balance 	<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 measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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

A) District-Wide Financial Statements

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

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

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

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

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

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

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

B) Fund Financial Statements

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

There are two kinds of funds described below, however the District did not report any Fiduciary funds in the current year:

i) Governmental funds

Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the governmental funds statements focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, capital projects fund, special purpose fund, and extraclassroom activity fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

ii) Fiduciary funds

The District may be the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position

The District’s net position decreased by \$7,160,514 in the fiscal year ended June 30, 2023 as detailed in Table A-3.

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

Table A-3: Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Current assets and other assets	\$38,085,614	\$39,517,741	(\$1,432,127)	-3.62%
Capital assets, net	165,863,920	172,508,171	(6,644,251)	-3.85%
Net pension assets - proportionate share	-	98,639,433	(98,639,433)	-100.00%
Total assets	<u>203,949,534</u>	<u>310,665,345</u>	<u>(106,715,811)</u>	-34.35%
Deferred outflows of resources	<u>118,985,680</u>	<u>143,192,763</u>	<u>(24,207,083)</u>	-16.91%
Current liabilities	18,406,748	17,948,167	458,581	2.56%
Long-term liabilities	<u>452,383,822</u>	<u>514,746,673</u>	<u>(62,362,851)</u>	-12.12%
Total liabilities	<u>470,790,570</u>	<u>532,694,840</u>	<u>(61,904,270)</u>	-11.62%
Deferred inflows of resources	<u>141,495,454</u>	<u>203,353,564</u>	<u>(61,858,110)</u>	-30.42%
Total liabilities and deferred inflows of resources	<u>612,286,024</u>	<u>736,048,404</u>	<u>(123,762,380)</u>	-16.81%
Net position				
Net investment in capital assets	91,700,992	87,568,935	4,132,057	4.72%
Restricted	8,190,150	10,252,635	(2,062,485)	-20.12%
Unrestricted (deficit)	<u>(389,241,952)</u>	<u>(380,011,866)</u>	<u>(9,230,086)</u>	-2.43%
Total net position (deficit)	<u>(\$289,350,810)</u>	<u>(\$282,190,296)</u>	<u>(\$7,160,514)</u>	-2.54%

Current assets and other assets decreased by \$1,432,127 primarily as a result of the decrease in state and federal aid receivable. Capital assets (net of depreciation) decreased by \$6,644,251. This was attributable to current year depreciation and loss on disposals exceeding capital outlay. In the prior year the District reported a net pension asset for the teachers' retirement system in the amount of \$98,639,433, but in the current year it reported a net pension liability of \$9,914,089 and for the employees' retirement system in the amount of \$14,138,437, as a result of the actuarial valuations provided by the state. The change in deferred outflows of resources represents amortization of the pension related items and the change in the District's contributions subsequent to the measurement date as discussed in Note 13, and amortization of other post-employment benefits obligation (OPEB) items as well as the change in the District's benefit payments for OPEB subsequent to the measurement date as discussed in Note 14.

Current liabilities increased by \$458,581. This was primarily attributable to the increase in accounts payable, due to the teachers' retirement system, and collections in advance, partially offset by the decrease in accrued liabilities. Long-term liabilities decreased by \$62,362,851 primarily due to the decrease in the total OPEB liability and the principal payments on debt partially offset by the increase in the net pension liability. The change in deferred inflows represents amortization on the gain on defeasance as discussed in Note 12, amortization of pension items as discussed in Note 13, and amortization of deferred inflows for OPEB items, as discussed in Note 14.

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

The net investment in capital assets relates to the investment in capital assets at cost such as land, construction in progress, buildings & improvements, and machinery & equipment, net of depreciation and related debt. The net investment in capital assets increased over the prior year by \$4,132,057 due to capital asset additions and the pay down on debt exceeding depreciation.

The restricted net position in the amount of \$8,190,150 refers to the District's reserves: workers' compensation, unemployment, retirement contribution and employee benefit accrued liability, as well as amounts restricted for scholarships, other special purposes, and extraclassroom activities. This amount decreased by \$2,062,485 from the prior year. The decrease is attributable to use of the workers' compensation reserve of \$631,990, the retirement contribution reserve of \$1,800,000, and the employee benefit accrued liability reserve of \$100,000, as well as the decrease in the special purpose fund due to operations of \$14,235, partially offset by funding of the retirement contribution reserve in the amount of \$400,000, interest earnings to the reserves of \$49,445 and the increase in the extraclassroom fund due to operations of \$34,295.

Unrestricted net position relates to the balance of the District's net position. This amount, a deficit of \$389,241,952 is an increase to the deficit of \$9,230,086 from the prior year. Net position overall decreased by \$7,160,514.

B) Changes in Net Position

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

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

Table A-4: Change in Net Position from Operating Results - Governmental Activities Only

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Revenues				
Program revenues				
Charges for services	\$7,557,633	\$5,304,154	\$2,253,479	42.49%
Operating grants and contributions	5,788,604	8,946,765	(3,158,161)	-35.30%
General revenues				
Real property taxes and other tax items	165,534,171	162,908,426	2,625,745	1.61%
State sources	48,648,951	47,087,237	1,561,714	3.32%
Use of money and property	1,316,147	130,171	1,185,976	911.09%
Other	1,521,349	1,289,902	231,447	17.94%
Total revenues	<u>230,366,855</u>	<u>225,666,655</u>	<u>4,700,200</u>	2.08%
Expenses				
General support	33,387,258	39,948,128	(6,560,870)	-16.42%
Instruction	182,990,921	170,361,448	12,629,473	7.41%
Pupil transportation	11,846,822	11,156,671	690,151	6.19%
Community service	3,487,457	2,661,172	826,285	31.05%
Debt service - interest	3,336,363	2,553,034	783,329	30.68%
Food service program	2,478,548	2,571,560	(93,012)	-3.62%
Total expenses	<u>237,527,369</u>	<u>229,252,013</u>	<u>8,275,356</u>	3.61%
Change in net position	<u>(\$7,160,514)</u>	<u>(\$3,585,358)</u>	<u>(\$3,575,156)</u>	-99.72%

The District's fiscal year 2023 revenues totaled \$230,366,855. (See Table A-4). This is an increase of \$4,700,200 or 2.08% over the prior year. Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing approximately 71.86% and 21.12% respectively of total revenue. (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources. Operating grants and contributions decreased by \$3,158,161 primarily due to the influx of federal grants due to the pandemic that were received in the prior year.

The total cost of all programs and services totaled \$237,527,369 for fiscal year 2023. This is an increase of \$8,275,356 or 3.61% from the prior year. The expenses are predominantly related to instruction and transporting students, which account for approximately 82.03% of district expenses. (See Table A-6). The District's general support activities accounted for 14.06% of total costs. The expense changes presented here are primarily the result of the change in pension and OPEB related actuarially calculated information which is allocated to the various functions based on salary expenses.

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

Table A-5: Revenues for Fiscal Year 2023 (See Table A-4)

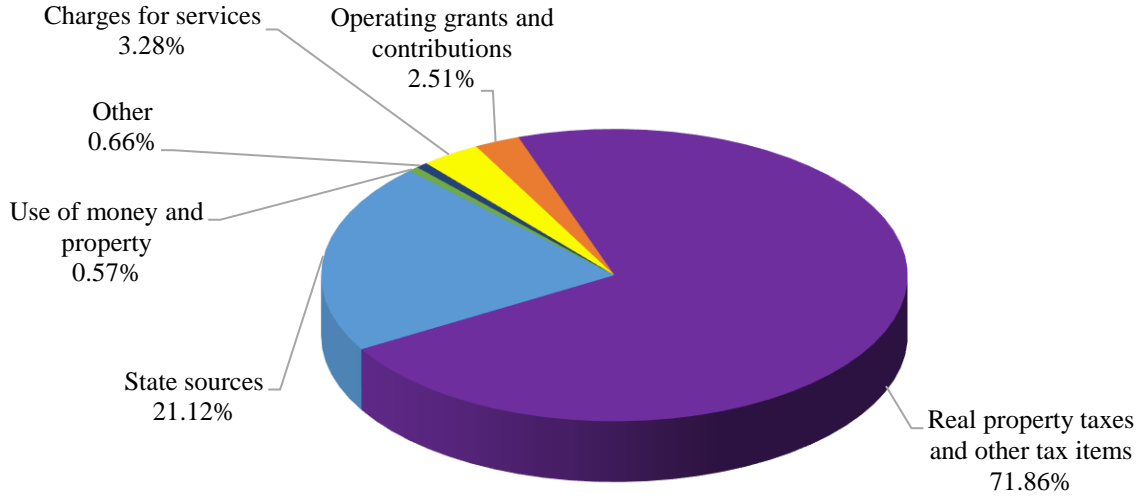
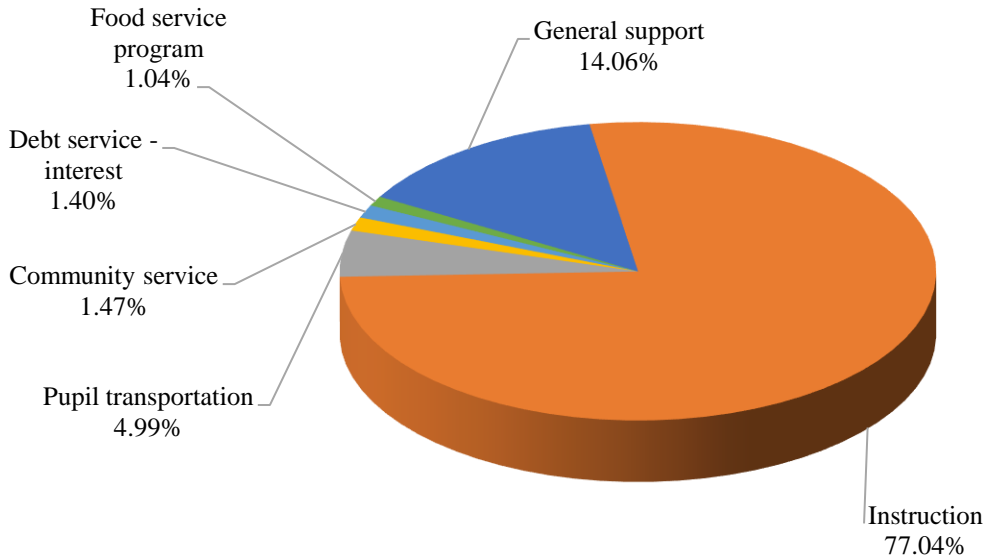


Table A-6: Expenses for Fiscal Year 2023 (See Tables A-4 and A-7)



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

C) Governmental Activities

Revenues for the District’s governmental activities totaled \$230,366,855 while total expenses equaled \$237,527,369. While net position decreased, the continuation of the overall financial position will be dependent on the following:

- Continued leadership of the District’s Board and administration;
- Approval of the District’s proposed annual budget;
- Strong tax base;
- Strategic use of services from the Eastern Suffolk Board of Cooperative Educational Services (BOCES);
- Community support.

Table A-7 presents the cost of seven major District activities: general support, instruction, pupil transportation, community service, other expenses, debt service, and food service program. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities

Category	Total Cost of Services		Net Cost of Services	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2023	2022	2023	2022
General support	\$33,387,258	\$39,948,128	\$33,387,258	\$39,948,128
Instruction	182,990,921	170,361,448	172,327,387	159,250,683
Pupil transportation	11,846,822	11,156,671	11,437,173	10,794,944
Community service	3,487,457	2,661,172	3,487,457	2,661,172
Debt service - interest	3,336,363	2,553,034	3,336,363	2,553,034
Food service program	2,478,548	2,571,560	205,494	(206,867)
Total	<u>\$237,527,369</u>	<u>\$229,252,013</u>	<u>\$224,181,132</u>	<u>\$215,001,094</u>

- The cost of all governmental activities this year was \$237,527,369. (Statement of Activities, Expenses column).
- The users of the District’s programs financed \$7,557,633 of the cost. (Statement of Activities, Charges For Services column).
- The federal and state governments, and extraclassroom activities subsidized certain programs with operating grants and contributions of \$5,788,604. (Statement of Activities, Operating Grants and contributions column)
- Most of the District’s net costs of \$224,181,132 were financed by District taxpayers and state and federal aid. (Statements of Activities, Net (Expense) Revenue and Changes in Net Position column).

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

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$20,133,232 which is a decrease of \$1,955,477 from the prior year. This decrease is due to the decrease in fund balances in all governmental funds except the extraclassroom activities fund.

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

A summary of the changes in fund balance for all funds are as follows:

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted for workers' compensation	\$1,578,189	\$2,198,940	(\$620,751)	-28.23%
Restricted for unemployment	147,349	146,600	749	0.51%
Restricted for retirement contribution	4,584,936	5,954,502	(1,369,566)	-23.00%
Restricted for employee benefit accrued liability	1,281,017	1,373,994	(92,977)	-6.77%
Assigned- designated for subsequent year's expenditures	3,500,000	3,800,000	(300,000)	-7.89%
Assigned for general support	286,551	481,453	(194,902)	-40.48%
Assigned for instruction	646,051	817,882	(171,831)	-21.01%
Assigned for pupil transportation	-	300,360	(300,360)	-100.00%
Assigned for community service	705	315	390	123.81%
Unassigned	7,298,195	4,966,073	2,332,122	46.96%
Total fund balance - general fund	<u>19,322,993</u>	<u>20,040,119</u>	<u>(717,126)</u>	-3.58%
School Lunch Fund				
Nonspendable	79,571	78,455	1,116	1.42%
Unassigned	(221,920)	(103,591)	(118,329)	-114.23%
Total fund balance - school lunch fund	<u>(142,349)</u>	<u>(25,136)</u>	<u>(117,213)</u>	-466.32%
Capital Projects Fund				
Assigned	353,929	1,495,127	(1,141,198)	-76.33%
Total fund balance - capital projects fund	<u>353,929</u>	<u>1,495,127</u>	<u>(1,141,198)</u>	-76.33%
Special Purpose Fund				
Restricted for scholarships	73,756	89,223	(15,467)	-17.34%
Restricted for other purposes	78,221	76,989	1,232	1.60%
Total fund balance - special purpose fund	<u>151,977</u>	<u>166,212</u>	<u>(14,235)</u>	-8.56%
Extraclassroom Activity Fund				
Restricted for extraclassroom activities	446,682	412,387	34,295	8.32%
Total fund balance - extraclassroom activity fund	<u>446,682</u>	<u>412,387</u>	<u>34,295</u>	8.32%
Total fund balance - all funds	<u>\$20,133,232</u>	<u>\$22,088,709</u>	<u>(\$1,955,477)</u>	-8.85%

The District can attribute changes to the fund balance in the general fund primarily due to operating results in which expenditures and other financing uses of \$224,623,131 exceeded revenues and other financing sources of \$223,906,005 resulting in an overall decrease in the general fund fund balance of \$717,126.

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

The change in the restricted fund balance for the workers’ compensation reserve and the employee benefit accrued liability reserve represents use of reserves offset by the interest allocated. The change in the retirement contribution reserve is due to the District funding the reserve in the current year and interest earnings, offset by use of the reserve. This funding was required as a result of the District borrowing funds for COVID-19 pandemic related expenditures incurred during the fiscal year ended June 30, 2021. Those funds must be paid back within five years. The change in the restricted fund balance for unemployment represents the interest allocated.

The net change in the fund balance of the school lunch fund of a decrease of \$117,213 is the operating deficit of the program partially offset by an interfund transfer from the general fund.

The net change in the fund balance of the capital projects fund is a decrease of \$1,141,198. Capital outlay expenditures were \$825,200 and the capital projects fund transferred \$740,998 back to the general fund to return surplus funds. The general fund also transferred \$425,000 to the capital projects fund in accordance with the approved budget for the year.

The net change in fund balance of the special purpose fund of a decrease of \$14,235 is the amount that scholarships and other expenditures exceeded donations, contributions and interest earnings.

The net change in fund balance of the extraclassroom activity fund of an increase of \$34,295 is the operating results of the student clubs and organizations’ activity for the year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-2023 Budget

The District’s general fund adopted budget for the fiscal year ended June 30, 2023 was \$224,060,618. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,600,010 which resulted in an original budget of \$225,660,628. There were no budget amendments which resulted in a final budget of \$225,660,628. The majority of the funding was the real property taxes and STAR budget of \$164,954,877.

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

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

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

Opening, unassigned fund balance	\$ 4,966,073
Revenues over budget	3,645,387
Expenditures and encumbrances under budget	104,190
Use of reserves	2,531,990
Interest transferred to reserves	(49,445)
Funding to reserves	(400,000)
Assigned for June 30, 2024 budget	<u>(3,500,000)</u>
Closing, unassigned fund balance	<u><u>\$ 7,298,195</u></u>

The opening unassigned fund balance of \$4,966,073 is the June 30, 2022 unassigned fund balance.

The revenues over budget in the amount of \$3,645,387 were primarily due to premium on obligations, interfund transfers, charges for services, and use of money and property exceeding budgeted amounts. The interfund transfer was from the capital projects fund to return surplus funds. The expenditures and encumbrances under budget in the amount of \$104,190 were primarily due to savings in general support, transportation and employee benefits which were offset by overspending in instruction, community services and debt service (see Supplemental Schedule #1 for detail).

The District used \$2,531,990 of reserves as follows: \$631,990 of the workers’ compensation reserve, \$1,800,000 of the retirement contribution reserve, and \$100,000 of the employee benefit accrued liability reserve.

The District allocated interest to the reserves of \$49,445 as follows: \$11,239 to the workers’ compensation reserve, \$749 to the unemployment reserve, \$30,434 to the retirement contribution reserve, and \$7,023 to the employee benefit accrued liability reserve.

The District funded the retirement contribution reserve in the amount of \$400,000 which represents 20% of the \$2,000,000 that was used in the 20/21 fiscal year for COVID-19 pandemic related expenditures. These borrowed funds must be repaid to the reserve within 5 years. The remaining balance owed to the reserve at June 30, 2023 is \$1,200,000.

The assigned, appropriated fund balance of \$3,500,000 for the June 30, 2024 budget is the amount the District has chosen to use to partially fund its operating budget for 2023-2024.

The District closed the 2022-2023 fiscal year with \$7,298,195 in unassigned fund balance. NYS Real Property Tax Law restricts this number to an amount not greater than 4% of the District’s budget for the ensuing fiscal year. The District’s unassigned fund balance is within the legal limit.

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

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A) Capital Assets

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

Table A-8: Capital Assets (Net of Depreciation)

Category	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Land and land improvements	\$2,023,365	\$2,023,365	\$ -	0.00%
Construction in progress	6,389,962	10,792,096	(4,402,134)	-40.79%
Buildings & building improvements	282,370,623	277,143,289	5,227,334	1.89%
Vehicles	1,284,989	1,284,989	-	0.00%
Furniture and equipment	4,180,815	3,671,339	509,476	13.88%
Subtotal	296,249,754	294,915,078	1,334,676	0.45%
Less accumulated depreciation	130,385,834	122,406,907	7,978,927	6.52%
Total net capital assets	<u>\$165,863,920</u>	<u>\$172,508,171</u>	<u>(\$6,644,251)</u>	<u>-3.85%</u>

The District spent \$825,200 in the capital projects fund and \$542,026 in the general fund on construction in progress and equipment purchases during the year. The District also disposed of assets with a net book value of \$2,228, and recorded depreciation expense of \$8,009,249.

B) Long-Term Debt

At June 30, 2023, the District had total debt payable of \$72,542,080. The serial bonds were issued for district-wide projects. The energy performance debt was issued to provide building upgrades, district wide, designed to reduce energy use and expense. The decrease in outstanding serial bond debt represents the current year principal payment. The decrease in energy performance debt payable represents principal payments.

More detailed information about the District’s long-term debt is presented in Note 11. A summary of outstanding debt at June 30, 2023 and 2022 is as follows:

	2023	2022	Decrease
Serial bonds payable	\$61,440,000	\$70,085,000	(\$8,645,000)
Energy performance debt payable	11,102,080	12,861,618	(1,759,538)
Total	<u>\$72,542,080</u>	<u>\$82,946,618</u>	<u>(\$10,404,538)</u>

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

7. FACTORS BEARING ON THE DISTRICT’S FUTURE

- The general fund adopted budget for the 2023-2024 school year is \$230,930,757. This is an increase of \$6,870,139 or 3.07% over the previous year’s budget. The increase in the budget was spread throughout many areas. The 2023-2024 budget maintains current educational programs and offerings and balanced class sizes districtwide, while addressing appropriate staffing reductions to address current enrollment. The budget also continues all music and art programs across all levels, and all co-curricular offerings.
- The NYS Legislature has made permanent the property tax cap. This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI. Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year’s levy. If the tax levy proposed to the voters is within the district’s tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district’s tax levy cap, the threshold required for approval would be 60 percent of the vote. A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years.
- The District issued \$48,000,000 in tax anticipation notes on August 23, 2023, maturing on June 24, 2024 with a stated interest rate of 4.50%, but an effective interest rate of 3.5528% due to premiums received.

8. CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

Three Village Central School District
Mr. Jeffrey Carlson
Deputy Superintendent
100 Suffolk Avenue
Stony Brook, New York 11790
(631) 730-4020

THREE VILLAGE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current assets	
Cash	
Unrestricted	\$25,536,751
Restricted	8,253,808
Receivables	
State and federal aid	3,832,130
Due from other governments	217,702
Accounts receivable	165,652
Inventories	79,571
Capital assets	
Not being depreciated	8,413,327
Being depreciated, net of accumulated depreciation	<u>157,450,593</u>
TOTAL ASSETS	<u>203,949,534</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	63,435,690
Other post-employment benefits obligation	<u>55,549,990</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>118,985,680</u>
LIABILITIES	
Payables	
Accounts payable	2,861,817
Accrued liabilities	2,018,724
Bond interest payable	376,392
Energy performance interest payable	77,974
Due to other governments	159
Due to teachers' retirement system	10,118,298
Due to employees' retirement system	852,938
Compensated absences payable	440,267
Unearned credits	
Collections in advance	1,660,179
Long-term liabilities	
Due and payable within one year	
Bonds payable	8,555,000
Energy performance debt payable	1,803,947
Termination benefits payable	30,000
Compensated absences payable	150,000
Due and payable after one year	
Bonds payable	52,885,000
Energy performance debt payable	9,298,133
Termination benefits payable	12,819,932
Compensated absences payable	13,738,155
Claims payable	1,468,553
Total other post-employment benefits obligation payable	327,582,576
Net pension liability - proportionate share	<u>24,052,526</u>
TOTAL LIABILITIES	<u>470,790,570</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	5,690,398
Gain on defeasance	1,620,848
Other post-employment benefits obligation	<u>134,184,208</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>141,495,454</u>
NET POSITION	
Net investment in capital assets	<u>91,700,992</u>
Restricted	
Workers' compensation	1,578,189
Unemployment insurance	147,349
Retirement contribution	4,584,936
Employee benefit accrued liability	1,281,017
Scholarships	73,756
Other special purposes	78,221
Extraclassroom activities	<u>446,682</u>
	8,190,150
Unrestricted (deficit)	<u>(389,241,952)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ (289,350,810)</u></u>

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

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	\$ (33,387,258)	-	-	(33,387,258)
Instruction	(182,990,921)	6,209,725	4,453,809	(172,327,387)
Pupil transportation	(11,846,822)	-	409,649	(11,437,173)
Community services	(3,487,457)	-	-	(3,487,457)
Debt service - interest	(3,336,363)	-	-	(3,336,363)
Food service program	(2,478,548)	1,347,908	925,146	(205,494)
TOTAL FUNCTIONS AND PROGRAMS	\$ (237,527,369)	7,557,633	5,788,604	(224,181,132)
GENERAL REVENUES				
Real property taxes				156,592,169
Other tax items - including STAR reimbursement				8,942,002
Use of money and property				1,316,147
Sale of property and compensation for loss				21,119
Miscellaneous				1,500,230
State sources				48,648,951
TOTAL GENERAL REVENUES				217,020,618
CHANGE IN NET POSITION				(7,160,514)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				(282,190,296)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				\$(289,350,810)

THREE VILLAGE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Lunch	Capital Projects	Special Purpose	Extraclassroom Activity	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$24,597,449	285,087	147,575	506,640	-	-	25,536,751
Restricted	7,591,491	-	-	-	151,977	510,340	8,253,808
Receivables							
State and federal aid	2,103,328	1,722,078	6,724	-	-	-	3,832,130
Due from other governments	217,702	-	-	-	-	-	217,702
Accounts receivable	156,990	-	2,728	-	-	5,934	165,652
Due from other funds	4,872,167	2,769,775	48,059	-	-	-	7,690,001
Inventories	-	-	79,571	-	-	-	79,571
TOTAL ASSETS	\$39,539,127	4,776,940	284,657	506,640	151,977	516,274	45,775,615
LIABILITIES							
Payables							
Accounts payable	\$2,611,257	19,769	8,603	152,596	-	69,592	2,861,817
Accrued liabilities	1,974,199	192	44,333	-	-	-	2,018,724
Due to other governments	-	-	159	-	-	-	159
Due to other funds	2,817,834	4,723,246	148,806	115	-	-	7,690,001
Due to teachers' retirement system	10,118,298	-	-	-	-	-	10,118,298
Due to employees' retirement system	852,938	-	-	-	-	-	852,938
Compensated absences payable	440,267	-	-	-	-	-	440,267
Unearned credits							
Collections in advance	1,401,341	33,733	225,105	-	-	-	1,660,179
TOTAL LIABILITIES	20,216,134	4,776,940	427,006	152,711	-	69,592	25,642,383
FUND BALANCES							
Nonspendable: Inventory	-	-	79,571	-	-	-	79,571
Restricted							
Workers' compensation	1,578,189	-	-	-	-	-	1,578,189
Unemployment insurance	147,349	-	-	-	-	-	147,349
Retirement contribution							
Employees' retirement	4,584,936	-	-	-	-	-	4,584,936
Employee benefit accrued liability	1,281,017	-	-	-	-	-	1,281,017
Scholarships	-	-	-	-	73,756	-	73,756
Other special purposes	-	-	-	-	78,221	-	78,221
Extraclassroom activities	-	-	-	-	-	446,682	446,682
Assigned							
Appropriated fund balance	3,500,000	-	-	-	-	-	3,500,000
Unappropriated fund balance	933,307	-	-	353,929	-	-	1,287,236
Unassigned	7,298,195	-	(221,920)	-	-	-	7,076,275
TOTAL FUND BALANCES	19,322,993	-	(142,349)	353,929	151,977	446,682	20,133,232
TOTAL LIABILITIES AND FUND BALANCES	\$39,539,127	4,776,940	284,657	506,640	151,977	516,274	45,775,615

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2023**

Total Governmental Fund Balances \$20,133,232

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

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

Original cost of capital assets	296,249,754	
Accumulated depreciation	<u>(130,385,834)</u>	165,863,920

Deferred outflows of resources related to pensions and other post-employment benefits will be recorded on the Statement of Net Position and amortized as expense in future years.

Deferred outflows - pensions	63,435,690	
Deferred outflows - other post-employment benefits	<u>55,549,990</u>	118,985,680

Deferred inflows of resources related to pensions and other post-employment benefits will be recorded on the Statement of Net Position and amortized as a reduction of expense in future years.

Deferred inflows - pensions	(5,690,398)	
Deferred inflows - other post-employment benefits	<u>(134,184,208)</u>	(139,874,606)

Deferred amounts on refunding - the Statement of Net Position will amortize certain long-term debt credits received over the life of the bond. Governmental funds record the long-term credits as revenue.

(1,620,848)

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

Bonds interest payable	(376,392)	
Energy performance interest payable	<u>(77,974)</u>	(454,366)

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

Bonds payable	(61,440,000)	
Energy performance debt payable	(11,102,080)	
Termination benefits payable	(12,849,932)	
Compensated absences payable	(13,888,155)	
Claims payable	(1,468,553)	
Total other post-employment benefits obligation payable	(327,582,576)	
Net pension liabilities	<u>(24,052,526)</u>	<u>(452,383,822)</u>

Total Net Position (\$289,350,810)

THREE VILLAGE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Capital Projects	Special Purpose	Extraclassroom Activity	Total Governmental Funds
REVENUES							
Real property taxes	\$156,592,169	-	-	-	-	-	156,592,169
Other tax items - including STAR reimbursement	8,942,002	-	-	-	-	-	8,942,002
Charges for services	6,209,725	-	-	-	-	-	6,209,725
Use of money and property	1,310,966	-	4,085	-	1,096	-	1,316,147
Sale of property and compensation for loss	21,119	-	-	-	-	-	21,119
Miscellaneous	898,540	-	68,890	-	19,569	1,478,680	2,465,679
State sources	48,648,951	1,421,794	23,845	-	-	-	50,094,590
Federal sources	8,735	1,934,680	704,407	-	-	-	2,647,822
Surplus food	-	-	196,894	-	-	-	196,894
Sales	-	-	1,347,908	-	-	-	1,347,908
TOTAL REVENUES	<u>222,632,207</u>	<u>3,356,474</u>	<u>2,346,029</u>	<u>-</u>	<u>20,665</u>	<u>1,478,680</u>	<u>229,834,055</u>
EXPENDITURES							
General support	26,131,288	-	-	-	-	-	26,131,288
Instruction	117,573,253	3,221,548	-	-	34,900	1,444,385	122,274,086
Pupil transportation	11,300,628	409,649	-	-	-	-	11,710,277
Community service	2,432,004	-	-	-	-	-	2,432,004
Employee benefits	52,293,489	-	-	-	-	-	52,293,489
Debt service - principal	10,404,538	-	-	-	-	-	10,404,538
Debt service - interest	3,772,902	-	-	-	-	-	3,772,902
Cost of sales	-	-	2,478,548	-	-	-	2,478,548
Capital outlay	-	-	-	825,200	-	-	825,200
TOTAL EXPENDITURES	<u>223,908,102</u>	<u>3,631,197</u>	<u>2,478,548</u>	<u>825,200</u>	<u>34,900</u>	<u>1,444,385</u>	<u>232,322,332</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,275,895)</u>	<u>(274,723)</u>	<u>(132,519)</u>	<u>(825,200)</u>	<u>(14,235)</u>	<u>34,295</u>	<u>(2,488,277)</u>
OTHER FINANCING SOURCES AND USES							
Premiums on short term obligations	532,800	-	-	-	-	-	532,800
Operating transfers in	740,998	274,723	15,306	425,000	-	-	1,456,027
Operating transfers (out)	(715,029)	-	-	(740,998)	-	-	(1,456,027)
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>558,769</u>	<u>274,723</u>	<u>15,306</u>	<u>(315,998)</u>	<u>-</u>	<u>-</u>	<u>532,800</u>
TOTAL CHANGE IN FUND BALANCES	<u>(717,126)</u>	<u>-</u>	<u>(117,213)</u>	<u>(1,141,198)</u>	<u>(14,235)</u>	<u>34,295</u>	<u>(1,955,477)</u>
FUND BALANCES - BEGINNING OF YEAR	<u>20,040,119</u>	<u>-</u>	<u>(25,136)</u>	<u>1,495,127</u>	<u>166,212</u>	<u>412,387</u>	<u>22,088,709</u>
FUND BALANCES - END OF YEAR	<u>\$19,322,993</u>	<u>-</u>	<u>(142,349)</u>	<u>353,929</u>	<u>151,977</u>	<u>446,682</u>	<u>20,133,232</u>

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

Net Change in Fund Balances (\$1,955,477)

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources

Increase in compensated absences payable	(296,045)	
Increase in termination benefits payable	(797,260)	
Increase in claims payable	(50,623)	

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

Teachers' retirement system	(2,804,064)	
Employees' retirement system	(3,014,119)	
Other post-employment benefits obligation	(2,439,752)	(8,257,935)

Long-Term Debt Transactions

Repayment of bond principal and energy performance debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	10,404,538
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Governmental funds report the premiums, discounts, and similar items on the refunded bonds. These amounts are deferred and amortized in the Statement of Activities. The amount of amortization for the gain on defeasance is:	371,770
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Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest from June 30, 2022 to June 30, 2023 changed by:	64,769
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Capital Related Items

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expense in the Statement of Activities.

Capital outlay	1,367,226	
Depreciation and loss on disposal expense	(8,011,477)	(6,644,251)

Change in Net Position of Governmental Activities	(\$7,160,514)
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**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

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

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

A) Reporting Entity:

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

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

The accompanying financial statements present the activities of the District and its component unit 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.

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office. The District also reports these activities in the Statement of Revenues,

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

Expenditures, and Changes in Fund Balances, and the Balance Sheet, of the governmental funds, in a separate fund, the Extraclassroom Activity Fund.

B) Joint Venture:

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

BOCES 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.

C) Basis of Presentation:

i) District-Wide Financial Statements:

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements

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

of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii) Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds, if applicable. Separate statements for each fund category (governmental and fiduciary) are presented. The District did not report any fiduciary funds for the fiscal year ended June 30, 2023. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

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

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

School Lunch Fund: This fund is used to account for the activities of the District's food service operations.

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

Special Purpose Fund: This fund is a miscellaneous special revenue fund that is used to account for resources that are received for specific purposes including scholarships, and other various donations and contest winnings.

Extraclassroom Activity Fund: This fund is a miscellaneous special revenue fund that is used to report the activity of the Extraclassroom Activities (student clubs and organizations).

D) Measurement Focus and Basis of Accounting:

The District-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded 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.

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, termination benefits, compensated absences, other post-employment benefits, and pension liabilities, 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.

Budget Basis of Accounting

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

E) Real Property Taxes:

i) Calendar

Real property taxes are levied annually by the Board of Education no later than October 1, and become a lien on December 1. Taxes are collected by the Town of Brookhaven and Town of Smithtown during 2022-2023.

ii) Enforcement

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

F) Restricted Resources:

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

G) Interfund Transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund

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

receivables and payables are to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

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

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

Refer to Note 9 for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent items 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, termination benefits, other post-employment benefits, workers' compensation claims liability, pension liabilities and useful lives of long-lived assets.

I) Cash and Cash Equivalents:

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

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such 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, which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

Nonspendable fund balance for these non-liquid assets (inventories) has been recognized in the school lunch fund to signify that a portion of fund balance is not available for other subsequent expenditures.

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. The District had no prepaid items as of June 30, 2023.

L) Capital Assets:

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building & building improvements	\$5,000	Straight-line	30-50 years
Furniture, equipment and vehicles	\$5,000	Straight-line	5-20 years

M) Collections in Advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for these unearned revenues is removed and revenues are recorded. Collections in advance as of June 30, 2023 consisted of funds received for summer programs and pre-k enrichment programs in the general fund, prepaid balances for meals and federal supply chain assistance funds that have not been spent yet in the school lunch fund, and federal grants received that have not been spent yet in the special aid fund.

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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reporting in this category. These amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 14.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. These amounts are related to pensions and the other post-employment benefits liability reported in the District-Wide Statement of Net Position, and are detailed further in Notes 13 and 14, as well as the gain on defeasance which is being amortized over the life of the bond, and detailed further in Note 12.

O) Vested Employee Benefits:

Compensated absences:

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

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

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

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting termination method and an accrual for that liability is included in the District-Wide Financial Statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

Termination benefits:

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

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

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

P) Other Benefits:

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

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

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

Q) 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 and TAN 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 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 actually receive the proceeds from the issuance of bonds. State law requires that BAN issued for capital purposes be converted to long-term financing within five years after the original issue dated, except for those issued during calendar years 2015 through 2021, which must be converted within 7 years.

R) 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, compensated absences, termination benefits, other post-employment benefits, and pension liabilities that will be paid from governmental funds, are reported as a liability in the funds

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

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.

S) Equity Classifications:

i) District-Wide Financial Statements:

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, net of any unspent proceeds and including any unamortized items (discounts, premiums, gain on refunding).

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

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

ii) Fund Financial Statements:

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

(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 \$79,571.

(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.

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Workers' Compensation Reserve

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

Unemployment Insurance Reserve

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

Retirement Contribution Reserve

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

Employee Benefit Accrued Liability Reserve

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

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

Scholarships

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

Other special purposes

Amounts restricted for other special purposes includes various donations and contest winnings that are to be used for specific purposes. These restricted funds are accounted for in the special purpose fund.

Extraclassroom activities

Amounts restricted for extraclassroom activities is used to account for net amount available for student clubs and organizations. These restricted funds are accounted for in the extraclassroom activity fund.

- (3) **Committed** fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2023.
- (4) **Assigned** fund balance – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.
- (5) **Unassigned** fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District’s unassigned fund balance is within the legal limit. See Supplemental Schedule #5 for more information.

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

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

T) Future Changes in Accounting Standards:

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

Statement No. 99 – *Omnibus 2022*. Effective for certain provisions for fiscal years beginning after June 15, 2022, and for other provisions for fiscal years beginning after June 15, 2023.

Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. Effective for fiscal years beginning after June 15, 2023.

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

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

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

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

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

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

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

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

i) Long-term revenue and expense differences:

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

ii) Capital related differences:

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

iii) Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board 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. Supplemental appropriations that occurred

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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during the fiscal year are shown on the other supplemental information – schedule of change from adopted budget to final budget.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District’s voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

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

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

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 the State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance Corporation (FDIC) insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

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

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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B) Restricted cash:

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 at June 30, 2023 included \$7,591,491 within in the governmental funds for general reserve purposes, \$151,977 for special purposes, and \$510,340 for extraclassroom activities.

C) Investments:

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

NOTE 5 – PARTICIPATION IN BOCES:

During the year, the District was billed \$8,599,843 for BOCES administrative and program costs. The District’s share of BOCES aid amounted to \$1,542,602. Financial statements for the BOCES are available from the BOCES administrative office at 201 Sunrise Highway, Patchogue, New York 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

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

General fund	
General aid	\$23,947
Excess cost aid	523,779
BOCES aid	1,542,602
IRS refund	13,000
Total	<u>2,103,328</u>
Special aid fund	
Federal aid	573,295
State and local aid	1,148,783
Total	<u>1,722,078</u>
School lunch fund	
State aid	6,724
Total	<u>6,724</u>
Total State and federal aid receivable	<u>\$ 3,832,130</u>

District management has deemed these amounts to be fully collectible.

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

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

Foster tuition and transportation	\$108,751
Health and welfare services	11,544
District of residence	12,581
Cross-contract billing	84,826
Total due from other governments	<u>\$217,702</u>

District management has deemed these amounts to be fully collectible.

NOTE 8 - CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$2,023,365	-	-	\$2,023,365
Construction in progress	10,792,096	825,200	(5,227,334)	6,389,962
Total capital assets not being depreciated	<u>12,815,461</u>	<u>825,200</u>	<u>(5,227,334)</u>	<u>8,413,327</u>
Capital assets that are depreciated:				
Building & building improvements	277,143,289	-	5,227,334	282,370,623
Vehicles	1,284,989	-	-	1,284,989
Furniture and equipment	3,671,339	542,026	(32,550)	4,180,815
Total capital assets being depreciated	<u>282,099,617</u>	<u>542,026</u>	<u>5,194,784</u>	<u>287,836,427</u>
Less accumulated depreciation:				
Building & building improvements	119,153,944	7,650,017	-	126,803,961
Vehicles	875,045	77,914	-	952,959
Furniture and equipment	2,377,918	281,318	(30,322)	2,628,914
Total accumulated depreciation	<u>122,406,907</u>	<u>8,009,249</u>	<u>(30,322)</u>	<u>130,385,834</u>
Total capital assets being depreciated, net	<u>159,692,710</u>	<u>(7,467,223)</u>	<u>5,225,106</u>	<u>157,450,593</u>
Total capital assets, net	<u>\$172,508,171</u>	<u>(6,642,023)</u>	<u>(\$2,228)</u>	<u>\$165,863,920</u>

Depreciation expense and the loss on disposal have been allocated to the following functions:

General Support	\$89,467
Instruction	7,922,010
	<u>\$8,011,477</u>

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The District typically transfers from the general fund to the special aid fund to fund the District’s 20% share of summer school handicap expenses required by the State law and to fund the State Supported Section 4201 schools. The District transferred from the general fund to the capital projects fund in accordance with the approved budget for capital projects. The District transferred from the general fund to the school lunch fund to reimburse the fund for the amount of unpaid meals. The district also transferred from the capital projects fund to the general fund to return unspent funds.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All inter-fund payables are expected to be repaid within one year. The following is a summary of interfund activity:

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$4,872,167	\$2,817,834	\$ 740,998	\$715,029
Special aid fund	2,769,775	4,723,246	274,723	-
School lunch fund	48,059	148,806	15,306	-
Capital projects fund	-	115	425,000	740,998
Totals	<u>\$7,690,001</u>	<u>\$7,690,001</u>	<u>\$1,456,027</u>	<u>\$1,456,027</u>

NOTE 10 - SHORT-TERM DEBT:

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
TAN	6/28/2023	3.50%	<u>\$ -</u>	<u>45,000,000</u>	<u>45,000,000</u>	<u>-</u>

The Tax Anticipation Note (TAN) was issued for interim financing of general fund operations. Interest in the amount of \$1,483,125 was paid on the TAN. The District also received a premium in the amount of \$532,800 which resulted in a net interest cost of \$950,325.

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

NOTE 11 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
General obligation debt:					
Construction serial bonds	\$70,085,000	-	8,645,000	61,440,000	8,555,000
Energy performance debt payable	12,861,618	-	1,759,538	11,102,080	1,803,947
Other liabilities:					
Termination benefits payable	12,052,672	1,128,849	331,589	12,849,932	30,000
Compensated absences payable	13,592,110	1,908,672	1,612,627	13,888,155	150,000
Claims payable	1,417,930	610,641	560,018	1,468,553	-
Total other post-employment benefits obligation	404,737,343	27,821,037	104,975,804	327,582,576	-
Net pension liabilities -proportionate share	-	24,052,526	-	24,052,526	-
Total long-term liabilities	<u>\$514,746,673</u>	<u>55,521,725</u>	<u>117,884,576</u>	<u>452,383,822</u>	<u>10,538,947</u>

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

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Serial Bonds - Refunding	3/17/2016	12/15/2029	4.0%	\$10,255,000
Serial Bonds	8/25/2016	8/15/2031	2.0-2.25%	34,550,000
Serial Bond - Refunding	8/29/2017	5/1/2030	2.0-4.0%	13,930,000
Serial Bond - Refunding	4/11/2019	5/15/2026	5.0%	1,440,000
Serial Bonds - Refunding	3/18/2020	6/1/2024	5.0%	1,265,000
		Total bonds payable		<u>\$61,440,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$8,555,000	1,670,525	10,225,525
2025	7,400,000	1,381,275	8,781,275
2026	7,585,000	1,153,175	8,738,175
2027	7,255,000	918,375	8,173,375
2028	7,340,000	743,075	8,083,075
2029-2032	23,305,000	1,069,700	24,374,700
Total	<u>\$61,440,000</u>	<u>6,936,125</u>	<u>68,376,125</u>

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

B) Energy Performance Debt:

Energy performance debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
Energy performance debt	3/8/2012	3/1/2025	2.43%	\$1,804,780
Energy performance debt	1/27/2015	1/15/2030	2.27%	3,333,057
Energy performance debt	5/1/2019	5/1/2034	2.885%	5,964,243
Total energy performance debt payable				<u>\$11,102,080</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$1,803,947	\$280,343	\$2,084,290
2025	1,849,487	234,803	2,084,290
2026	960,571	193,753	1,154,324
2027	985,587	168,737	1,154,324
2028	1,011,263	143,061	1,154,324
2029-2033	3,868,090	350,508	4,218,598
2034	623,135	13,515	636,650
Total	<u>\$11,102,080</u>	<u>\$1,384,720</u>	<u>\$12,486,800</u>

Upon default of the payment of principal or interest on the energy performance contract of the District, the lessor may retake possession of the equipment or require the lessee to return the equipment. The lessor may terminate the escrow agreement, in which future principal and interest payments are located, and apply any proceeds in the escrow account to the rental payment due.

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

C) Long-term Interest:

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

	Total
Interest paid	\$2,289,777
Less interest accrued in the prior year	(519,135)
Plus interest accrued in the current year	454,366
Less amortization of deferred gain on defeasance	(371,770)
Total expense	\$1,853,238

NOTE 12 – DEFERRED INFLOWS OF RESOURCES- GAIN ON DEFEASANCE:

The gain on defeasance pertaining to the 2010 bond refunded in 2016, the 2008 and 2009 bond refunded in 2018, the 2010 bond refunded in 2019 and the 2008 bond refunded in 2020, as recorded in the District-Wide Financial Statements as deferred inflows of resources at June 30, 2023 consisted of the following:

	2010 Bond	2008 & 2009 Bond	2010 Bond	2008 Bond	Total
Gain on defeasance	\$1,730,195	1,037,072	367,059	469,758	3,604,084
Accumulated amortization	(917,532)	(477,598)	(220,671)	(367,435)	(1,983,236)
Balance of gain on defeasance	\$812,663	559,474	146,388	102,323	1,620,848

The gain on defeasance on the advanced refunding are being amortized on the District-Wide Financial Statements using the straight-line method over 15 years for the 2010 bond (2016), 13 years for the 2008 and 2009 bond (2018), 8 years on the 2010 bond (2019) and the 5 years on the 2008 bond (2020), the time to maturity of the refunded bonds, at the point of refunding, and is recorded as a reduction to interest expense.

NOTE 13 – PENSION PLANS:

A) Plan Description and Benefits Provided

i) Teachers’ Retirement System

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

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enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Retirement System (ERS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). 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. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding Policies:

The Systems are noncontributory, except as follows:

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

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's contribution rate for ERS' fiscal year ended March 31, 2023, by tier, of covered payroll was as follows:

Tier 1	17.5%
Tier 2	16.0%
Tier 3	13.1%
Tier 4	13.1%
Tier 5	11.2%
Tier 6	8.3%

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2023 was 10.29 % of covered payroll.

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

	NYSERS	NYSTRS
2022-2023	\$2,487,674	\$9,530,174
2021-2022	\$3,175,551	\$8,969,666
2020-2021	\$3,067,025	\$8,707,521

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

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation, with update procedures used to roll forward the total pension liability. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
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projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ (14,138,437)	\$ (9,914,089)
District's portion of the Plan's total net pension liability	0.0659318%	0.516657%
Change in proportion since the prior measurement date	0.0004317%	-0.021659%

For the fiscal year ended June 30, 2023, the District recognized a pension expense of \$12,329,887 for TRS and pension expense of \$5,486,789 for ERS. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,505,854	10,388,710	397,061	198,661
Net difference between projected and actual earnings on pension plan investments	-	12,809,943	83,063	-
Changes of assumptions	6,866,537	19,231,655	75,888	3,993,675
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,108,838	1,141,041	2,398	939,652
District's contributions subsequent to the measurement date	852,938	9,530,174	-	-
	<u>\$ 10,334,167</u>	<u>53,101,523</u>	<u>558,410</u>	<u>5,131,988</u>

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

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	<u>ERS</u>	<u>TRS</u>
Fiscal year ending:		
2024	\$ 2,290,747	7,209,500
2025	(400,526)	3,869,650
2026	3,109,640	(1,545,821)
2027	3,922,958	25,281,757
2028	-	3,351,478
Thereafter	-	272,797
	\$ 8,922,819	38,439,361

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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.4%	5.18%-1.95%
Cost of living adjustments	1.5%	1.3%, annually
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation rate	2.9%	2.4%

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-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis.

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

The long term rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selections 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 investment expense and inflation) for

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each major asset class, as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

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

The expected real rate of return is net of the long-term inflation assumptions of 2.5% for ERS and 2.4% for TRS.

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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.

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's proportionate share of the net pension asset (liability)	<u>(\$34,166,539)</u>	<u>(14,138,437)</u>	<u>2,597,371</u>

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension asset (liability)	<u>(\$91,412,545)</u>	<u>(9,914,089)</u>	<u>58,625,578</u>

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)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Employers' total pension liability	\$ (232,627,259)	(133,883,474)
Plan net position	<u>211,183,223</u>	<u>131,964,582</u>
Employers' net pension asset/(liability)	<u>\$ (21,444,036)</u>	<u>(1,918,892)</u>

Ratio of plan net position to the employers' total pension asset/(liability)	90.78%	98.57%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$852,938.

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

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$10,118,298.

D) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions expensed by the District and withheld by employees for the fiscal year ended June 30, 2023, totaled \$391,589 and \$5,441,121, respectively.

E) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code section 457 for all employees. The District may also make contributions based on various employment contracts and collectively bargained agreements. Contributions expensed by the District and withheld by employees for the fiscal year ended June 30, 2023 totaled \$10,000 and \$1,079,337.

NOTE 14 – OTHER POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE):

A) Plan Description:

The District primarily provides post-employment hospital, medical and prescription drug benefit coverage to retired employees and their spouses and eligible dependents 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

On January 1, 1992, the District joined together with other districts to form an employee health insurance consortium, the Suffolk School Employees Health Plan (the "Plan"). The Plan is a public entity risk pool currently operating as a common risk management and health insurance program and is considered an agent multiple-employer health plan. The Plan is administered by United Health Care. The District pays an annual premium to the pool for its health insurance coverage. The Plan has obtained stop-loss insurance to reduce its exposure to excessive losses resulting from large covered claims. Although stop-loss insurance permits recovery of a portion of such losses from the insurance carrier, it does not discharge the Plan's responsibility for payment of the claim. The Plan also permits the assessment of additional contributions from the participating District employers in the form of supplemental assessments in the event of a plan shortfall in any fiscal year. The plan

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

issues a publicly available financial report. The report may be obtained by writing to the New York State Insurance Department Life Insurance Companies Bureau, 160 West Broadway, New York, NY 10013.

The Plan established a liability for both reported and unreported insured events, which includes estimates of both future payments or losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Benefits Provided

The Plan provides medical, prescription and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 83% and 100% of premiums for retirees and for family coverage depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District contributed an estimated \$10,915,919 to the Plan, including \$10,915,919 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the “pay as you go” method.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,183
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	815
Total	1,998

B) Total OPEB Liability:

The District’s total OPEB liability of \$327,582,576 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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Inflation	2.50%
Salary increases	3.90% including inflation
Discount rate	3.72%
Healthcare cost trend rates:	
Pre-65 Medical/retiree contributions	5.5% decreasing by 0.5% per year to an ultimate rate of 4.5% for 2025 and later years
Post-65 medical	4.5%
Prescription drug	6.5% decreasing by 0.5% per year to an ultimate rate of 4.5% for 2027 and later years
Administrative costs	3.0%
Retirees' share of benefit-related costs	0% for certain categories, 17% for teachers, 17% for administrators, 15% for central office administrators, and various amounts for others, of projected health insurance premiums for retirees

The discount rate was based on a yield of index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index.

Mortality and turnover assumptions used are the same as those used in the June 30, 2021 actuarial valuation for the New York State Teachers' Retirement System completed by the NYS Office of the Actuary.

The remaining demographic assumptions were based on historical experience of the Plan and current demographic data, adjusted to reflect professional judgement of the actuary.

C) Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 404,737,343</u>
Changes for the fiscal year:	
Service cost	16,232,276
Interest	8,560,113
Changes of benefit terms	(1,283,665)
Differences between expected and actual experience	3,028,648
Changes in assumptions or other inputs	(92,776,220)
Benefit payments	(10,915,919)
Net changes	<u>(77,154,767)</u>
Balance at June 30, 2023	<u><u>\$ 327,582,576</u></u>

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

Changes of benefit terms reflects an increase in the retirees' share of health insurance premiums from 16.5% to 17% for teachers.

Changes in assumptions and other inputs reflect the following:

- The discount rate was changed from 2.06% to 3.72%.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.72%) or 1-percentage point higher (4.72%) than the current discount rate:

	1% Decrease (2.72%)	Discount Rate (3.72%)	1% Increase (4.72%)
Total OPEB liability	\$379,466,683	\$327,582,576	\$285,422,300

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$277,243,119	\$327,582,576	\$392,111,995

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$13,476,988. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,151,027	-
Changes of assumptions or other inputs	38,202,664	134,184,208
District's benefit payments made subsequent to measurement date	<u>6,196,299</u>	<u>-</u>
	<u>\$ 55,549,990</u>	<u>134,184,208</u>

Benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30:	
2024	\$ (9,370,466)
2025	(11,799,895)
2026	(22,751,686)
2027	(26,452,488)
2028	<u>(14,455,982)</u>
	<u>\$ (84,830,517)</u>

NOTE 15 – TERMINATION BENEFITS PAYABLE:

The District offers a retirement incentive to certain administrators and teachers outlined in their employment contract. In general, administrators having served at least 10 years employed by the District and 20 years in the New York State Teachers' Retirement System or Employees' Retirement System are entitled to a retirement incentive of \$30,000. Teachers having been employed by the District for at least 15 years and have 20 years in the New York State Teachers' Retirement System are entitled to an incentive equal to their daily rate of pay for every 1 out of 4 days of accumulated sick, up to a maximum of 330 days. The current value of incentive payments earned is estimated at \$12,849,932 and is recorded as a long-term liability on the Statement of Net Position.

NOTE 16 - TAX ABATEMENTS:

The Town of Brookhaven Industrial Development Agency, established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 892, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the Town. The District's property tax revenue was reduced by \$965,609 for these programs. The District received Payment in Lieu of Tax payments totaling \$568,595 for these programs during the fiscal year.

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

NOTE 17 – RISK MANAGEMENT:

A) General:

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

B) Nonpool Risk Retained:

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported claims which were incurred on or before year-end but not paid. As of June 30, 2023, the District has incurred but unpaid claims liability in the amount of \$1,468,553 and has a workers' compensation reserve balance of \$1,578,189. Claims activity for the current and preceding year is summarized below:

	2023	2022
Unpaid claims, beginning of year	\$1,417,930	1,937,777
Incurred claims and claim adjustment expenses	610,641	131,220
Claim payments	(560,018)	(651,067)
Unpaid claims, end of year	\$1,468,553	1,417,930

NOTE 18– COMMITMENTS AND CONTINGENCIES:

A) Grants:

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

B) Litigation:

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the district's potential exposure, if any, at this time.

C) Encumbrances:

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

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

Assigned: Unappropriated Fund Balance

General fund:

General support	\$286,551
Instruction	646,051
Community services	705
	\$933,307
	\$933,307

NOTE 19– SUBSEQUENT EVENTS:

Events that occur after the Statement of Net Position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management evaluated the activity of the District through the date of this report and concluded the following subsequent events have occurred that would require disclosure in the notes to financial statements:

A) Tax Anticipation Note:

The District issued \$48,000,000 in tax anticipation notes on August 23, 2023, maturing on June 24, 2024 with a stated interest rate of 4.50%, but an effective interest rate of 3.5528% due to premiums received.

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources:				
Real property taxes	\$154,954,877	154,954,877	156,592,169	1,637,292
Other real property tax items	10,000,000	10,000,000	8,942,002	(1,057,998)
Charges for services	5,105,000	5,105,000	6,209,725	1,104,725
Use of money and property	300,000	300,000	1,310,966	1,010,966
Sale of property and compensation for loss	-	-	21,119	21,119
Miscellaneous	1,150,000	1,150,000	898,540	(251,460)
State sources:				
Basic formula	38,745,741	38,745,741	35,550,310	(3,195,431)
Excess cost aid	2,500,000	2,500,000	3,529,830	1,029,830
Lottery aid	5,000,000	5,000,000	6,804,446	1,804,446
BOCES aid	1,500,000	1,500,000	1,542,602	42,602
Textbook aid	275,000	275,000	342,685	67,685
Computer software and hardware aid	160,000	160,000	155,964	(4,036)
Library A/V loan program aid	40,000	40,000	39,412	(588)
Tuition aid	500,000	500,000	642,366	142,366
Other state aid	30,000	30,000	41,336	11,336
Federal sources	-	-	8,735	8,735
TOTAL REVENUES	<u>220,260,618</u>	<u>220,260,618</u>	<u>222,632,207</u>	<u>2,371,589</u>
Other financing sources				
Premiums on short term obligations	-	-	532,800	532,800
Transfers from other funds	-	-	740,998	740,998
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>1,273,798</u>	<u>1,273,798</u>
TOTAL REVENUE AND OTHER FINANCING SOURCES	<u>220,260,618</u>	<u>220,260,618</u>	<u>223,906,005</u>	<u>3,645,387</u>
Appropriated fund balance	3,800,000	3,800,000		
Appropriated reserves	1,600,010	1,600,010		
TOTAL REVENUES & APPROPRIATED FUND BALANCE & RESERVES	<u>\$225,660,628</u>	<u>225,660,628</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Year-End Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual and Encumbrances</u>
EXPENDITURES					
General support:					
Board of education	\$182,847	182,847	201,716	-	(18,869)
Central administration	569,328	569,328	569,650	-	(322)
Finance	2,152,471	2,151,471	1,842,442	3	309,026
Staff	2,043,250	2,043,250	1,928,948	18,689	95,613
Central services	19,950,788	19,991,479	19,437,962	267,859	285,658
Special items	2,583,138	2,583,138	2,150,570	-	432,568
Total general support	<u>27,481,822</u>	<u>27,521,513</u>	<u>26,131,288</u>	<u>286,551</u>	<u>1,103,674</u>
Instructional:					
Instruction, adm. & imp.	6,788,849	6,792,039	7,256,697	182	(464,840)
Teaching - regular schools	65,023,058	64,924,619	66,213,785	118,003	(1,407,169)
Programs for children with disabilities	30,273,513	30,277,422	28,794,106	426,496	1,056,820
Occupational education	688,000	688,000	615,941	-	72,059
Teaching special schools	551,600	521,200	356,634	-	164,566
Instructional media	3,451,777	3,416,812	3,430,144	1,938	(15,270)
Pupil services	10,322,622	10,406,924	10,905,946	99,432	(598,454)
Total instructional	<u>117,099,419</u>	<u>117,027,016</u>	<u>117,573,253</u>	<u>646,051</u>	<u>(1,192,288)</u>
Pupil transportation	<u>11,694,070</u>	<u>11,723,781</u>	<u>11,300,628</u>	<u>-</u>	<u>423,153</u>
Community service	<u>1,978,736</u>	<u>1,981,737</u>	<u>2,432,004</u>	<u>705</u>	<u>(450,972)</u>
Employee benefits	<u>53,624,126</u>	<u>53,624,126</u>	<u>52,293,489</u>	<u>-</u>	<u>1,330,637</u>
Debt service:					
Debt service principal	10,404,631	10,404,631	10,404,538	-	93
Debt service interest	2,639,824	2,639,824	3,772,902	-	(1,133,078)
Total debt service	<u>13,044,455</u>	<u>13,044,455</u>	<u>14,177,440</u>	<u>-</u>	<u>(1,132,985)</u>
TOTAL EXPENDITURES	<u>224,922,628</u>	<u>224,922,628</u>	<u>223,908,102</u>	<u>933,307</u>	<u>81,219</u>
Other financing uses					
Transfers to other funds	<u>738,000</u>	<u>738,000</u>	<u>715,029</u>	<u>-</u>	<u>22,971</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$225,660,628</u>	<u>225,660,628</u>	<u>224,623,131</u>	<u>933,307</u>	<u>104,190</u>
NET CHANGE IN FUND BALANCES			(717,126)		
FUND BALANCES - BEGINNING OF YEAR			<u>20,040,119</u>		
FUND BALANCES - END OF YEAR			<u>19,322,993</u>		

Note to Required Supplementary Information

Budget Basis of Accounting

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 16,232,276	17,248,073	14,362,948	8,867,478	11,084,624	8,693,204
Interest	8,560,113	10,017,335	11,239,735	12,706,118	11,420,942	12,185,492
Changes of benefit terms	(1,283,665)	(1,218,760)	-	-	-	(1,734,544)
Differences between expected and actual experience	3,028,648	8,631,652	-	10,565,401	-	24,464,559
Changes of assumptions or other inputs	(92,776,220)	(79,370,442)	45,112,401	64,413,622	(34,512,717)	(15,057,988)
Benefit payments	(10,915,919)	(11,615,549)	(10,958,776)	(10,338,440)	(9,762,293)	(10,663,191)
Net change in total OPEB liability	(77,154,767)	(56,307,691)	59,756,308	86,214,179	(21,769,444)	17,887,532
Total OPEB liability - beginning	<u>404,737,343</u>	<u>461,045,034</u>	<u>401,288,726</u>	<u>315,074,547</u>	<u>336,843,991</u>	<u>318,956,459</u>
Total OPEB liability - ending	<u>\$ 327,582,576</u>	<u>404,737,343</u>	<u>461,045,034</u>	<u>401,288,726</u>	<u>315,074,547</u>	<u>336,843,991</u>
Covered-employee payroll	\$ 108,697,719	108,697,719	101,981,575	101,981,575	102,659,551	102,659,551
Total OPEB liability as a percentage of covered-employee payroll	301.37%	372.35%	452.09%	393.49%	306.91%	328.12%
Discount rate	3.72%	2.06%	2.12%	2.74%	4.10%	3.44%

Notes to Schedule:*Trust Assets*

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

Changes of Benefit Terms

For fiscal year 2018, there was an increase in the retirees' share of health insurance premiums from 15% to 16% for teachers, and to 17% for administrators.

For fiscal year 2022, there was an increase in the retirees' share of health insurance premiums from 16% to 16.5% for teachers.

For fiscal year 2023, there was an increase in the retirees' share of health insurance premiums from 16.5% to 17% for teachers.

Changes of Assumptions

For fiscal year 2018, mortality rates and turnover rates were changed to those used in the New York State Teachers' Retirement System actuarial valuation as of June 30, 2016.

For fiscal year 2020, the projected per capita claims costs were revised to reflect recent claims experience and future expectations. The impact of removing the potential excise tax for high cost plans ("Cadillac tax") and the Affordable Care Act insurance fees are also reflected.

For fiscal year 2022, the projected per capita claims costs and the trend on such costs were revised to reflect recent claims experience and future expectations.

The termination and mortality rate were changed to those used in the NYS TRS actuarial valuation as of June 30, 2021.

The assumption for the percent of future retirees with eligible spouses opting for health coverage and retirement rates were revised based on past experience and future expectations.

The amounts presented for each fiscal year are as of the measurement date of the Plan, December 31 of each fiscal year.

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

NYSERS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.0659318%	0.0655001%	0.0620160%	0.0605208%	0.0607140%	0.0593591%	0.0553997%	0.0582109%	0.0563834%	0.0563834%
District's proportionate share of the net pension asset/(liability)	\$ (14,138,437)	5,354,358	(61,752)	(16,026,249)	(4,301,773)	(1,915,781)	(5,205,482)	(9,343,017)	(1,904,769)	(2,547,886)
District's covered payroll	\$ 25,935,784	22,578,110	22,259,401	21,137,500	19,970,536	19,172,697	18,821,898	17,795,350	17,430,907	16,364,574
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	54.51%	23.71%	0.28%	75.82%	21.54%	9.99%	27.66%	52.50%	10.93%	15.57%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	97.20%
NYSTRS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.516657%	0.538316%	0.518651%	0.514951%	0.513986%	0.511638%	0.491544%	0.481885%	0.481509%	0.493719%
District's proportionate share of the net pension asset/(liability)	\$ (9,914,089)	93,285,075	(14,331,740)	13,378,459	9,294,224	3,888,954	(5,264,646)	50,052,509	53,637,103	3,249,922
District's covered payroll	\$ 91,527,203	91,369,580	88,031,568	85,953,680	83,722,567	81,863,194	77,702,662	74,499,071	73,171,265	74,406,002
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83%	102.10%	16.28%	15.56%	11.10%	4.75%	6.78%	67.19%	73.30%	4.37%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30**

NYSERS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,487,674	3,175,551	3,067,025	2,926,175	2,848,752	2,371,411	2,749,492	3,091,745	3,208,082	3,344,752
Contributions in relation to the contractually required contribution	<u>2,487,674</u>	<u>3,175,551</u>	<u>3,067,025</u>	<u>2,926,175</u>	<u>2,848,752</u>	<u>2,371,411</u>	<u>2,749,492</u>	<u>3,091,745</u>	<u>3,208,082</u>	<u>3,344,752</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 24,489,875	23,733,739	23,058,468	21,675,923	20,270,093	19,292,160	18,711,788	17,795,350	17,289,597	16,807,381
Contributions as a percentage of covered payroll	10.16%	13.38%	13.30%	13.50%	14.05%	12.29%	14.69%	17.37%	18.55%	19.90%

NYSTRS Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 9,530,174	8,969,666	8,707,521	7,799,597	9,128,281	8,204,299	9,502,307	10,057,742	12,689,336	11,588,037
Contributions in relation to the contractually required contribution	<u>9,530,174</u>	<u>8,969,666</u>	<u>8,707,521</u>	<u>7,799,597</u>	<u>9,128,281</u>	<u>8,204,299</u>	<u>9,502,307</u>	<u>10,057,742</u>	<u>12,689,336</u>	<u>11,588,037</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 92,615,883	91,527,203	91,369,580	88,031,568	85,953,680	83,722,567	81,863,194	77,702,662	74,499,071	73,171,265
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.61%	12.94%	17.03%	15.84%

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$224,060,618
Add: Prior year's encumbrances	1,600,010
Original Budget	225,660,628
Budget revisions	-
Final Budget	225,660,628

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 Adopted Budget	\$230,930,757
Maximum allowed (4% of the 2023-2024 budget)	\$9,237,230
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	\$4,433,307
Unassigned fund balance	7,298,195
Total unrestricted fund balance	11,731,502
Less:	
Appropriated fund balance	3,500,000
Encumbrances included in assigned fund balance	933,307
Total adjustments	4,433,307
*General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$7,298,195
Actual percentage	3.16%

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

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES- CAPITAL PROJECTS FUND
AS OF JUNE 30, 2023**

Project Title	Project #	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2023	
				Prior Year's	Current Year	Total		Proceeds of Obligations	State Sources	Local Sources		Total
20/21 Ward Melville - Athletic Fields/ Generator	009-049	\$ 4,000,000	5,373,553	2,481,339	593,432	3,074,771	2,298,782	-	-	5,373,553	5,373,553	2,298,782
22/23 Arrowhead Playground and Gym Floor	007-033	425,000	425,000	-	103,018	103,018	321,982	-	-	425,000	425,000	321,982
Smart Schools Bond Act		3,395,850	3,395,850	3,083,425	128,750	3,212,175	183,675	-	945,340	-	945,340	(2,266,835) *
Transfer of surplus funds back to general fund		-	740,998	-	740,998	740,998	-	-	-	740,998	740,998	-
TOTAL		<u>\$ 7,820,850</u>	<u>9,935,401</u>	<u>5,564,764</u>	<u>1,566,198</u>	<u>7,130,962</u>	<u>2,804,439</u>	<u>-</u>	<u>945,340</u>	<u>6,539,551</u>	<u>7,484,891</u>	<u>353,929</u>

* The deficit will be eliminated once funding from New York State is received.

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023**

Capital assets, net		\$165,863,920
Deduct:		
Short-term portion of bonds payable	\$8,555,000	
Long-term portion of bonds payable	52,885,000	
Short-term portion of energy performance debt	1,803,947	
Long-term portion of energy performance debt	9,298,133	
Gain on defeasance	1,620,848	74,162,928
Net Investment in capital assets		<u><u>\$91,700,992</u></u>

THREE VILLAGE CENTRAL SCHOOL DISTRICT

Federal Grant Compliance Audit

June 30, 2023

INDEPENDENT AUDITORS' 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

The Board of Education
Three Village Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Three Village Central School District (the District), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 11, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Three Village Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Three Village Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance

requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

EFPR Group, CPAs, PLLC

Williamsville, New York
October 11, 2023

**THREE VILLAGE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Expenditures	Expenditures by Assistance Listing Number	Expenditures to Subrecipients
<u>U.S. Department of Education</u>					
<u>Passed-through NYS Education Department:</u>					
ARP Special Education Grants to States (IDEA, Part B)	84.027	5532-22-0878	\$23,869		
Special Education Grants to States (IDEA, Part B)	84.027	0032-23-0878	<u>1,412,479</u>	1,436,348	-
ARP Special Education Preschool Grants (IDEA Preschool)	84.173	5533-22-0878	21,001		-
Special Education Preschool Grants (IDEA Preschool)	84.173	0033-23-0878	<u>58,340</u>	79,341	-
Total Special Education Cluster			<u>1,515,689</u>		
Title I Grants to Local Educational Agencies	84.010	0021-22-2960	7,166	-	-
Title I Grants to Local Educational Agencies	84.010	0021-23-2960	<u>165,578</u>	172,744	-
English Language Acquisition Grants	84.365	0149-23-2960	<u>44,726</u>	44,726	-
Supporting Effective Instruction State Grants	84.367	0147-23-2960	<u>76,348</u>	76,348	-
Student Support and Academic Enrichment Grants	84.424	0204-22-2960	5,296		-
Student Support and Academic Enrichment Grants	84.424	0204-23-2960	<u>9,103</u>	<u>14,399</u>	-
ARP Elementary and Secondary Emergency Relief Fund (ESSER) III	84.425U	5880-21-2960	<u>110,774</u>	<u>110,774</u>	-
Total U.S Department of Education				<u>1,934,680</u>	-
<u>U.S. Department of Agriculture</u>					
<u>Passed-through NYS Education Department:</u>					
National School Lunch Program (cash assistance)	10.555	N/A	675,146		-
National School Lunch Program (non-cash food distribution)	10.555	N/A	<u>196,894</u>	<u>872,040</u>	-
School Breakfast Program (cash assistance)	10.553	N/A	<u>23,609</u>	<u>23,609</u>	-
Total Child Nutrition Cluster			<u>895,649</u>		-
Pandemic Electronic Benefits Transfer (EBT)- Administrative Costs Grants	10.649	N/A	<u>5,652</u>	<u>5,652</u>	-
Total U.S. Department of Agriculture				<u>901,301</u>	-
Total Federal Awards Expended				<u>\$2,835,981</u>	-

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

(1) Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the schedule) presents the activity of federal award programs administered by the Three Village Central School District (the District), which are described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the Uniform Guidance.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

(2) Subrecipients

No amounts were provided to subrecipients.

(3) Nonmonetary Federal Program

The District is the recipient of a federal award program (Assistance Listing No. 10.555) that does not result in cash receipts or disbursements termed a "nonmonetary program." During the year ended June 30, 2023, the District used \$196,894 worth of food commodities as reported in the schedule of expenditures of federal awards.

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- 1. Material weakness(es) identified? _____ Yes No
- 2. Significant deficiency(ies) identified? _____ Yes None reported
- 3. Noncompliance material to financial statements noted? _____ Yes No

Federal Awards:

Internal control over major programs:

- 4. Material weakness(es) identified? _____ Yes No
- 5. Significant deficiency(ies) identified? _____ Yes None reported

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

- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? _____ Yes No

7. The District's major programs audited was:

<u>Name of Federal Program</u>	<u>Assistance Listing Number</u>
Special Education Cluster	84.027/84.173

8. Dollar threshold used to distinguish between Type A and Type B programs. \$750,000

- 9. Auditee qualified as low-risk auditee? _____ Yes No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable finding and questioned costs.

THREE VILLAGE CENTRAL SCHOOL DISTRICT
Status of Prior Year Audit Findings
Year ended June 30, 2023

There were no audit findings in the prior year financial statements (June 30, 2022).