

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Cold Spring Harbor Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in District's total other post-employment benefits liability and related ratios, schedule of District's contributions, and schedule of District's proportionate share of the net pension asset/(liability) on pages 1 through 15 and 60 through 64, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 2, 2023

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

1. FINANCIAL HIGHLIGHTS

- The District’s total net position deficit, as reflected in the District-Wide Financial Statements, decreased by \$9,546,966, or 19.58%
- The District’s expenses for the fiscal year, as reflected in the District-Wide Financial Statements, totaled \$68,379,120. Of this amount, \$1,880,604 was offset by charges for services and \$1,788,077 by operating grants and contributions. General revenues of \$74,257,435 amount to 95.29% of total revenues.
- The general fund’s total fund balance, as reflected in the fund financial statements, increased by \$4,819,262, or 17.16%, to \$32,897,078. This was due to revenues and other financing sources exceeding expenditures and other financing uses based on the modified accrual basis of accounting.
- On May 16, 2023, the proposed 2023-24 budget in the amount of \$77,141,053 was authorized by the District’s residents.
- On April 26, 2023 the District issued serial bonds with a par amount of \$9,000,000 and received a premium on issuance of \$122,664.

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:

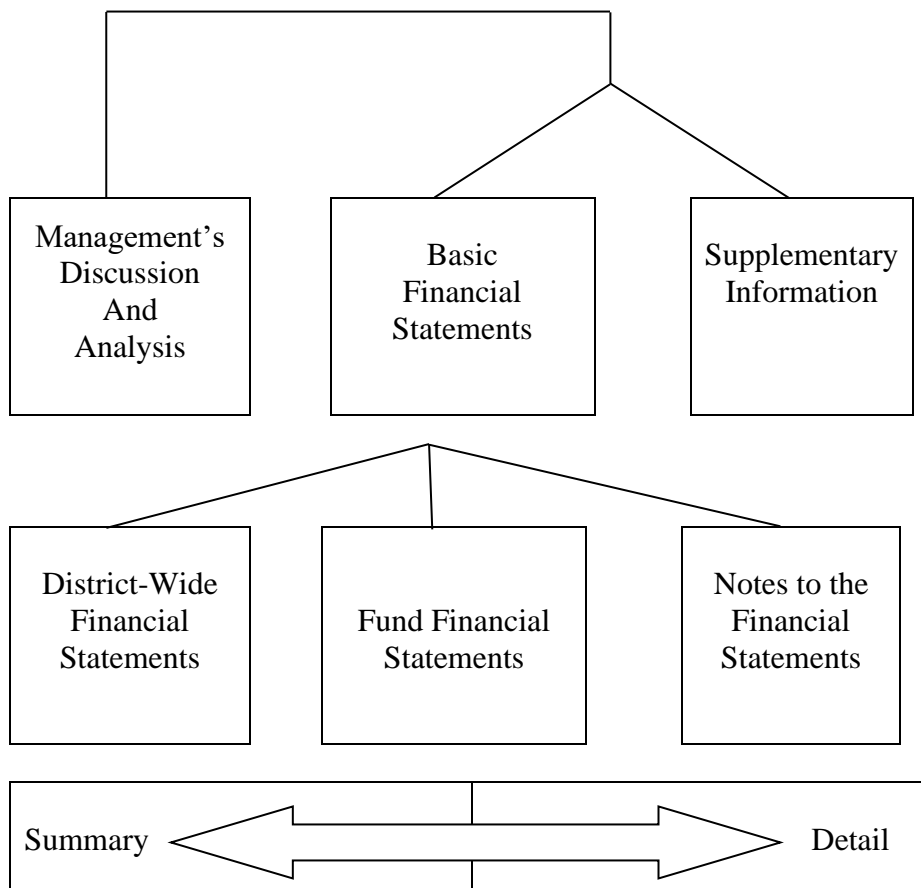
- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

- *Fiduciary Fund Statements* provide information about the financial relationships in which the District acts solely as a trustee or custodian for the benefit of others, including the employees of District.

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. The table below shows how the various parts of this annual report are arranged and related to one another.

Organization of the District’s Annual Financial Report



The following table summarizes the major features of the District’s 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.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary fund)	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, intangible lease assets, or long-term liabilities included	All financial assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any), short-term and long-term; these funds do not currently contain capital assets or intangible lease 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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A. District-Wide Statements

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

The two District-Wide Financial Statements report the District's net position and how it has changed. Net position - the difference between the District's 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 the District's 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 and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, finance, or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation expense or amortization expense are not calculated if it does not provide or reduce current financial resources. Finally, capital assets and intangible lease assets and long-term liabilities are both accounted for in account groups and do not affect the fund balances.

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

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

**COLD SPRING HARBOR 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.

The District has two kinds of funds:

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

Fiduciary fund: The District is the custodian 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. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

Adjustments were made to reconcile differences identified between the District's records and the opening balances of long-term compensated absences liability and intangible lease assets and associated lease liability. This resulted in the restatement of opening balances of non-current assets, long-term liabilities, net investment in capital assets, and unrestricted (deficit). See Note 19 to the financial statements for further information.

	As Restated 2022	As Reported 2022	Increase (Decrease)
Non-current assets	\$ 32,160,453	\$ 31,412,257	\$ 748,196
Long-term liabilities	119,936,490	118,553,616	1,382,874
Net investment in capital assets	28,874,590	28,878,897	(4,307)
Unrestricted (deficit)	(107,592,757)	(106,962,386)	(630,371)

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The District's net deficit decreased by \$9,546,996 in the fiscal year ended June 30, 2023 as detailed in the table that follows.

Condensed Statement of Net Position-Governmental Activities

	Fiscal Year 2023	As Restated Fiscal Year 2022	Increase (Decrease)	Total Percentage Change
Current assets	\$66,775,478	\$57,590,100	\$9,185,378	15.95%
Non-current assets	37,876,908	32,160,453	5,716,455	17.77%
Net pension asset-proportionate share	-	28,337,035	(28,337,035)	(100.00%)
Total Assets	<u>104,652,386</u>	<u>118,087,588</u>	<u>(13,435,202)</u>	<u>(11.38%)</u>
Deferred outflows of resources	35,329,953	40,788,821	(5,458,868)	(13.38%)
Total Assets and Deferred outflows of resources	<u>139,982,339</u>	<u>158,876,409</u>	<u>(18,894,070)</u>	<u>(11.89%)</u>
Current liabilities	7,257,307	5,159,102	2,098,205	40.67%
Long-term liabilities	123,108,867	119,936,490	3,172,377	2.65%
Total Liabilities	<u>130,366,174</u>	<u>125,095,592</u>	<u>5,270,582</u>	<u>4.21%</u>
Deferred inflows of resources	48,828,263	82,539,911	(33,711,648)	(40.84%)
Total Liabilities and Deferred inflows of resources	<u>179,194,437</u>	<u>207,635,503</u>	<u>(28,441,066)</u>	<u>(13.70%)</u>
Net Position				
Net investment in capital assets	27,556,029	28,874,590	(1,318,561)	(4.57%)
Restricted	24,581,945	29,959,073	(5,377,128)	(17.95%)
Unrestricted (deficit)	(91,350,072)	(107,592,757)	16,242,685	15.10%
Total Net Position	<u>(\$39,212,098)</u>	<u>(\$48,759,094)</u>	<u>\$9,546,996</u>	<u>19.58%</u>

*Reclassifications have been made to current assets, non-current assets, current liabilities, and long-term liabilities for 2022 to conform to the 2023 financial statement classification. These reclassifications resulted in no net effect on ending net position.

Current assets and other assets increased by \$9,185,378, or 15.95%, primarily due to an increase in cash and cash equivalents and state and federal aid receivable.

Non-current assets (capital assets net of accumulated depreciation and intangible lease assets net of accumulated amortization) increased by \$5,716,455, or 17.77%, primarily due to current year additions exceeding current year depreciation and amortization expense.

Deferred outflows of resources decreased by \$5,458,868 as compared to the prior year. The change in deferred outflows represent amortization of the pension related items and the change in the District's contributions subsequent to the measurement date, as discussed in Note 11 and the amortization of deferred outflows related to the total other post-employment benefits obligation, as discussed in Note 13.

Current liabilities increased by \$2,098,205, or 40.67%, from the prior year, primarily due to increases in accounts payable and due to teachers' retirement system, partially offset by a decrease in accrued liabilities.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Long-term liabilities increased by \$3,172,377 or 2.65%, from the prior year, primarily due to changes in the actuarial valuations for the net pension liabilities and total other post-employment benefits obligation, in addition to increases in bonds payable as a result of the District's current year bond issuance.

Deferred inflows of resources decreased by \$33,711,648 as compared to the prior year. The change in deferred inflows represents amortization of pension related items, as discussed in Note 11, and the amortization of deferred inflows related to the total other post-employment benefits obligation, as discussed in Note 13.

The net investment in capital assets relates to the investment in capital assets and intangible lease assets at cost (and at the present value of future lease payments remaining on the lease term for intangible lease assets) such as land, construction in progress, buildings and building improvements, and furniture and equipment, net of accumulated depreciation, accumulated amortization, and related debt. This amount decreased from the prior year by \$1,318,561, or 4.57%, which is due to the current year's depreciation and amortization, as well as the increase in bonds payable, partially offset by current year capital asset additions, capital outlay, and principal payments on bonds and intangible lease assets.

The restricted net position balance in the amount of \$24,581,945 relates to the District's reserves: employee benefits accrued liability, retirement contribution, capital, liability, workers' compensation, unemployment, debt service and amounts restricted for scholarships and donations. The restricted amount decreased by \$5,377,128, or 17.95%.

The unrestricted net deficit at June 30, 2023 of \$91,350,072 relates to the balance of the District's net position. The unrestricted net deficit decreased by \$16,242,685 or 15.10%.

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:

Changes in Net Position from Operating Results – Governmental Activities Only

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$1,880,604	\$1,537,217	\$343,387	22.43%
Operating grants and contributions	1,788,077	511,587	1,276,490	249.52%
General Revenues				
Real property taxes and other tax items	67,635,520	66,550,394	1,085,126	1.63%
State sources	4,336,856	4,254,166	82,690	1.94%
Medicaid reimbursement	5,160	3,002	2,158	71.89%
Use of money and property	1,670,887	49,557	1,621,330	3271.65%
Other	609,012	901,996	(292,984)	(32.48%)
Total Revenues	<u>77,926,116</u>	<u>73,807,919</u>	<u>4,118,197</u>	5.58%
Expenses				
General support	12,670,973	11,047,053	1,623,920	14.70%
Instruction	47,762,173	44,348,268	3,413,905	7.70%
Pupil transportation	5,978,725	4,601,465	1,377,260	29.93%
Debt service - interest	1,022,872	15,356	1,007,516	6561.06%
Food service program	944,377	860,260	84,117	9.78%
Total Expenses	<u>68,379,120</u>	<u>60,872,402</u>	<u>7,506,718</u>	12.33%
Increase (Decrease) in Net Position	<u>\$9,546,996</u>	<u>\$12,935,517</u>	<u>(\$3,388,521)</u>	(26.20%)

*Reclassifications have been made to charges for services and operating grants and contributions for 2022 to confirm to the 2023 financial statement classification. These reclassifications resulted in no net effect on ending net position.

Information for 2022 was not restated for the compensated absence liability and the lease liability opening balance adjustments because the information necessary was not readily available. The cumulative effect of the restatement is shown as an adjustment to beginning net position. See Note 19 for more information.

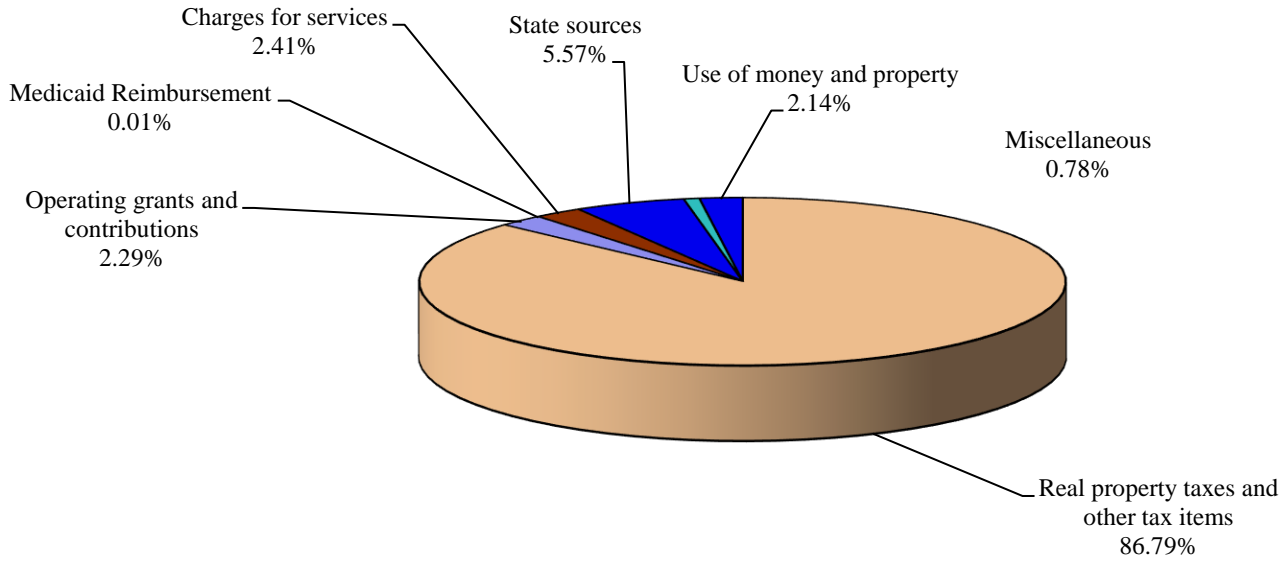
The District's total fiscal year 2023 revenues totaled \$77,926,116. Real property taxes and other tax items coupled with state sources accounted for most of the District's revenue by contributing 86.79% and 5.57%, respectively, of total revenues. The remainder represents charges for services, operating grants and contributions, use of money and property, Medicaid reimbursement, and other miscellaneous sources.

Charges for services increased by \$343,387 or 22.43%, which is primarily attributable to increases in school lunch meal sales. Operating grants and contributions increased by \$1,276,490, or 249.52%, which is primarily attributable to increases in funds received for state and federal grants.

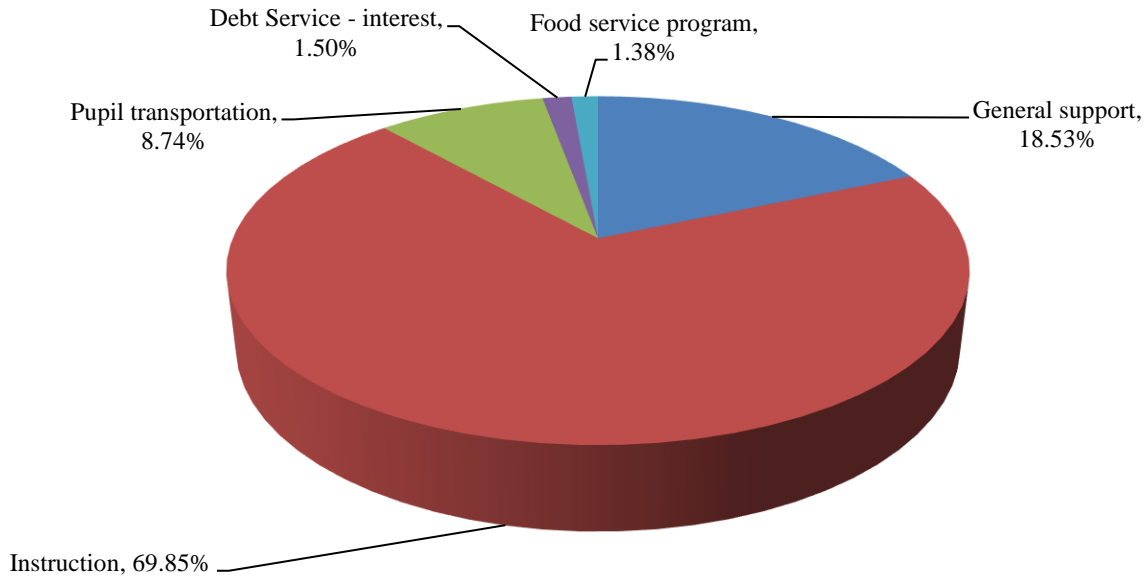
The total cost of all programs and services totaled \$68,379,120 for fiscal year 2023. These expenses are predominantly related to general support and instruction, which account for 18.53% and 69.85%, respectively, of total district expenses.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Revenues for Fiscal Year 2023



Expenses for Fiscal Year 2023



**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the Fund Financial Statements are not the same as variations 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 and intangible lease assets purchased and financed by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and intangible lease assets, and the current payments for debt.

As of June 30, 2023, the District's combined governmental funds reported a total fund balance of \$59,557,066. See the Table on the following page for more information.

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

	Fiscal Year 2023	Fiscal Year 2022	Increase (Decrease)	Percentage Change
General Fund				
Restricted for employee benefits accrued liability	\$ 3,663,757	\$ 3,658,652	\$ 5,105	0.14%
Restricted for retirement contribution - ERS	2,832,691	2,828,744	3,947	0.14%
Restricted for retirement contribution - TRS	1,825,363	1,605,085	220,278	13.72%
Restricted for capital	12,656,997	12,634,411	22,586	0.18%
Restricted for liability	1,840,717	2,138,152	(297,435)	(13.91%)
Restricted for workers' compensation	702,824	701,845	979	0.14%
Restricted for unemployment insurance	276,158	275,773	385	0.14%
Assigned-designated for subsequent year's expenditures	750,000	720,000	30,000	4.17%
Assigned - unappropriated	773,645	578,338	195,307	33.77%
Unassigned	7,574,926	2,936,816	4,638,110	157.93%
Total fund balance - general fund	<u>32,897,078</u>	<u>28,077,816</u>	<u>4,819,262</u>	17.16%
School Lunch Fund				
Nonspendable - inventory	11,803	12,812	(1,009)	(7.88%)
Assigned	204,701	116,231	88,470	76.12%
Total fund balance- school lunch fund	<u>216,504</u>	<u>129,043</u>	<u>87,461</u>	67.78%
Miscellaneous Special Revenue Fund				
Restricted for scholarships and donations	20,786	24,465	(3,679)	(15.04%)
Assigned	211,774	189,414	22,360	11.80%
Total fund balance- miscellaneous special revenue fund	<u>232,560</u>	<u>213,879</u>	<u>18,681</u>	8.73%
Debt Service Fund				
Restricted for debt service	<u>644,885</u>	<u>644,885</u>	-	0.00%
Capital Projects Fund				
Restricted for capital	117,767	122,724	(4,957)	(4.04%)
Restricted for capital-unspent bond proceeds	18,435,102	18,102,696	332,406	1.84%
Assigned	7,013,170	5,165,581	1,847,589	35.77%
Total fund balance - capital projects fund	<u>25,566,039</u>	<u>23,391,001</u>	<u>2,175,038</u>	9.30%
Total fund balance - all funds	<u>\$ 59,557,066</u>	<u>\$ 52,456,624</u>	<u>\$ 7,100,442</u>	13.54%

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Certain reclassifications have been made to fund balance classifications for 2022 in order to conform to 2023 financial statement classifications. These reclassifications resulted in no net effect on ending fund balance.

The District can attribute changes to fund balances and reserves primarily due to operating results, use of restricted fund balances to support appropriations, Board approved transfers, and allocation of interest and earnings.

A. General Fund

The fund balance in the general fund increased by \$4,819,262. This increase was due primarily to revenues and other financing sources of \$75,157,027 exceeding expenditures and other financing uses of \$70,337,765.

B. School Lunch Fund

The fund balance in the school lunch fund increased by \$87,461, which is the result of revenues of \$1,062,982 exceeding expenditures of \$975,521.

C. Miscellaneous Special Revenue Fund

The fund balance in the miscellaneous special revenue fund increased by \$18,681. This increase is primarily due to revenues exceeding expenditures for extraclassroom and miscellaneous activities, partially offset by expenditures exceeding current year donations and interest earnings for scholarships and donations.

D. Debt Service Fund

The fund balance in the debt service did not change from the prior year.

E. Capital Projects Fund

The fund balance in the capital projects fund increased by \$2,175,038 as compared to the prior year. This increase was due to proceeds from serial bonds and an interfund transfer from the general fund, offset by capital outlays and an interfund transfer to the general fund for unused authorizations on completed projects.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget:

The District's general fund adopted budget for the year ended June 30, 2023 was \$73,420,423. This amount was increased by encumbrances carried forward from the prior year in the amount of \$578,338, voter approved appropriation of the liability reserve fund of \$300,000, and donations received of \$38,186, which resulted in a final budget of \$74,336,947. The majority of the budgeted funding was through real property taxes and other tax items.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Opening, unassigned fund balance	\$	2,936,816
Revenues and other financing sources over budget		2,518,418
Expenditures, other financing uses, and encumbrances under budget		3,225,537
Interest allocated to reserves		(37,807)
Transfer to reserves		(218,038)
Assigned- appropriated for June 30, 2024 budget		(750,000)
Unused appropriated reserves from June 30, 2023 budget		(100,000)
Closing, unassigned fund balance	\$	<u>7,574,926</u>

The opening unassigned fund balance of \$2,936,816 is the June 30, 2022 unassigned fund balance.

The revenues and other financing sources over budget of \$2,518,418 are primarily due to favorable variances in use of money and property and sale of property for compensation and loss. Refer to Supplemental Schedule #1 for more details.

The expenditures, other financing uses, and encumbrances under budget of \$3,225,537 represent savings across the budget, but \$338,168 was in general support, \$1,897,437 was in instruction, \$465,004 was in pupil transportation, \$1,000 was in community services, and \$523,928 was in employee benefits. Refer to Supplemental Schedule #1 for more details.

The District transferred \$218,038 to the retirement contribution reserve for the teachers’ retirement system.

Interest of \$37,807 was also allocated to the reserves as follows: \$5,105 to the employee benefit accrued liability reserve, \$3,947 to the retirement reserve for the employees’ retirement system, \$2,240 to the retirement reserve for the teachers’ retirement system, \$22,586 to the capital reserves, \$2,565 to the liabilities claims reserve, \$979 to the workers’ compensation reserve, and \$385 to the unemployment reserve.

The assigned appropriated fund balance of \$750,000 for the June 30, 2024, budget is the amount the District has chosen to use to fund its operating budget for 2023-2024.

In the 2022-2023 budget, \$100,000 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, this amount was not utilized. As such, this amount was returned to the reserves for future use.

The District closed the 2022-2023 fiscal year with \$7,574,926 in unassigned fund balance. NYS Real Property Tax Law §1318 restricts this number to an amount not greater than 4% of the District’s

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

budget for the ensuing fiscal year. The District's unassigned fund balance is over the legal limit. The District is aware and has taken this step so as to ensure they are able to address the settlement payments required due to the Child Victims Act litigation. The District plans to utilize the excess towards covering the upcoming legal settlements.

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

A. Capital Assets and Intangible Lease 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 and intangible lease assets net of accumulated depreciation and accumulated amortization are as follows:

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

Category	Fiscal Year 2023	As Restated Fiscal Year 2022	Increase (Decrease)	Percentage Change
Land	\$ 125,075	\$ 125,075	\$ -	0.00%
Construction in progress	12,954,315	3,939,713	9,014,602	228.81%
Buildings & building improvements	76,330,896	76,318,728	12,168	0.02%
Furniture and equipment	3,546,797	3,392,379	154,418	4.55%
Subtotal	<u>92,957,083</u>	<u>83,775,895</u>	<u>9,181,188</u>	10.96%
Less: accumulated depreciation	<u>55,849,512</u>	<u>52,832,018</u>	<u>3,017,494</u>	5.71%
Capital Assets, Net	<u>\$ 37,107,571</u>	<u>\$ 30,943,877</u>	<u>\$ 6,163,694</u>	19.92%
Intangible Lease Assets, Net	<u>\$ 769,337</u>	<u>\$ 1,216,576</u>	<u>\$ (447,239)</u>	-36.76%

*Opening intangible lease assets were restated to capture additional lease agreements that were not captured in the previous year. As a result, opening intangible lease assets, net of accumulated amortization, were increased by \$748,196. See Note 19 for further information.

Depreciation expense was \$3,017,494 and amortization expense was \$447,239 for fiscal year ended June 30, 2023. See Note 7 to the financial statements for additional detail.

B. Long-Term Debt

At June 30, 2023, the District had total long-term debt payable, including bonds payable (inclusive of unamortized premiums) and lease liability of \$28,755,981. The increase in long-term debt represents additions to bonds payable as a result of the District's current year bond issuance, partially offset by principal payments and amortization expense. More detailed information about the District's long-term debt is presented in Note 10 to the financial statements.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

	2023	As Restated 2022	Increase (Decrease)
Serial bonds payable (inclusive of unamortized premium)	\$ 27,972,149	\$ 20,161,623	\$ 7,810,526
Lease liability	783,832	1,226,936	(443,104)
Total	\$ 28,755,981	\$ 21,388,559	\$ 7,367,422

*Opening lease liabilities were restated to capture additional lease agreements that were not captured in the previous year. As a result, lease liabilities were increased by \$752,503. See Note 19 for further information.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A.** The general fund budget for the 2023-2024 school year in the amount of \$77,141,053 was approved by voters. This is an increase of \$3,720,630, or 5.07%, over the previous year's budget. The tax cap discussed below, as well as uncertainty in state aid and federal funds, may impact the District's future budgets.
- B.** Future budgets may be negatively affected by certain trends impacting school districts. These factors including rising health care premiums, increased costs in particular payroll, associated with meeting the requirements for instructional services and the property tax cap could impact the District's ability to fund its current costs of services. Current market conditions, inflation, and increased utilities may also impact expenditures in future budgets.
- C.** The District settled two Child Victims Act cases in August of 2023. The settlement amounts for the two cases total \$14,000,000. The District has currently taken the following steps in order to address the financial resources needed to pay these legal obligations. There are currently no additional known Child Victims Act cases pending for the District.
- a. At June 30, 2023 the District's general fund unassigned fund balance exceeds the legal limit set forth under NYS Real Property Tax Law 1318 by \$4,489,284. The District plans to utilize this excess along with its liability reserve in the amount of \$10,716 for the first settlement payment amounts of \$4,500,000, which are due on or before October 4, 2023.
 - b. The final settlement amounts of \$9,500,000 are due on or before July 4, 2024. The District will be utilizing the balance of the \$1,830,000 in the liability reserve to make this payment. The remainder amount due of \$7,670,000 will be financed by issuing debt. The results of a November 16, 2023 referendum, in accordance with NYS Education Law 3651, to liquidate the Capital Reserve IV will determine the borrowing term of the debt. If the referendum is successful, the District will utilize the liquidation proceeds to pay off the debt; the borrowing term will be short term. If the referendum is unsuccessful, the District can borrow for a maximum allowable term of 15 years.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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:

Cold Spring Harbor Central School District
District Offices
Attn: Christine Costa, CPA, CGMA
Assistant Superintendent for Business
75 Goose Hill Road
Cold Spring Harbor, New York 11724
(631) 367-5900

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	\$ 20,323,666
Restricted	43,018,091
Receivables	
Taxes receivable	467,515
Accounts receivable	327,279
State and federal aid	2,428,547
Due from fiduciary funds	198,577
Inventory	11,803
Non-current assets	
Capital assets	
Not being depreciated	13,079,390
Being depreciated, net of accumulated depreciation	24,028,181
Intangible lease asset, net of accumulated amortization	769,337
TOTAL ASSETS	<u>104,652,386</u>
DEFERRED OUTFLOWS OF RESOURCES	
Other post-employment benefits	16,427,123
Pensions	18,902,830
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>35,329,953</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>139,982,339</u>
LIABILITIES	
Payables	
Accounts payable	2,952,438
Accrued liabilities	585,125
Accrued interest payable	38,895
Due to other governments	22,773
Due to teachers' retirement system	3,098,740
Due to employees' retirement system	198,149
Compensated absences	305,228
Unearned credits	
Collections in advance	55,959
Long-term liabilities	
Due and payable within one year	
Bonds payable (inclusive of unamortized premium)	1,843,953
Lease liability	380,182
Compensated absences payable	261,011
Workers' compensation claims payable	258,471
Due and payable after one year	
Bonds payable (inclusive of unamortized premium)	26,128,196
Lease liability	403,650
Compensated absences payable	5,060,573
Workers' compensation claims payable	1,621,675
Total other post-employment benefits obligation	80,778,367
Net pension liability - proportionate share - employees' retirement system	3,400,148
Net pension liability - proportionate share - teachers' retirement system	2,972,641
TOTAL LIABILITIES	<u>130,366,174</u>
DEFERRED INFLOWS OF RESOURCES	
Other post-employment benefits	47,410,145
Pensions	1,418,118
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>48,828,263</u>
NET POSITION	
Net investment in capital assets	<u>27,556,029</u>
Restricted	
Employee benefits accrued liability	3,663,757
Retirement contribution	4,658,054
Capital	12,774,764
Liability	1,840,717
Workers' compensation	702,824
Unemployment	276,158
Debt service	644,885
Scholarships and donations	20,786
	<u>24,581,945</u>
Unrestricted (deficit)	<u>(91,350,072)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (39,212,098)</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General support	\$ (12,670,973)			\$ (12,670,973)
Instruction	(47,762,173)	\$ 961,786	\$ 1,656,624	(45,143,763)
Pupil transportation	(5,978,725)			(5,978,725)
Debt service - interest	(1,022,872)			(1,022,872)
Food service program	(944,377)	918,818	131,453	105,894
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (68,379,120)</u>	<u>\$ 1,880,604</u>	<u>\$ 1,788,077</u>	<u>(64,710,439)</u>
GENERAL REVENUES				
Real property taxes				67,005,112
Other tax items - including STAR reimbursement				630,408
Use of money and property				1,670,887
Sale of property and compensation for loss				8,246
Miscellaneous				600,766
State sources				4,336,856
Medicaid reimbursement				5,160
TOTAL GENERAL REVENUES				<u>74,257,435</u>
CHANGE IN NET POSITION				9,546,996
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR AS RESTATED, (SEE NOTE 19)				<u>(48,759,094)</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (39,212,098)</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents							
Unrestricted	\$ 11,594,161	\$ 5,113	\$ 294,499	\$ 211,774	\$ -	\$ 8,218,119	\$ 20,323,666
Restricted	23,798,507			20,786	645,929	18,552,869	43,018,091
Receivables							
Taxes receivable	467,515						467,515
Accounts receivable	311,704		15,575				327,279
State and federal aid	1,376,244	1,046,724	5,579				2,428,547
Due from other funds	1,322,932		2,780				1,325,712
Inventory			11,803				11,803
TOTAL ASSETS	<u>\$ 38,871,063</u>	<u>\$ 1,051,837</u>	<u>\$ 330,236</u>	<u>\$ 232,560</u>	<u>\$ 645,929</u>	<u>\$ 26,770,988</u>	<u>\$ 67,902,613</u>
LIABILITIES AND FUND BALANCES							
Payables							
Accounts payable	\$ 1,795,995	\$ 9,428	\$ 32,985	\$ -	\$ -	\$ 1,114,030	\$ 2,952,438
Accrued liabilities	550,411	10,017	24,697				585,125
Due to other governments	22,682		91				22,773
Due to other funds	2,780	1,032,392			1,044	90,919	1,127,135
Due to teachers' retirement system	3,098,740						3,098,740
Due to employees' retirement system	198,149						198,149
Compensated absences	305,228						305,228
Unearned credits							
Collections in advance			55,959				55,959
TOTAL LIABILITIES	<u>5,973,985</u>	<u>1,051,837</u>	<u>113,732</u>	<u>-</u>	<u>1,044</u>	<u>1,204,949</u>	<u>8,345,547</u>
FUND BALANCE							
Nonspendable			11,803				11,803
Restricted:							
Employee benefits accrued liability	3,663,757						3,663,757
Retirement contribution - employees' retirement system	2,832,691						2,832,691
Retirement contribution - teachers' retirement system	1,825,363						1,825,363
Capital	12,656,997					117,767	12,774,764
Liability	1,840,717						1,840,717
Workers' compensation	702,824						702,824
Unemployment	276,158						276,158
Unspent bond proceeds						18,435,102	18,435,102
Debt Service					644,885		644,885
Scholarships and donations				20,786			20,786
Assigned:							
Appropriated fund balance	750,000						750,000
Unappropriated fund balance	773,645		204,701	211,774		7,013,170	8,203,290
Unassigned	7,574,926						7,574,926
TOTAL FUND BALANCES	<u>32,897,078</u>	<u>-</u>	<u>216,504</u>	<u>232,560</u>	<u>644,885</u>	<u>25,566,039</u>	<u>59,557,066</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,871,063</u>	<u>\$ 1,051,837</u>	<u>\$ 330,236</u>	<u>\$ 232,560</u>	<u>\$ 645,929</u>	<u>\$ 26,770,988</u>	<u>\$ 67,902,613</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances \$ 59,557,066

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

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

Original cost of capital assets	\$	92,957,083	
Accumulated depreciation		<u>(55,849,512)</u>	37,107,571

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

Original present value cost of intangible lease assets	\$	1,689,092	
Accumulated amortization		<u>(919,755)</u>	769,337

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

Deferred outflows of resources related to pensions	\$	18,902,830	
Deferred outflows of resources related to other post-employment benefits		<u>16,427,123</u>	35,329,953

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

Deferred inflows of resources related to pensions	\$	(1,418,118)	
Deferred inflows of resources related to other post-employment benefits		<u>(47,410,145)</u>	(48,828,263)

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

Accrued interest payable	\$	<u>(38,895)</u>	(38,895)
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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 (inclusive of unamortized premiums)	\$	(27,972,149)	
Lease liability		(783,832)	
Compensated absences payable		(5,321,584)	
Workers' compensation claims payable		(1,880,146)	
Total other post-employment benefits obligation		(80,778,367)	
Net pension liability - proportionate share			
Employees' retirement system		(3,400,148)	
Teachers' retirement system		<u>(2,972,641)</u>	<u>(123,108,867)</u>

Total Net Position (Deficit)			<u>\$ (39,212,098)</u>
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COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Debt Service Fund</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES							
Real property taxes	\$ 67,005,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,005,112
Other tax items - including STAR reimbursement	630,408						630,408
Charges for services	445,322			516,464			961,786
Use of money and property	1,665,779		5,108				1,670,887
Sale of property and compensation for loss	8,246						8,246
Miscellaneous	593,163		7,603	298			601,064
State sources	4,336,856	214,534	4,360				4,555,750
Federal sources	5,160	1,441,792	102,916				1,549,868
Surplus food			24,177				24,177
Sales			918,818				918,818
TOTAL REVENUES	<u>74,690,046</u>	<u>1,656,326</u>	<u>1,062,982</u>	<u>516,762</u>	<u>-</u>	<u>-</u>	<u>77,926,116</u>
EXPENDITURES							
General support	10,459,745						10,459,745
Instruction	34,711,360	1,347,776		498,081			36,557,217
Pupil transportation	4,520,750	53,772					4,574,522
Employee benefits	15,596,807		31,144				15,627,951
Debt service principal	1,748,183						1,748,183
Debt service interest	1,021,741						1,021,741
Cost of sales			944,377				944,377
Capital outlay						9,019,681	9,019,681
TOTAL EXPENDITURES	<u>68,058,586</u>	<u>1,401,548</u>	<u>975,521</u>	<u>498,081</u>	<u>-</u>	<u>9,019,681</u>	<u>79,953,417</u>
EXCESS (DEFICIENCY)							
OF REVENUES OVER EXPENDITURES	<u>6,631,460</u>	<u>254,778</u>	<u>87,461</u>	<u>18,681</u>	<u>-</u>	<u>(9,019,681)</u>	<u>(2,027,301)</u>
OTHER FINANCING SOURCES AND (USES)							
Operating transfers in	344,317	79,179				2,200,000	2,623,496
Operating transfers (out)	(2,279,179)	(333,957)				(10,360)	(2,623,496)
Bond premium	122,664						122,664
Proceeds from serial bonds						9,000,000	9,000,000
Leases						5,079	5,079
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>(1,812,198)</u>	<u>(254,778)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,194,719</u>	<u>9,127,743</u>
NET CHANGE IN FUND BALANCES	4,819,262	-	87,461	18,681	-	2,175,038	7,100,442
FUND BALANCES - BEGINNING OF YEAR	<u>28,077,816</u>	<u>-</u>	<u>129,043</u>	<u>213,879</u>	<u>644,885</u>	<u>23,391,001</u>	<u>52,456,624</u>
FUND BALANCES - END OF YEAR	<u>\$ 32,897,078</u>	<u>\$ -</u>	<u>\$ 216,504</u>	<u>\$ 232,560</u>	<u>\$ 644,885</u>	<u>\$ 25,566,039</u>	<u>\$ 59,557,066</u>

**COLD SPRING HARBOR 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 (all Funds) \$ 7,100,442

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, compensated absences are measured by the amounts earned or incurred during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. Compensated absences payable for the year ended June 30, 2023 changed by (87,574)

Workers' compensation claims payable in the Statement of Activities differs from the amounts reported in the governmental funds because the expense is recorded as an expenditure in the funds when it is due. In the Statement of Activities, the payable is recognized as it accrues regardless of when it is due. Workers' compensation claims payable for the year ended June 30, 2023 changed by (132,870)

Changes 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 and expenditures in the governmental funds.

	\$	6,177,519	
Other post-employment benefits obligation		(1,055,799)	
Teachers' retirement system		(790,486)	
Employees' retirement system		<u>4,331,234</u>	4,331,234

Capital Related Differences

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

	\$	9,212,044	
Capital outlays		(3,048,350)	
Depreciation expense		<u>6,163,694</u>	6,163,694

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

	\$	5,079	
Intangible lease capital outlays		(452,318)	
Amortization expense		<u>(447,239)</u>	(447,239)

Long-Term Debt Transaction Differences

Proceeds from leases are recorded as revenue in the governmental funds but not in the Statement of Activities. (5,079)

Proceeds and premium from the issuance of bonds are other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position and do not affect the statement of Activities (9,122,664)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 1,300,000

Repayment of lease liability principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 448,183

Governmental funds may report premiums, discounts, and similar items on refunded bonds as revenues or expenditures. These amounts are deferred and amortized in the Statement of Activities. Amortization on premiums for the fiscal year ended June 30, 2023 was 12,138

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 this 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 (13,269)

Change in Net Position \$ 9,546,996

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023**

	Custodial
ASSETS	
Cash and cash equivalents- restricted	\$ -
Prepaid expense	198,577
TOTAL ASSETS	\$ 198,577
LIABILITIES	
Due to governmental funds	\$ 198,577
TOTAL LIABILITIES	198,577
NET POSITION	
Restricted	-
TOTAL NET POSITION	-
TOTAL LIABILITIES AND NET POSITION	\$ 198,577

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Custodial
ADDITIONS	
Cold Spring Harbor Library- real property taxes collections	\$ 2,996,700
TOTAL ADDITIONS	2,996,700
DEDUCTIONS	
Cold Spring Harbor Library - real property taxes disbursed	2,996,700
TOTAL DEDUCTIONS	2,996,700
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	-
NET POSITION - END OF YEAR	\$ -

**COLD SPRING HARBOR 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 Cold Spring Harbor 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 District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the “Board”) consisting of 7 members. The 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 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, there are no other entities that would be included in the District’s financial statements.

B) Joint venture:

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

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, 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 of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

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

The District reports the following major governmental funds:

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or donor stipulations. Other activities included in this fund are extraclassroom activities and other miscellaneous special revenues.

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

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

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements because their resources do not belong to the District and are not available to be used. The District's fiduciary fund includes the custodial fund. This fund is custodial in nature and is used to account for real property taxes collected on behalf of other governments and disbursed to other governments and utilizes the economic resources measurement focus and the accrual basis of accounting.

D) Measurement focus and basis of accounting:

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

The 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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 bonds payable and lease liability, compensated absences, claims and judgments, total other post-employment benefits obligation, and net pension liabilities, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E) Real property taxes:

Real property taxes for the Town of Oyster Bay residents are levied annually by the Board of Education during the month of September and become a lien on October 1st and April 1st. This portion of the District's tax levy is collected by the Town of Oyster Bay and remitted to the District. Uncollected real property taxes have been enforced by the County in which the District is located. Nassau County has paid an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1st.

Real property taxes for the Town of Huntington residents are levied annually by the Board of Education no later than November 1st and become a lien on December 1st. This portion of the District's tax levy is collected by the Town of Huntington along with the respective Town and Suffolk County levies. These tax collections are remitted to the District and Town Comptroller until their respective taxes are satisfied in accordance with the Suffolk County Tax Act. All subsequent tax collections, through June 30th, are remitted by the Town to Suffolk County which in turn is responsible for any uncollected taxes.

F) Restricted resources:

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

G) Interfund transactions:

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

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent items 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 useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, workers' compensation claims payable, other post-employment benefits obligation, net pension asset/liability and potential contingent liabilities.

I) Cash and cash equivalents:

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

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventory:

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Inventory is accounted for on the consumption method. Under the consumption method, a current asset for the inventory is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED 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. Donated assets are reported at acquisition value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Building and building improvements	\$15,000	Straight-line	20 - 40 years
Furniture and equipment	\$2,000	Straight-line	5 - 20 years

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

M) Intangible lease assets:

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

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

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefits obligation reported in the District-Wide Statement of Net Position, which are detailed further in Notes 11 and 13.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These amounts are related to pensions and other post-employment benefit obligation reported in the District-Wide Statement of Net Position, which are detailed further in Notes 11 and 13.

O) Short-term debt:

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

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

P) Collections in Advance:

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as prepaid lunch amounts. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources. At June 30, 2023, collections in advance consisted of \$55,959 in the school lunch fund related to prepaid student account balances.

Q) Employee Benefits - Compensated Absences:

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

In the Funds Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

R) 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 expenditure in the year it accrues. In the District-Wide Financial Statements, the cost of post-employment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

S) Long Term Debt:

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

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the District-Wide financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T) Equity classifications:

District-Wide Financial Statements:

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

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

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

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

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:

Nonspendable 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. Nonspendable fund balance includes the inventory recorded in the school lunch fund of \$11,803.

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.

Currently, New York State law still use the terminology “reserves” and Districts are only allowed to use reserves authorized by law. The District has classified the following reserves as restricted:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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.

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 of 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.

Capital Reserve

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

Liability Reserve

According to Education Law §1709(8) (c), must be used to pay for liability claims This reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Workers' Compensation Reserve

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

Unemployment insurance reserve (GML§6-m), must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year end, 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.

Restricted for Unspent Bond Proceeds

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

Restricted for Debt Service

Debt service accumulates funds from unused bond proceeds and interest earnings. The accumulated funds must be used to offset the cost of the bond principal and interest payments. This reserve is accounted for in the debt service fund.

Restricted for Scholarships and Donations

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

Unrestricted Resources:

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

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority (i.e., the Board). The District has no committed fund balances as of June 30, 2023.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Assigned fund balance – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District’s Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year’s budget. Assigned fund balance also includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.

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 general fund unassigned fund balance was in excess of the New York State Real Property Tax Law 1318 limit as of June 30, 2023. It is noted the District is aware and has taken this step so as to ensure they are able to address the settlement payments required under the Child Victims Act litigation. The District plans to utilize the excess towards covering the upcoming legal settlements.

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.

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.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

B) Statement of Revenues, Expenditures, and Changes in Fund Balance 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 the three broad categories. The amounts shown below represent:

Long-term revenue and expenses 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.

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 or financing of intangible lease assets in the fund statements and depreciation expense or amortization expense on those items as recorded in the Statement of Activities.

Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Appropriations are adopted at the program line item level.

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

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

New York State law governs the District’s investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement 40, *Deposit and Investment Risk Disclosures*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

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

B) Restricted Cash and Cash Equivalents:

Restricted cash and equivalents represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents at June 30, 2023 included \$43,018,091 within the governmental funds for general reserves, scholarships and donations purposes, debt service, capital projects, and unspent bond proceeds.

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 fiscal year ended June 30, 2023, the District was billed \$3,060,688 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,297,513. Financial statements for the Western Suffolk BOCES are available from the Western Suffolk BOCES administrative office at 507 Deer Park Ave, Dix Hills, NY 11746.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

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

General Fund	
Excess cost aid	\$ 96,731
BOCES aid	1,279,513
Total - Special Aid Fund	<u>1,376,244</u>
Special Aid Fund	
Federal aid	917,568
State aid	129,156
Total - Special Aid Fund	<u>1,046,724</u>
School Lunch Fund	
Federal lunch reimbursements	4,751
State lunch reimbursements	828
Total - School Lunch Fund	<u>5,579</u>
Total - State and federal aid receivables	<u>\$ 2,428,547</u>

District management has deemed these amounts to be fully collectible.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

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

	Beginning Balance	Additions	Reclassification/ Disposals	Ending Balance
Capital assets that are not depreciated:				
Land	\$ 125,075	\$ -	\$ -	\$ 125,075
Construction in progress	3,939,713	9,014,602		12,954,315
Total capital assets not being depreciated	<u>4,064,788</u>	<u>9,014,602</u>	<u>-</u>	<u>13,079,390</u>
Capital assets that are depreciated:				
Building and building improvements	76,318,728	12,168		76,330,896
Furniture and equipment	3,392,379	185,274	(30,856)	3,546,797
Total capital assets being depreciated	<u>79,711,107</u>	<u>197,442</u>	<u>(30,856)</u>	<u>79,877,693</u>
Less accumulated depreciation for				
Building and building improvements	50,786,885	2,863,834		53,650,719
Furniture and equipment	2,045,133	184,516	(30,856)	2,198,793
Total accumulated depreciation	<u>52,832,018</u>	<u>3,048,350</u>	<u>(30,856)</u>	<u>55,849,512</u>
Total capital assets, being depreciated, net	<u>26,879,089</u>	<u>(2,850,908)</u>	<u>-</u>	<u>24,028,181</u>
Capital assets, net	<u>\$ 30,943,877</u>	<u>\$ 6,163,694</u>	<u>\$ -</u>	<u>\$ 37,107,571</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 50,305
Instruction	<u>2,998,045</u>
	<u>\$ 3,048,350</u>

B) Intangible Lease Assets

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	*As Restated Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Furniture and equipment	\$ 1,684,013	\$ 5,079	\$ -	\$ 1,689,092
Total intangible lease assets being amortized	1,684,013	5,079	-	1,689,092
Less accumulated amortization:				
Furniture and equipment	467,437	452,318	-	919,755
Total accumulated amortization	467,437	452,318	-	919,755
Total intangible lease assets, net	\$ 1,216,576	\$ (447,239)	\$ -	\$ 769,337

*Opening balances for intangible lease assets and accumulated amortization were restated, which resulted in an increase in intangible lease assets (net of accumulated amortization) of \$748,196. See Note 19 for further information.

Amortization expense of \$452,318 was charged to the governmental functions as general support.

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 1,322,932	\$ 2,780	\$ 344,317	\$ 2,279,179
Special aid fund		1,032,392	79,179	333,957
School lunch fund	2,780			
Debt service fund		1,044		
Capital projects fund		90,919	2,200,000	10,360
Total governmental activities	1,325,712	1,127,135	2,623,496	2,623,496
Fiduciary fund		198,577		
Totals	\$ 1,325,712	\$ 1,325,712	\$ 2,623,496	\$ 2,623,496

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and to fund the State Supported Section 4201 schools. The District typically transfers from the general fund to the capital projects fund to finance capital projects. The District transferred from the special aid fund to the general fund to reimburse the general fund for costs for prior year grants previously funded by the general fund. The District transferred from the capital projects fund to the general fund for unspent appropriations on completed capital projects.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

NOTE 9 - SHORT-TERM DEBT:

Transactions in short-term debt for the year ending June 30, 2023 are summarized below:

	Maturity	Net Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
TAN	6/28/2023	2.75%	\$ -	\$ 12,500,000	\$ 12,500,000	\$ -
Total			\$ -	\$ 12,500,000	\$ 12,500,000	\$ -

Interest on short-term debt for the year amounted to \$376,389, offset partially by a premium of \$117,625.

This debt was issued for interim financing of general fund operations.

NOTE 10 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the year ending June 30, 2023 are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Due within one year
Long Term Debt:					
Bonds payable	\$ 20,000,000	\$ 9,000,000	\$ (1,300,000)	\$ 27,700,000	\$ 1,825,000
Unamortized bond discounts and premiums	161,623	122,664	(12,138)	272,149	18,953
Total bonds payable	20,161,623	9,122,664	(1,312,138)	27,972,149	1,843,953
Other long-term liabilities:					
Lease liability*	1,226,936	5,079	(448,183)	783,832	380,182
Compensated absences payable*	5,234,010	392,802	(305,228)	5,321,584	261,011
Workers' compensation claims payable	1,747,276	365,879	(233,009)	1,880,146	258,471
Total other post-employment benefits obligation	91,566,645	5,484,037	(16,272,315)	80,778,367	
Net pension liability - proportionate share - ERS	-	3,400,148		3,400,148	
Net pension liability - proportionate share - TRS	-	2,972,641		2,972,641	
Total long-term liabilities	\$ 119,936,490	\$ 21,743,250	\$ (18,570,873)	\$ 123,108,867	\$ 2,743,617

*Beginning balance as restated. See Note 19 for further details.

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, compensated absences payable, workers' compensation claims payable, other post-employment benefits obligation, and net pension liabilities (if applicable).

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

A) Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at Year End
2022 Serial Bond	6/15/2022	6/15/2037	2.00-4.00%	\$18,700,000
2023 Serial Bond	4/26/2023	6/15/2038	3.00-3.125%	9,000,000
				<u>\$27,700,000</u>

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.

On April 26, 2023, the District issued serial bonds with a par amount of \$9,000,000 and a premium of \$122,664.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 1,825,000	\$ 896,633	\$ 2,721,633
2025	1,790,000	811,156	2,601,156
2026	1,780,000	757,456	2,537,456
2027	1,790,000	704,056	2,494,056
2028	1,825,000	650,356	2,475,356
2029-2033	9,695,000	2,407,281	12,102,281
2034-2038	8,995,000	829,613	9,824,613
	<u>\$ 27,700,000</u>	<u>\$ 7,056,551</u>	<u>\$ 34,756,551</u>

B) Premiums on Bonds:

Premiums on bonds, net of accumulated amortization, are reported as a component of bonds payable, and amounted to \$272,149 at June 30, 2023. This represents premiums received on the 2022 bond issuance and 2023 bond issuance. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. As of June 30, 2023, the premiums recorded in the District-Wide Financial Statements consisted of:

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>2022 Issuance</u>	<u>2023 Issuance</u>	<u>Total</u>
Premium on bonds	\$ 161,623	\$ 122,664	\$ 284,287
Accumulated amortization	(10,775)	(1,363)	(12,138)
Premium on bonds, net of accumulated amortization	<u>\$ 150,848</u>	<u>\$ 121,301</u>	<u>\$ 272,149</u>

C) Lease Liability

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates ranging from 0.36% to 3.00%.

Principal and interest expense paid on the District's lease liability amounted to \$448,183 and \$30,321, respectively, for the fiscal year ended June 30, 2023.

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

Fiscal Year Ended <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 380,182	\$ 17,877	\$ 398,059
2025	272,664	7,998	280,662
2026	128,887	2,060	130,947
2027	1,038	32	1,070
2028	1,061	9	1,070
	<u>\$ 783,832</u>	<u>\$ 27,976</u>	<u>\$ 811,808</u>

D) Long-Term Interest

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

Interest paid	<u>\$ 645,352</u>
Less interest accrued in the prior year	(25,626)
Less amortization of premium	(12,138)
Plus interest accrued in the current year	38,895
Total expense	<u>\$ 646,483</u>

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 11 – 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 enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the NYSSTR 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 Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. 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.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2023 for covered payroll was 16.00% for Tier 2, 13.10% for Tiers 3 and 4, 11.20% for Tier 5, and 8.30% for Tier 6.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS. 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:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>NYSERS</u>	<u>NYSTRS</u>
2023	\$ 642,949	\$ 2,898,153
2022	\$ 928,073	\$ 2,524,869
2021	\$ 831,782	\$ 2,372,679

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

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (3,400,148)	\$ (2,972,641)
District's portion of the Plan's total net pension asset/(liability)	0.0158559%	0.154914%
Change in proportion since the prior measurement date	0.0001034%	-0.0011780%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$3,927,231 for TRS and \$1,433,435 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:

**COLD SPRING HARBOR 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>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 362,142	\$ 3,114,951	\$ 95,489	\$ 59,567
Changes of assumptions	1,651,331	5,766,420	18,250	1,197,464
Net difference between projected and actual earnings on pension plan investments	-	3,840,934	19,976	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	514,665	556,085	16,725	10,647
District's contributions subsequent to the measurement date	198,149	2,898,153		
	<u>\$ 2,726,287</u>	<u>\$ 16,176,543</u>	<u>\$ 150,440</u>	<u>\$ 1,267,678</u>

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

	<u>ERS</u>	<u>TRS</u>
Plan Year ended:		
2023		\$ 2,372,938
2024	\$ 655,600	1,320,183
2025	(27,668)	(361,336)
2026	800,719	7,634,161
2027	949,047	992,847
Thereafter		51,919
	<u>\$ 2,377,698</u>	<u>\$ 12,010,712</u>

Actuarial Assumptions

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<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	4.40%	1.95% -5.18%
Cost of living adjustments	1.5% annually	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	2.90%	2.40%

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

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

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

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

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

COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
<u>Asset type</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Domestic equity	32%	4.30%	33%	6.50%
International equity	15%	6.85%	16%	7.20%
Global equity			4%	6.90%
Private equity	10%	7.50%	8%	9.90%
Real estate	9%	4.60%	11%	6.20%
Opportunistic/Absolute return strategy	3%	5.38%		
Credit	4%	5.43%		
Real assets	3%	5.84%		
Fixed income	23%	1.50%		
Cash	1%	0.00%		
Domestic fixed income securities			16%	1.10%
Global bonds			2%	0.60%
High-yield bonds			1%	3.30%
Private debt			2%	5.30%
Real estate debt			6%	2.40%
Cash equivalents			1%	-0.30%
	100%		100%	

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90% for ERS and 5.95%

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

for TRS) or 1-percentage-point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
<u>ERS</u>			
District's proportionate share of the net pension asset/(liability)	(\$8,216,699)	(\$3,400,148)	\$624,641
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
<u>TRS</u>			
District's proportionate share of the net pension asset/(liability)	(\$27,409,142)	(\$2,972,641)	\$17,578,296

Pension Plan Fiduciary Net Position

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

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

Ratio of plan fiduciary net position to the Employers' total pension liability	90.78%	98.57%
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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, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$198,149.

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,

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$3,098,740.

NOTE 12 – PENSION PLANS – OTHER:

A) Tax Sheltered Annuities:

The District has adopted a 403 (b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2023, totaled \$32,563 and \$77,632 respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code § 457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2023 totaled \$1,948,358.

NOTE 13 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "OPEB Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board of Education. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2023, the District contributed an estimated \$2,709,747 to the Plan 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.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Employees Covered by Benefit Terms

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	208
Active Employees	<u>267</u>
Total Members	<u>475</u>

Total OPEB Liability:

The District’s total OPEB liability of \$80,778,367 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.00%
Discount Rate	3.86%
Healthcare cost trend rates	*Rates differ based as defined below
Retirees’ share of benefit-related costs	0% to 25% of premium based on department and date of hire

*The June 30, 2023 actuarial valuation uses healthcare cost trend rates as follows:

Pre-65 medical trend rate	7.75% to an ultimate rate of 4.037% in 2075
Post-65 Medicare advantage trend rate	4.50% to an ultimate rate of 4.037% in 2075
Prescription drug trend rate	6.25% to an ultimate rate of 4.037% in 2075
Medicare Part B trend rate	5.75% to an ultimate rate of 4.037% in 2075

The discount rate was based on the June 30, 2020 Fidelity General Obligation 20-Year AA Municipal Bond Index.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for teaching positions and PubG-2010 Headcount-Weighted Mortality Table for non-teaching positions projected to the valuation date with Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

applicable. The Plan does not have credible data on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

B) Changes in the Total OPEB Liability:

Balance as of June 30, 2022	<u>\$ 91,566,645</u>
Changes for the fiscal year:	
Service cost	2,537,504
Interest	2,946,533
Changes in benefit terms	-
Differences between expected and actual experience	(10,396,900)
Changes in assumptions or other inputs	(3,165,668)
Benefit payments	<u>(2,709,747)</u>
Net changes	<u>(10,788,278)</u>
Balance as of June 30, 2023	<u><u>\$ 80,778,367</u></u>

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include a change in the discount rate from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

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 (2.86%) or 1-percentage point higher (4.86%) than the current discount rate.

	1% Decrease <u>(2.86%)</u>	Discount Rate <u>(3.86%)</u>	1% Increase <u>(4.86%)</u>
Total OPEB liability	<u>\$93,851,837</u>	<u>\$80,778,367</u>	<u>\$70,220,367</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current discount rate.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$68,619,579	\$80,778,367	\$96,232,676

C) 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 (credit) of (\$3,467,772). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	(\$23,755,714)
Changes of assumptions or other inputs	16,427,123	(23,654,431)
	\$16,427,123	(\$47,410,145)

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

Fiscal Year ended June 30:	
2024	\$ (8,951,809)
2025	(7,833,467)
2026	(4,270,814)
2027	(6,254,522)
2028	(3,627,356)
Thereafter	(45,054)
Total	\$ (30,983,022)

NOTE 14 – ASSIGNED: APPROPRIATED FUND BALANCE

The amount of \$750,000 has been appropriated to reduce taxes for the year ending June 30, 2024.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 15 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES

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

Employee Benefit Accrued Liability Reserve	\$ 150,000
Retirement Contribution	
Employees' retirement system	300,000
Teachers' retirement system	310,000
Workers' Compensation Reserve	120,000
Debt Service Reserve	200,000
	<u>\$ 1,080,000</u>

NOTE 16– TAX ABATEMENTS:

Nassau County and Suffolk County enter into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The District received Payment in Lieu of Tax (PILOT) payments totaling \$66,363 for these programs during the fiscal year related to the Long Island Power Authority. These PILOT payments are not considered tax abatements as the purpose of this agreement was not to abate taxes.

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, except have not exceeded commercial insurance coverage for the past three years.

B) Risk Retention:

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. General Fund liabilities only include amounts for reported claims and do not include claims which were incurred on or before year end but not reported ("IBNR"). As of June 30, 2023, the District has recorded potential workers' compensation claims of \$1,880,146 and has a workers' compensation reserve balance of \$702,824 the general fund.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Claims Activity is summarized below:

	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
Fiscal years ended June 30				
2023	\$ 1,747,276	\$ 365,879	\$ 233,009	\$ 1,880,146
2022	1,740,269	165,874	158,867	1,747,276

The District has not purchased any annuity contracts.

C) Public Entity Risk Pool:

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

NOTE 18 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

General Fund:	
General support	\$ 467,830
Instruction	305,815
Total General fund	\$ 773,645
Special Aid Fund:	
Instruction	\$ 40,440
Capital Fund:	
Capital outlays	\$ 11,069,358

B) Grants:

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds.

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C) 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.

D) Library Indebtedness:

On September 1, 2004, the District entered into a tax pledge agreement with the Cold Spring Harbor Village Improvement Society Library and a bank, as trustee, in connection with issuance of \$9,500,000 of civic facility revenue bonds for the acquisition and construction of a library facility. Under the terms of the agreement, the District has agreed to cause to be levied on behalf of the Library the aggregate annual amount necessary to pay the debt service on the bonds; said payment to be remitted directly from the District to the Library, and ultimately from the Library to the trustee, according to a time schedule established in the agreement. The annual debt service approximates \$700,000 and will be satisfied in full with the September 15, 2024 semi-annual payment. As of June 30, 2023, the remaining principal outstanding was of \$1,306,050.

NOTE 19 – RESTATEMENT

During the year ended June 30, 2023 adjustments were made to reconcile differences identified between the District's records and the long-term compensated absences liability and intangible lease assets and associated lease liability. This resulted in the restatement of opening balances of non-current assets, long-term liabilities, net investment in capital asset, and unrestricted net position (deficit).

The District's opening net position has been restated as follows:

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Statement of Net Position (Deficit)
Net position (deficit), beginning of year, as reported	\$ (48,124,416)
Non-current assets	
Intangible lease assets	748,196
Total non-current assets	748,196
Long-term liabilities	
Lease liability	752,503
Compensated Absences	630,371
Total long-term liabilities	1,382,874
Net Position	
Net investment in capital assets	(4,307)
Unrestricted net position (deficit)	(630,371)
Net position (deficit), beginning of year, as restated	\$ (48,759,094)

NOTE 20 – SUBSEQUENT EVENTS:

Management of the District evaluated events through October 2, 2023 which is the date the financial statements were available to be issued, and noted the following:

On August 7, 2023, The District settled two Child Victims Act cases. The settlement amounts for the two cases total \$14,000,000, which are to be paid in installments with the first installment of \$4,500,000 becoming due on or before October 4, 2023, and the second and final installment of \$9,500,000 becoming due on or before July 4, 2024. There are currently no additional known Child Victims Act cases pending for the District.

On September 28, 2023, the District issued a tax anticipation note in the amount of \$13,500,000, which is due on June 26, 2024, and bears an interest rate of 4.75% and included a premium on issuance of \$99,765.

SUPPLEMENTARY INFORMATION

**COLD SPRING HARBOR 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	\$ 67,565,094	\$ 67,086,140	\$ 67,005,112	\$ (81,028)
Other tax items	72,186	551,140	630,408	79,268
Charges for services	345,000	345,000	445,322	100,322
Use of money and property	48,750	48,750	1,665,779	1,617,029
Sale of property and compensation for loss	3,000	3,000	8,246	5,246
Miscellaneous	186,200	224,386	593,163	368,777
State Sources				
Basic formula	2,808,066	2,808,066	2,099,120	(708,946)
Excess cost aid	46,052	46,052	550,181	504,129
Lottery aid	-	-	124,113	124,113
BOCES aid	1,361,382	1,361,382	1,279,513	(81,869)
Tuition aid	-	-	94,388	94,388
Textbook aid	105,025	105,025	104,909	(116)
Computer software aid	24,462	24,462	24,433	(29)
Library A/V loan program aid	10,206	10,206	6,890	(3,316)
Other state aid	-	-	53,309	53,309
Federal sources	25,000	25,000	5,160	(19,840)
Other Financing Sources				
Transfers from other funds	-	-	344,317	344,317
Bond premium	-	-	122,664	122,664
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>72,600,423</u>	<u>72,638,609</u>	<u>75,157,027</u>	<u>\$ 2,518,418</u>
Appropriated fund balance	720,000	720,000		
Appropriated reserves	678,338	978,338		
TOTAL REVENUES & APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 73,998,761</u>	<u>\$ 74,336,947</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.

COLD SPRING HARBOR 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	\$ 43,700	\$ 43,700	\$ 24,566	\$ -	\$ 19,134
Central administration	379,740	397,981	396,137	-	1,844
Finance	1,100,923	1,036,412	983,311	-	53,101
Staff	901,603	1,291,334	1,260,054	-	31,280
Central services	7,368,868	7,608,185	6,909,727	467,830	230,628
Special items	612,771	888,131	885,950	-	2,181
	<u>10,407,605</u>	<u>11,265,743</u>	<u>10,459,745</u>	<u>467,830</u>	<u>338,168</u>
Instructional					
Instruction, adm. & imp.	2,196,804	2,204,349	2,033,831	1,541	168,977
Teaching - regular school	21,641,417	21,172,685	20,159,926	182,709	830,050
Programs for children with handicapping conditions	6,244,089	6,108,322	5,579,488	-	528,834
Occupational education	17,000	17,000	-	-	17,000
Instructional media	2,689,747	2,249,652	2,041,359	118,522	89,771
Pupil services	5,053,536	5,162,604	4,896,756	3,043	262,805
	<u>37,842,593</u>	<u>36,914,612</u>	<u>34,711,360</u>	<u>305,815</u>	<u>1,897,437</u>
Pupil transportation	5,058,222	4,985,754	4,520,750	-	465,004
Community services	1,000	1,000	-	-	1,000
Employee benefits	16,320,591	16,120,735	15,596,807	-	523,928
Debt service					
Debt service principal	2,200,000	1,748,183	1,748,183	-	-
Debt service interest	928,750	1,021,741	1,021,741	-	-
TOTAL EXPENDITURES	<u>72,758,761</u>	<u>72,057,768</u>	<u>68,058,586</u>	<u>773,645</u>	<u>3,225,537</u>
Other Financing Uses					
Transfers to other funds	1,240,000	2,279,179	2,279,179	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 73,998,761</u>	<u>\$ 74,336,947</u>	<u>70,337,765</u>	<u>\$ 773,645</u>	<u>\$ 3,225,537</u>
Net change in fund balances			4,819,262		
Fund balances - beginning of year			28,077,816		
Fund balances - end of year			<u>\$ 32,897,078</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.

COLD SPRING HARBOR 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,

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 2,537,504	\$ 4,189,451	\$ 3,639,431	\$ 2,793,313	\$ 2,600,709	\$ 3,611,287
Interest	2,946,533	2,196,770	2,529,156	2,889,942	3,199,896	4,254,660
Changes in benefit terms	-	-	-	-	(437,934)	-
Effect of plan changes	-	-	-	-	-	-
Effect of demographic gains or losses	-	-	-	-	-	-
Differences between expected and actual experience	(10,396,900)	-	(16,241,687)	(5,946,849)	(13,603,507)	-
Changes of assumptions or other inputs	(3,165,668)	(23,662,589)	7,143,879	29,211,989	(2,027,359)	(9,872,738)
Benefit Payments	(2,709,747)	(2,765,231)	(2,591,288)	(2,713,466)	(2,605,703)	(2,607,956)
Net change in total OPEB liability	(10,788,278)	(20,041,599)	(5,520,509)	26,234,929	(12,873,898)	(4,614,747)
Total OPEB liability - beginning	91,566,645	111,608,244	117,128,753	90,893,824	103,767,182	108,381,929
Total OPEB liability - ending	<u>\$ 80,778,367</u>	<u>\$ 91,566,645</u>	<u>\$ 111,608,244</u>	<u>\$ 117,128,753</u>	<u>\$ 90,893,284</u>	<u>\$ 103,767,182</u>
Covered-employee payroll	\$ 33,376,944	\$ 36,109,932	\$ 34,334,678	\$ 34,123,976	\$ 34,845,220	\$ 34,797,869
Total OPEB liability as a percentage of covered-employee payroll	242.02%	253.58%	325.06%	343.24%	260.85%	298.20%

Notes to Schedule:

Ten years of historical information was not available upon Implementation of GASB Statement No. 75. An additional year or historical information will be added each year subsequent to the year of implementation until ten years of historical data is available.

The District has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits, as New York State currently does not allow school districts to establish this type of trust. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Changes of Assumptions

The discount rate was 3.86% as of June 30, 2023.
The discount rate was 3.69% as of June 30, 2022.
The discount rate was 1.92% as of June 30, 2021.
The discount rate was 2.45% as of June 30, 2020.
The discount rate was 3.13% as of June 30, 2019.
The discount rate was 3.62% as of June 30, 2018

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

NYSERS Pension Plan										
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension asset/(liability)	0.01586%	0.01575%	0.01367%	0.01404%	0.01357%	0.01575%	0.01502%	0.01630%	0.01625%	0.01624%
District's proportionate share of the net pension asset/(liability)	\$ (3,400,148)	\$ 1,288,000	\$ (14,000)	\$ (3,719,000)	\$ (961,000)	\$ (508,000)	\$ (1,411,000)	\$ (2,616,000)	\$ (549,000)	\$ (734,000)
District's covered payroll	\$ 6,256,506	\$ 5,803,000	\$ 5,858,000	\$ 5,551,000	\$ 5,439,000	\$ 5,709,000	\$ 5,394,000	\$ 5,335,000	\$ 5,135,000	\$ 4,688,000
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	54.35%	22.20%	0.23%	67.00%	17.67%	8.90%	26.16%	49.03%	10.69%	15.66%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%	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)	0.15491%	0.15609%	0.15778%	0.16389%	0.16825%	0.17349%	0.17281%	0.17249%	0.17199%	0.17385%
District's proportionate share of the net pension asset/(liability)	\$ (2,972,641)	\$ 27,049,000	\$ (4,360,000)	\$ 4,258,000	\$ 3,042,000	\$ 1,319,000	\$ (1,851,000)	\$ 17,916,000	\$ 19,159,000	\$ 1,144,000
District's covered payroll	\$ 25,764,000	\$ 24,897,000	\$ 32,790,000	\$ 25,290,000	\$ 32,878,000	\$ 30,170,000	\$ 34,254,000	\$ 23,548,000	\$ 18,554,000	\$ 25,466,000
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	11.54%	108.64%	13.30%	16.84%	9.25%	4.37%	5.40%	76.08%	103.26%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE 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	\$ 642,949	\$ 928,073	\$ 831,782	\$ 807,000	\$ 814,000	\$ 860,000	\$ 825,000	\$ 1,014,000	\$ 1,072,000	\$ 946,000
Contributions in relation to the contractually required contribution	<u>642,949</u>	<u>928,073</u>	<u>831,782</u>	<u>807,000</u>	<u>814,000</u>	<u>860,000</u>	<u>825,000</u>	<u>1,014,000</u>	<u>1,072,000</u>	<u>946,000</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	\$ 6,078,366	\$ 5,770,000	\$ 5,635,000	\$ 5,554,000	\$ 5,449,000	\$ 5,526,000	\$ 5,709,000	\$ 5,394,000	\$ 5,135,000	\$ 4,688,000
Contributions as a percentage of covered payroll	10.58%	16.08%	14.76%	14.53%	14.94%	15.56%	14.45%	18.80%	20.88%	20.18%

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	\$ 2,898,153	\$ 2,524,869	\$ 2,372,679	\$ 2,905,000	\$ 2,686,000	\$ 3,222,000	\$ 3,536,000	\$ 4,542,000	\$ 4,128,000	\$ 3,015,000
Contributions in relation to the contractually required contribution	<u>2,898,153</u>	<u>2,524,869</u>	<u>2,372,679</u>	<u>2,905,000</u>	<u>2,686,000</u>	<u>3,222,000</u>	<u>3,536,000</u>	<u>4,542,000</u>	<u>4,128,000</u>	<u>3,015,000</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	\$ 28,625,310	\$ 25,764,000	\$ 24,897,000	\$ 32,790,000	\$ 25,290,000	\$ 32,878,000	\$ 30,170,000	\$ 34,254,000	\$ 23,254,000	\$ 18,556,000
Contributions as a percentage of covered payroll	10.12%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.75%	16.25%

**COLD SPRING HARBOR 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	\$73,420,423
Add: Prior year's encumbrances	<u>578,338</u>
Original Budget	73,998,761
Appropriated reserves - liability reserve	300,000
Donations	<u>38,186</u>
Final Budget	<u><u>\$74,336,947</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter approved expenditure budget	<u><u>\$77,141,053</u></u>
Maximum allowed (4% of the 2023-2024 budget)	<u><u>\$3,085,642</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,523,645
Unassigned fund balance	<u>7,574,926</u>
Total unrestricted fund balance	9,098,571
Less:	
Appropriated fund balance	750,000
Encumbrances included in assigned fund balance	<u>773,645</u>
Total adjustments	<u>1,523,645</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$7,574,926</u></u>
Actual percentage	9.82%

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Appropriation	Revised Appropriation	Expenditures to Date				Unexpended Balance	Methods of Financing					Fund Balance June 30, 2023	
			Prior Year's	Current Year	Transfer to GF	Total		Proceeds of Obligations	State Aid	Local Sources	Leases	Total		
2013/14 Capital Improvement Plan														
High School Storage Building	50,000	\$ 538,836	\$ 21,069	\$ -	\$ -	\$ 21,069	\$ 517,767	\$ -	\$ -	\$ 538,836	\$ -	\$ 538,836	\$ 517,767	
2014/15 Capital Improvement Plan														
District Wide Rooftop Exhaust Fans	30,000	26,406	21,449		4,957	26,406	-			26,406		26,406	-	
2015/16 Capital Improvement Plan														
District Wide Asbestos/Rooftop Fans/Doors	308,856	115,546	2,695			2,695	112,851			115,546		115,546	112,851	
2016/17 Capital Improvement Plan														
Goosehill Parking Lots	330,736	340,634	335,231		5,403	340,634	-			340,634		340,634	-	
2017/18 Capital Improvement Plan														
West Side Bathrooms/Kitchen/Casework	382,000	584,161	366,448			366,448	217,713			584,161		584,161	217,713	
High School Bathrooms/Drainage System	710,000	710,000	463,102			463,102	246,898			710,000		710,000	246,898	
2018/19 Capital Improvement Plan														
Lloyd Harbor Ext. Doors/Bathrooms/Boiler Room	239,540	239,540	37,123			37,123	202,417			239,540		239,540	202,417	
High School Doors/PAC Lighting/Electric/Gas/Oil	292,050	422,657	149,687			149,687	272,970			422,657		422,657	272,970	
District Wide Security	283,210	253,210	151,925	28,030		179,955	73,255			253,210		253,210	73,255	
2019/20 Capital Improvement Plan														
District Wide Security	267,800	114,008	-	114,008		114,008	-			114,008		114,008	-	
2021/22 Capital Improvement Plan														
Goosehill Heat, Ventilation, & AC	681,000	681,000	5,771	14,575		20,346	660,654			681,000		681,000	660,654	
West Side Heat, Ventilation, & AC	234,000	234,000	1,983	5,105		7,088	226,912			234,000		234,000	226,912	
Lloyd Harbor Heat, Ventilation, & AC	270,000	270,000	2,288	5,867		8,155	261,845			270,000		270,000	261,845	
2022/23 Capital Improvement Plan														
High School Casework Science Class rooms	700,000	700,000				-	700,000			700,000		700,000	700,000	
High School Bathrooms	500,000	500,000				-	500,000			500,000		500,000	500,000	
BOND Phase II														
Goosehill - Phase II	1,932,870	2,132,870	639,548	200,184		839,732	1,293,138	200,000		1,932,870		2,132,870	1,293,138	
West Side - Phase II	1,610,700	890,000	42,581	2,902		45,483	844,517	-		890,000		890,000	844,517	
Lloyd Harbor - Phase II	2,728,250	2,004,062	68,358	257		68,615	1,935,447	1,827,725		176,337		2,004,062	1,935,447	
High School - Phase II	15,767,900	19,754,164	1,316,218	8,629,205		9,945,423	9,808,741	18,754,164		1,000,000		19,754,164	9,808,741	
BOND Phase III														
West Side - Phase III	293,195	293,195	293,195			293,195	-	293,195				293,195	-	
Lloyd Harbor - Phase III	783,600	783,600	16,682	362		17,044	766,556	783,600				783,600	766,556	
High School - Phase III	3,482,780	2,232,780	121,042	133		121,175	2,111,605	2,232,780				2,232,780	2,111,605	
BOND Phase IV														
West Side - Phase IV	699,600	699,600	14,267	362		14,629	684,971	699,600				699,600	684,971	
High School - Phase IV	3,184,200	3,184,200	67,542	362		67,904	3,116,296	3,184,200				3,184,200	3,116,296	
High School - Turf Field/Door Replacements	801,250	801,250				-	801,250	801,250				801,250	801,250	
Distirt Wide - Phase IV	2,224,736	223,486		13,250		13,250	210,236	223,486				223,486	210,236	
BOCES 22-23 lease agreement	5,079	5,079		5,079		5,079					5,079	5,079	-	
Total - All Projects	\$ 38,793,352	\$ 38,734,284	\$ 4,138,204	\$ 9,019,681	\$ 10,360	\$ 13,168,245	\$ 25,566,039	\$ 29,000,000	\$ -	\$ 9,729,205	\$ 5,079	\$ 38,734,284	\$ 25,566,039	

**COLD SPRING HARBOR CENTRAL SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 NET INVESTMENT IN CAPITAL ASSETS
 JUNE 30, 2023**

Capital assets, net		\$37,107,571
Intangible lease assets, net		769,337
Add:		
Unspent bond proceeds	\$18,435,102	18,435,102
Deduct:		
Short-term portion of bonds payable (inclusive of unamortized premium)	1,843,953	
Long-term portion of bonds payable (inclusive of unamortized premium)	26,128,196	27,972,149
Short-term portion of lease liability	380,182	
Long-term portion of lease liability	403,650	783,832
Net investment in capital assets		\$27,556,029



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Cold Spring Harbor Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Cold Spring Harbor 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 2, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 2, 2023