

**PEARL RIVER UNION FREE
SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

PEARL RIVER UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Pearl River Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the Pearl River Union Free School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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.

Emphasis of Matter

As described in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*, during the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

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.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the District's proportionate share of the net pension asset/(liability), the schedule of District's contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 3 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 14, 2022, 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 14, 2022

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

The following is a discussion and analysis of the Pearl River Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2022. 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 expenses for the year, as reflected in the District-Wide Financial Statements, totaled \$74,540,305. Of this amount, \$494,422 was offset by program charges for services, \$4,298,351 was offset by operating grants and contributions, and \$8,242 was offset by capital grants and contributions.
- On July 22, 2021, the District issued a bond anticipation note (BAN) for \$21,170,000, for interim financing of projects in the capital projects fund. The \$21,170,000 note matures on July 22, 2022, with a stated interest rate of 1.25%.
- On July 22, 2021, the District issued serial bonds in the amount of \$13,870,000, for the financing of projects in the capital projects fund. The \$13,870,000 serial bond matures on June 1, 2036 and has a stated interest rate of 2.00%. The District received the \$14,251,880 serial bond (inclusive of premium of \$531,880 less the good faith deposit of \$150,000) on July 22, 2021.
- The District adopted GASB Statement No. 87, *Leases*, in 2022 which resulted in the restatement of opening net position in the amount of \$19,059. See Note 21 to the financial statements for additional information.
- In July 2021, the District was awarded CRRSA funding of \$2,119,053 through the Elementary and Secondary School Emergency Relief Program (ESSER), and \$199,406 for the Governor's Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

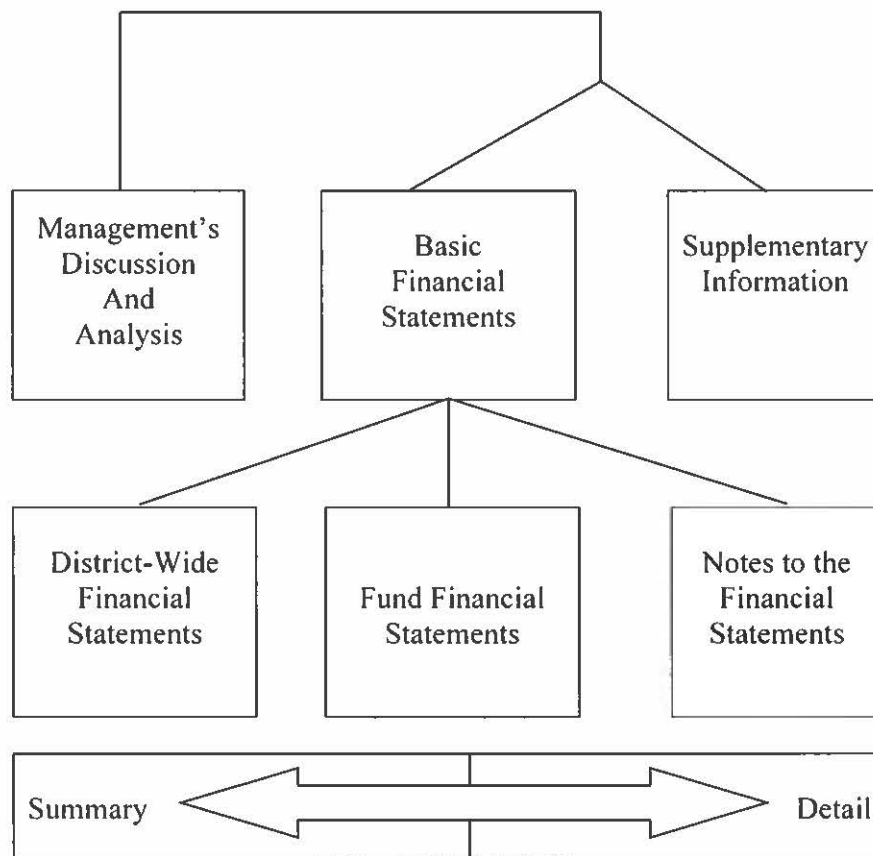
**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

- The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the 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 following 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.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

Major Features of the District-Wide Financial Statements and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others, such as property taxes collected on behalf of another local government.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflow of resources and liability/deferred inflow of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Current 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
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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

A) District-Wide Financial Statements:

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

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

- Over time, increases and decreases in net position is 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, build, or finance 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 or amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are both accounted for in account groups and do not affect the fund balances.

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

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization 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; and
 - *Unrestricted net position* are net position that do not meet any of the above restrictions.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

B) Fund Financial Statements:

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

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional information in a separate reconciliation schedule explains the relationship (or differences) between them. In summary, the Governmental Fund Financial Statements focus primarily on the sources, uses, and balance of current financial resources and often have a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, capital projects fund, and miscellaneous special revenue fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary funds:* The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in a separate statement. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use the assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District adopted GASB Statement No. 87, *Leases*, which resulted in opening balance restatements for non-current assets, long-term liabilities, deferred inflows of resources, and net investment in capital assets.

	<u>As Restated 2021</u>	<u>As Reported 2021</u>	<u>Increase (Decrease)</u>
Non-current assets	\$ 71,460,770	\$ 69,404,607	\$ 2,056,163
Long-term liabilities	141,126,567	140,414,640	711,927
Deferred inflows of resources	13,060,447	11,697,152	1,363,295
Net investment in capital assets	32,039,890	32,058,949	(19,059)

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT I

Condensed Statement of Net Position

	2022	As Restated 2021	Change	Total Percentage Change
Current assets	\$ 18,863,204	\$ 18,782,532	\$ 80,672	0.43%
Non-current assets	75,436,790	71,460,770	3,976,020	5.56%
Net pension asset	31,651,843	-	31,651,843	100.00%
Total Assets	125,951,837	90,243,302	35,708,535	39.57%
Deferred outflows of resources	24,803,870	25,488,708	(684,838)	-2.69%
Total assets and deferred outflows of resources	150,755,707	115,732,010	35,023,697	30.26%
Current liabilities	32,181,545	38,215,629	(6,034,084)	-15.79%
Long-term liabilities	133,810,292	141,126,567	(7,316,275)	-5.18%
Total Liabilities	165,991,837	179,342,196	(13,350,359)	-7.44%
Deferred inflows of resources	58,492,442	13,060,447	45,431,995	347.86%
Total liabilities and deferred inflows of resources	224,484,279	192,402,643	32,081,636	16.67%
Net Position				
Net investment in capital assets	32,070,133	32,039,890	30,243	0.09%
Restricted	4,572,323	4,610,836	(38,513)	-0.84%
Unrestricted (deficit)	(110,371,028)	(113,321,359)	2,950,331	2.60%
Total Net Position (Deficit)	\$ (73,728,572)	\$ (76,670,633)	\$ 2,942,061	3.84%

Current assets increased by \$80,672 due to increases in cash, offset partially by decreases in receivables and inventories. Non-current assets increased by \$3,976,020 due to current year capital asset additions exceeding depreciation and amortization expense. The District reported a net pension asset of \$31,651,843 as a result of the actuarial valuation provided by the State.

The change in deferred outflows of resources represents amortization on the deferred charges on refunding as discussed in Note 13, amortization of the pension related items and the change in the District's contributions subsequent to the measurement date and net pension assets/liabilities as discussed in Note 14, and the amortization of the other post-employment benefits liability related items as discussed in Note 16.

Current liabilities decreased by \$6,034,084 due to decreases in accounts payable, accrued interest payable, due to employees' retirement system, compensated absences payable, and bond anticipation note payable, offset partially by increases in accrued liabilities, due to teachers' retirement system, due to other governments, and collections in advance. Long-term liabilities decreased by \$7,316,275 due to decreases in lease liability, compensated absences payable, termination benefits payable, total other post-employment benefits obligation, and net pension liability, partially offset by increases in bonds payable and bond anticipation notes payable. The change in deferred inflows represent amortization of leases as discussed in Note 8, amortization of pension related items as discussed in Note 14, and the amortization of deferred inflows for total other post-employment benefits obligation as discussed in Note 16.

The net investment in capital assets relates to the investment in capital assets (at cost) and intangible lease assets (at the present value of future lease payments remaining on the lease term) such as land,

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

construction in progress, buildings & improvements, and furniture & equipment, net of accumulated depreciation, accumulated amortization, and related debt (including debt related items such as premiums and deferred charges).

The restricted net position at June 30, 2022, relates to the District's general reserves and amounts restricted for scholarship and donations.

The unrestricted deficit at June 30, 2022 of \$110,371,028 relates to the balance of the District's net position. The unrestricted net deficit decreased by \$2,950,331 as a result of the items below.

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, 2022 and 2021 are as follows:

Change in Net Position from Operating Results

	2022	2021	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 494,422	\$ 535,177	\$ (40,755)	-7.62%
Operating grants and contributions	4,298,351	2,067,110	2,231,241	107.94%
Capital grants and contributions	8,242	44,765	(36,523)	-81.59%
General Revenues				
Real property taxes and other tax items	59,537,850	58,573,133	964,717	1.65%
Use of money and property	643,117	653,681	(10,564)	-1.62%
State sources	12,043,893	11,028,921	1,014,972	9.20%
Other	456,491	915,424	(458,933)	-50.13%
Total Revenues	<u>77,482,366</u>	<u>73,818,211</u>	<u>3,664,155</u>	<u>4.96%</u>
Expenses				
General support	10,195,375	11,919,764	(1,724,389)	-14.47%
Instruction	58,507,687	63,989,776	(5,482,089)	-8.57%
Pupil transportation	3,916,266	3,118,819	797,447	25.57%
Debt service - interest	521,942	481,512	40,430	8.40%
Food service program	1,399,035	557,894	841,141	150.77%
Total Expenses	<u>74,540,305</u>	<u>80,067,765</u>	<u>(5,527,460)</u>	<u>-6.90%</u>
Total Change in Net Position	<u>\$ 2,942,061</u>	<u>\$ (6,249,554)</u>	<u>\$ 9,191,615</u>	<u>147.08%</u>

Information for 2021 was not restated because the information necessary was not readily available. The cumulative effect of applying the change in accounting principle is shown as an adjustment to beginning net position. See Note 21 for more information.

Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 76.84% and 15.54%, respectively, of total revenue.

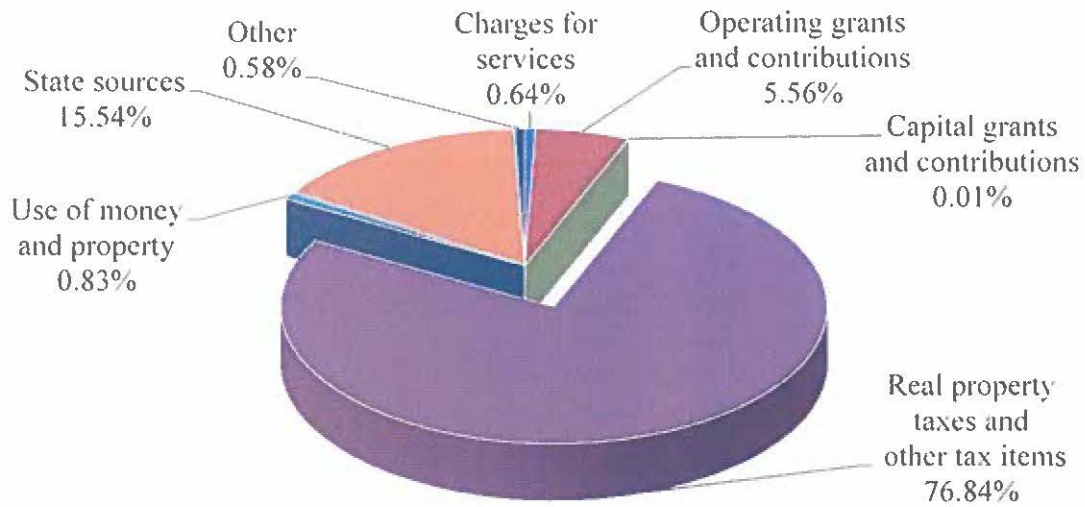
Total revenues increased by \$3,664,155, or 4.96% due to increases in operating grants and contributions, state sources, and real property taxes and other tax items.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

Instruction and general support related costs accounted for 78.49% and 13.68%, respectively, of the District's total expenses. Total expenses decreased by \$5,527,460, or 6.90%, due to decreases in general support and instruction as a result of reductions in pension and other post-employment benefit obligation related expenses based on the current year actuarial valuations, offset partially by increases in pupil transportation, debt service – interest, and food service program.

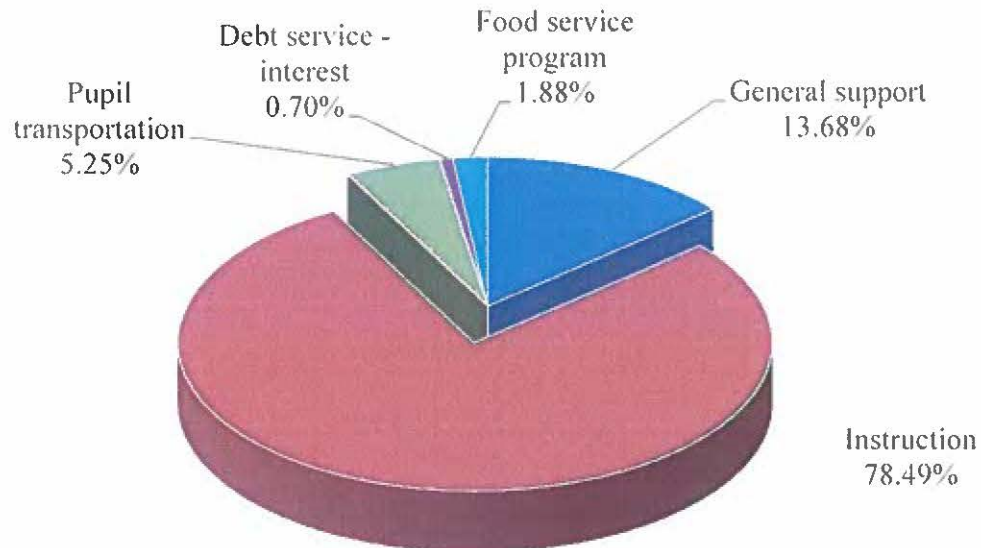
Revenues for Fiscal Year 2022:



**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

Expenses for Fiscal Year 2022:



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As of June 30, 2022, the District's combined governmental funds reported a total fund deficit of \$13,308,624, which is a decrease in the deficit of \$5,743,840 from the prior year.

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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

	2022	2021	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for retirement contribution	\$ 1,505,848	\$ 1,603,819	\$ (97,971)	-6.11%
Restricted for employee benefit accrued liability	680,029	679,149	880	0.13%
Restricted for debt service	-	14,932	(14,932)	-100.00%
Restricted for tax certiorari	2,137,921	2,135,153	2,768	0.13%
Assigned - general support	131,353	1,304,760	(1,173,407)	-89.93%
Assigned - instruction	32,133	293,705	(261,572)	-89.06%
Assigned - pupil transportation	-	13,000	(13,000)	-100.00%
Assigned-designated for subsequent year's expenditures	135,000	500,000	(365,000)	-73.00%
Unassigned	2,799,664	2,959,070	(159,406)	-5.39%
Total Fund Balance - General Fund	<u>\$ 7,421,948</u>	<u>\$ 9,503,588</u>	<u>\$ (2,081,640)</u>	-21.90%
School Lunch Fund				
Nonspendable	\$ 3,852	\$ 7,263	\$ (3,411)	-46.96%
Assigned - unappropriated	258,869	299,488	(40,619)	-13.56%
Total Fund Balance - School Lunch Fund	<u>\$ 262,721</u>	<u>\$ 306,751</u>	<u>\$ (44,030)</u>	-14.35%
Capital Projects Fund				
Unassigned	<u>\$ (21,436,327)</u>	<u>\$ (29,339,750)</u>	<u>\$ 7,903,423</u>	26.94%
Miscellaenous Special Revenue Fund				
Restricted for scholarships and donations	\$ 248,525	\$ 177,783	\$ 70,742	39.79%
Assigned - unappropriated fund balance	194,509	299,164	(104,655)	-34.98%
Total Fund Balance - Miscellaenous Special Revenue Fund	<u>\$ 443,034</u>	<u>\$ 476,947</u>	<u>\$ (33,913)</u>	-7.11%
Total Fund Balance - All Funds	<u>\$ (13,308,624)</u>	<u>\$ (19,052,464)</u>	<u>\$ 5,743,840</u>	-30.15%

A) General Fund:

The net change in fund balance for the general fund was a decrease of \$2,081,640, or 21.90%, as a result of expenditures and other financing uses of \$75,209,428 exceeding revenues and other financing sources of \$73,127,788.

B) School Lunch Fund:

The net change in fund balance for the school lunch fund decreased by \$44,030, or 14.35%, as a result of expenditures of \$1,393,142 exceeding revenues of \$1,349,112.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

C) Capital Projects Fund:

The net change in fund balance for capital projects fund is an increase of \$7,903,423, bringing fund balance to a net deficit of \$21,436,327. The deficit fund balance is due to capital work on the bond projects that were approved in May 2017, for which permanent financing has not been obtained. During 2022, the District issued \$13,870,000 in debt to finance capital projects.

D) Miscellaneous Special Revenue Fund:

The net change in fund balance in the miscellaneous special revenue fund is due to extraclassroom activities expenditures exceeding revenues, partially offset by scholarships and donations revenues exceeding expenditures.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2021-2022 Budget:

The District's general fund adopted budget for the fiscal year ended June 30, 2022 was \$73,976,753. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,611,465 and budget revisions of \$75,954, bringing the final budget to \$75,664,172. The majority of the funding was real property taxes and other tax items budget of \$59,539,217.

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	\$ 2,959,070
Revenues and other financing sources under budget	(424,919)
Expenditures, other financing uses, and encumbrances under budget	291,258
Use of reserves	115,000
Interest allocated to reserves	(5,745)
Assigned, appropriated for June 30, 2023 budget	(135,000)
Closing, unassigned fund balance	<u>\$ 2,799,664</u>

The opening unassigned fund balance at June 30, 2021 was \$2,959,070.

Revenues and other financing sources were under budget by \$424,919, primarily in revenues from state sources. Refer to Supplemental Schedule #1 for more details.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

Expenditures, other financing uses and encumbrances were under budget by \$291,258, primarily in instruction and employee benefits. Refer to Supplemental Schedule #1 for more details.

The District used \$115,000 of reserves as follows: \$14,951 from the debt reserve, and \$100,049 from the retirement contribution reserve.

Interest income of \$5,745 was allocated to the reserves.

The assigned, appropriated fund balance of \$135,000 for the June 30, 2023 budget is the amount the District has chosen to use to partially fund its operating budget for 2022-2023.

The District closed the 2021-2022 fiscal year with \$2,799,664 in unassigned fund balance, which is in compliance with NYS Real Property Tax Law §1318.

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

A) Capital Assets and Intangible Lease Assets:

The District paid for and financed equipment and various building additions and renovations during the fiscal year ended June 30, 2022 and 2021. A summary of the District's capital assets net of accumulated depreciation and intangible lease assets net of accumulated amortization is as follows:

Category	2022	As Restated 2021	Net Increase/ (Decrease)	Percentage Change
Land	\$ 963,800	\$ 963,800	\$ -	0.00%
Construction in Progress	24,161,171	19,133,601	5,027,570	26.28%
Improvements other than buildings	8,757,823	8,757,823	-	0.00%
Buildings & Improvements	71,876,105	71,079,942	796,163	1.12%
Machinery & Equipment	1,463,890	1,131,014	332,876	29.43%
Subtotal	107,222,789	101,066,180	6,156,609	6.09%
Less: Accumulated Depreciation	33,195,343	31,661,573	1,533,770	4.84%
Capital Assets, Net	<u>\$ 74,027,446</u>	<u>\$ 69,404,607</u>	<u>\$ 4,622,839</u>	6.66%
Intangible Lease Assets, Net	<u>\$ 415,167</u>	<u>\$ 692,868</u>	<u>\$ (277,701)</u>	-40.08%

The District had capital asset additions and construction in progress of \$6,169,688 and recorded depreciation expense of \$1,546,849. The District also recorded amortization expense of \$277,701 for the intangible lease assets. See Note 9 to the financial statements for additional detail.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 1

B) Long-Term Debt:

A summary of outstanding debt at June 30, 2022 and 2021 is as follows:

	2022	As Restated 2021	Increase (Decrease)
Bonds payable (net of unamortized premium)	\$ 19,297,105	\$ 7,227,707	\$ 12,069,398
Lease liability	\$ 429,044	\$ 711,927	\$ (282,883)
Energy performance contract debt payable	1,505,433	1,810,368	(304,935)
Total	<u>\$ 21,231,582</u>	<u>\$ 9,750,002</u>	<u>\$ 11,481,580</u>

The increase in bonds payable (net of unamortized premium) increased due to debt financing issued in 2022 for \$13,870,000 with a premium of \$531,880 offset by principal payments on debt of \$2,275,000 and amortization of bond premium. The decrease in lease liability is due to principal payments of \$282,883. The decrease in energy performance contract debt payable is due to principal payments of \$304,935.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A) The general fund budget for the 2022-23 school year in the amount of \$77,509,312 was approved by voters. This is an increase of \$3,532,559 or 4.78% over the previous year's budget. The tax cap discussed below, as well as uncertainty in state aid and federal funds, as well as potential operating adjustments that may impact the District's future budgets.
- B) On July 21, 2022, the District issued a bond anticipation note for \$20,920,000 with a stated interest rate of 3.75%. This note matures on July 21, 2023.
- C) Future budgets may be negatively affected by certain trends impacting school districts. These factors include rising health care premiums, increased costs associated with meeting the requirements for instructional services and the property tax cap which will continue to impact the District's ability to fund its current cost of services.

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Pearl River Union Free School District
Attn: Ann Marie Tromer
Assistant Superintendent for Business
135 West Crooked Hill Road
Pearl River, NY 10965
(845) 620-3900

PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	
Current assets	
Cash	
Unrestricted	\$ 12,278,179
Restricted	4,572,323
Receivables	
Accounts receivable	19,781
State and federal aid	1,121,483
Due from other governments	867,586
Inventories	3,852
Non-current assets	
Receivable within one year	
Lease receivable	377,108
Receivable after one year	
Lease receivable	617,069
Capital assets	
Capital assets not being depreciated	25,124,971
Capital assets being depreciated, net of accumulated depreciation	48,902,475
Intangible lease asset, net of accumulated amortization	415,167
Net pension assets	31,651,843
TOTAL ASSETS	125,951,837
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	29,102
Pensions	19,841,681
Other post-employment benefits obligation	4,933,087
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,803,870
LIABILITIES	
Payables	
Accounts payable	1,134,926
Accrued liabilities	4,687,436
Accrued interest payable	303,495
Due to teachers' retirement system	3,403,892
Due to employees' retirement system	144,341
Compensated absences payable	127,138
Due to other governments	1,077,152
Note payable	
Bond anticipation note	21,170,000
Unearned credits	
Collections in advance	133,165
Long-term liabilities	
Due and payable within one year	
Bonds payable (net of unamortized premiums)	2,354,950
Lease liability	189,779
Energy performance contract debt payable	315,282
Compensated absences payable	168,547
Due and payable after one year	
Bonds payable (net of unamortized premiums)	16,942,155
Lease liability	239,265
Energy performance contract debt payable	1,190,151
Compensated absences payable	1,300,862
Termination benefits payable	798,511
Total other post-employment benefits obligation	110,310,790
TOTAL LIABILITIES	165,991,837
DEFERRED INFLOWS OF RESOURCES	
Leases	994,177
Pensions	38,005,063
Other post-employment benefits obligation	19,493,202
TOTAL DEFERRED INFLOWS OF RESOURCES	58,492,442
NET POSITION	
Net investment in capital assets	32,070,133
Restricted	
Employees' retirement system	1,141,428
Teachers' retirement system	364,420
Employee benefit accrued liability	680,029
Tax ceterorum	2,137,921
Scholarships and donations	248,525
	4,572,323
Unrestricted (deficit)	(110,371,028)
TOTAL NET POSITION (DEFICIT)	\$ (73,728,572)

**PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General support	\$ (10,195,375)	\$	\$	\$	\$ (10,195,375)
Instruction	(58,507,687)	265,381	3,002,818	8,242	(55,231,246)
Pupil transportation	(3,916,266)		175,462		(3,740,804)
Debt service-interest	(521,942)				(521,942)
Food service program	(1,399,035)	229,041	1,120,071		(49,923)
TOTAL FUNCTIONS AND PROGRAMS	\$ (74,540,305)	\$ 494,422	\$ 4,298,351	\$ 8,242	(69,739,290)
GENERAL REVENUES					
Real property taxes					55,217,140
Other tax items - including STAR reimbursement					4,320,710
Use of money and property					643,117
Sale of property and compensation for loss					75,954
Miscellaneous					300,393
State sources					12,043,893
Medicaid reimbursement					80,144
TOTAL GENERAL REVENUES					72,681,351
CHANGE IN NET POSITION					2,942,061
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED (SEE NOTE 21)					(76,670,633)
TOTAL NET POSITION - END OF YEAR					\$ (73,728,572)

**PEARL RIVER UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Revenue	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	\$ 11,597,054	\$ 195,507	\$ 285,066	\$ -	\$ 200,552	\$ 12,278,179
Restricted	4,323,798				248,525	4,572,323
Receivables						
Accounts receivable	19,306				475	19,781
State and federal aid	289,637	608,290	215,314	8,242		1,121,483
Due from other governments	867,586					867,586
Due from other funds	636,817	4,760				641,577
Leases receivable	994,177					994,177
Inventories			3,852			3,852
TOTAL ASSETS	\$ 18,728,375	\$ 808,557	\$ 504,232	\$ 8,242	\$ 449,552	\$ 20,498,958
LIABILITIES						
Payables						
Accounts payable	\$ 959,870	\$ 65,777	\$ 93,231	\$ 9,530	\$ 6,518	\$ 1,134,926
Accrued liabilities	4,303,718	151,271		232,447		4,687,436
Due to other governments	1,074,753		2,399			1,077,152
Due to other funds	4,760	483,574	120,651	32,592		641,577
Due to teachers' retirement system	3,403,892					3,403,892
Due to employees' retirement system	144,341					144,341
Compensated absences payable	127,138					127,138
Note payable						
Bond anticipation note payable				21,170,000		21,170,000
Unearned credits						
Collections in advance		107,935	25,230			133,165
TOTAL LIABILITIES	10,018,472	808,557	241,511	21,444,569	6,518	32,519,627
DEFERRED INFLOW OF RESOURCES						
Premium on obligations	293,778					293,778
Leases	994,177					994,177
TOTAL DEFERRED INFLOW OF RESOURCES	1,287,955	-	-	-	-	1,287,955
FUND BALANCES						
Nonspendable: Inventory			3,852			3,852
Restricted						
Employees' retirement system	1,141,428					1,141,428
Teachers' retirement system	364,420					364,420
Employee benefit accrued liability	680,029					680,029
Tax certiorari	2,137,921					2,137,921
Scholarships and donations					248,525	248,525
Assigned						
Appropriated fund balance	135,000					135,000
Unappropriated fund balance	163,486		258,869		194,509	616,864
Unassigned	2,799,664			(21,436,327)		(18,636,663)
TOTAL FUND BALANCES	7,421,948	-	262,721	(21,436,327)	443,034	(13,308,624)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,728,375	\$ 808,557	\$ 504,232	\$ 8,242	\$ 449,552	\$ 20,498,958

**PEARL RIVER UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Governmental Fund Balances \$ (13,308,624)

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 include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 107,222,789	
Accumulated depreciation	<u>(33,195,343)</u>	74,027,446

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 include those intangible lease assets among the assets of the District as a whole and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.

Present value cost of leased assets	\$ 692,868	
Accumulated amortization	<u>(277,701)</u>	415,167

Certain disbursements previously expended in the governmental funds and invested with the pension system are treated as long term assets and increase net position. The net pension assets amounted to 31,651,843

Governmental funds report the effect of discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Deferred charges on refundings		29,102
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Deferred inflows of resources - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method 293,778

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

Deferred outflows related to pensions	\$ 19,841,681	
Deferred outflows related to other post-employment benefits	<u>4,933,087</u>	24,774,768

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

Deferred inflows related to pensions	\$ (38,005,063)	
Deferred inflows related to other post-employment benefits	<u>(19,493,202)</u>	(57,498,265)

Payables that are associated with certain short-term and long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to short and long-term liabilities at year end consisted of accrued interest payable of: (303,495)

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 (net of unamortized premiums)	\$ (19,297,105)	
Lease liability	(429,044)	
Energy performance contract debt payable	(1,505,433)	
Compensated absences payable	(1,469,409)	
Termination benefits payable	(798,511)	
Total other post-employment benefits obligation	<u>(110,310,790)</u>	(133,810,292)

Total Net Position \$ (73,728,572)

PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Purpose	Total Governmental Funds
REVENUES						
Real property taxes	\$ 55,217,140	\$	\$	\$	\$	\$ 55,217,140
Other tax items - including STAR reimbursement	4,320,710					4,320,710
Charges for services	139,324				126,057	265,381
Use of money and property	643,117					643,117
Sale of property and compensation for loss	75,954					75,954
Miscellaneous	300,393				9,075	309,468
State sources	12,043,893	432,163	18,035	8,242		12,502,333
Federal sources	149,155	2,668,031	1,068,277			3,885,463
Surplus food			33,759			33,759
Sales			229,041			229,041
TOTAL REVENUES	72,889,686	3,100,194	1,349,112	8,242	135,132	77,482,366
EXPENDITURES						
General support	8,570,016					8,570,016
Instruction	43,605,580	3,015,440			169,045	46,790,065
Pupil transportation	3,708,885	175,462				3,884,347
Employee benefits	15,723,174					15,723,174
Debt service - principal	2,862,818					2,862,818
Debt service - interest	648,247					648,247
Cost of sales			1,393,142			1,393,142
Capital outlay				5,974,819		5,974,819
TOTAL EXPENDITURES	75,118,720	3,190,902	1,393,142	5,974,819	169,045	85,846,628
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,229,034)	(90,708)	(44,030)	(5,966,577)	(33,913)	(8,364,262)
OTHER FINANCING SOURCES (USES)						
Operating transfers in		90,708				90,708
Operating transfers (out)	(90,708)					(90,708)
Premium on obligations	238,102					238,102
Proceeds from serial bonds				13,870,000		13,870,000
TOTAL OTHER FINANCING SOURCES (USES)	147,394	90,708	-	13,870,000	-	14,108,102
NET CHANGE IN FUND BALANCES	(2,081,640)	-	(44,030)	7,903,423	(33,913)	5,743,840
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	9,503,588	-	306,751	(29,339,750)	476,947	(19,052,464)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 7,421,948	\$ -	\$ 262,721	\$ (21,436,327)	\$ 443,034	\$ (13,308,624)

**PEARL RIVER UNION FREE 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, 2022**

Net Change in Fund Balances \$ 5,743,840

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

Long-Term Revenue and Expense Differences

In the Statement of Activities, certain operating expenses are measured by 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.

Decrease in compensated absences payable	\$ 92,066	
Decrease in termination benefits payable	292,145	384,211

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 or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' retirement system	\$ 4,951,184	
Employees' retirement system	548,733	
Other post-employment benefits obligation	(1,912,066)	3,587,851

Deferred inflows of resources - The Statement of Net Position recognized revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method. The difference in revenues recognized under the full accrual method for the fiscal year ended June 30, 2022 is 293,778

Capital Related Differences

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

Capital outlays	\$ 6,169,688	
Depreciation expense	(1,546,849)	4,622,839

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

Amortization expense	\$ (277,701)	(277,701)
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Long-Term Debt Transaction Differences

Repayment of bond principal is an expenditure in the governmental funds, but it reduced long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. 2,275,000

Repayment of lease obligations 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. 282,883

Repayment of energy performance contract debt payable 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 304,935

Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as it accrues. Accrued interest from June 30, 2021 to June 30, 2022 changed by 77,138

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The amount of on bond premiums and deferred charges is: 49,167

Proceeds from serial bonds and bond premiums 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 (14,401,880)

Change in Net Position \$ 2,942,061

**PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2022**

	<u>Custodial</u>
ASSETS	
Cash and cash equivalents	\$ -
TOTAL ASSETS	<u><u>\$ -</u></u>
LIABILITIES	
Other liabilities	\$ -
TOTAL LIABILITIES	<u><u>\$ -</u></u>
NET POSITION	
Unrestricted	\$ -
Restricted	-
TOTAL NET POSITION	<u><u>\$ -</u></u>

**PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 3,708,978
TOTAL ADDITIONS	<u>3,708,978</u>
DEDUCTIONS	
Real property taxes disbursed to the Library	3,708,978
TOTAL DEDUCTIONS	<u>3,708,978</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Pearl River Union Free 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 consisting of five members. The Board of Education serves as the legislative body and has the authority to make decisions, power to appoint management, and primary accountability for all fiscal matters. In addition, the Board is responsible for, and controls all activities related to public school education within the District. The Superintendent is the chief executive officer.

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

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

B) Joint venture:

The District is a component district that participates in the Rockland County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, 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.

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

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of presentation:

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 and contributions include capital specific grants, if applicable.

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

Fund financial statements:

The Fund Financial Statements provide information about the District's funds, including the fiduciary fund. 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.

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NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

The District reports the following major governmental funds:

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

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

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

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

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

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 include the custodial fund, where assets and liabilities are held by the District as an custodian, including property taxes collected on behalf of another local government.

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. Non-exchange 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 revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year,

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except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E) Real property taxes:

Calendar

Real property taxes are levied annually by the Board of Education, and become a lien on July 1st. Taxes are collected by the Town of Orangetown and are remitted to the District September through October 31, after which collection responsibility is transferred to the County as discussed below.

Enforcement

Uncollected real property taxes are subsequently enforced by Rockland County ("the County") in which the District is located. The County pays an amount representing uncollected real property taxes to the District no later than the following April 1st.

F) Restricted resources:

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

G) Interfund transactions:

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

In the District-Wide Financial Statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary fund). Eliminations have been made for all interfund receivables and payables between the funds.

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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 10 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of compensated absences payable, termination benefits payable, other post-employment benefits, potential contingent liabilities, net pension assets/(liabilities), lease liabilities, lease receivable and deferred inflows of resources related to leases, and useful lives of capital assets and intangible lease assets.

I) Cash and cash equivalents:

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

J) Receivables:

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

K) Inventories:

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's stated value, which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

L) Capital assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the time received.

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All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds (the individual 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>
Improvements other than buildings	\$5,000	straight line	20 years
Buildings and improvements	\$5,000	straight line	50 years
Machinery and equipment	\$5,000	straight line	5-20 years

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) Collections in advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded. Collections in advance as of June 30, 2022 consisted of amounts received in advance for grants in the special aid fund and prepaid balances for meals in the school lunch fund.

O) 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 three items that qualify for reporting in this category. These amounts are related to deferred charges on refundings, pensions and other post-employment benefits reported on the District-Wide Statement of Net Position, and are detailed further in Notes 13, 14, and 16, respectively.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows of resources related to pensions and OPEB reported in the District-Wide Statement of Net Position, and are detailed further in Notes 14 and 16. The District also reported deferred inflows of resources related to leases, which are reported in the District-Wide Statement of Net Position, as detailed further in Note 8.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus. The general fund reported unavailable revenues of \$293,778 related to unamortized premium on obligations and \$994,177 related to leases.

P) Vested employee benefits:

Compensated absences:

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

Vacation and 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 vacation or sick leave. Certain collectively bargained agreements may require these termination payments to be paid in the form of non-elective contributions into the employees' 403(b) plan.

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

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

Termination benefits:

Retirement incentive consist of eligible retirement incentive payments as specific in collective bargaining agreements. The liability is calculated in accordance with GASB Statement No. 47

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Accounting for Termination Benefits. The liability is calculated on years of service plus rates in effect at year end.

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

Q) Other benefits:

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

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

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

R) Short-term debt:

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

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue dated. Refer to Note 11 for more information on short term debt.

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S) Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the District-Wide Financial Statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Compensated absences, termination benefits payable, net pension liability, and other post-employment benefit obligations that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds, lease liability, energy performance contract debt, and other long-term obligations that will be paid from governmental funds are recognized as a liability in the Fund Financial Statements when due.

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

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) plus unamortized deferred charges on refunding, reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets, as well as the unamortized premiums on bonds.

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:

Non-spendable fund balance – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of \$3,852.

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Restricted fund balance – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

The District has established the following as restricted:

Retirement Contribution Reserve

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

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. The reserve is accounted for in the general fund.

Tax Certiorari

Tax Certiorari reserve (EL§3651) must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the general fund.

Restricted for Scholarships and Donations

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

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e. Board of Education). The District has no committed fund balances as of June 30, 2022.

Assigned fund balance – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. This intent can be

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expressed by the Board or through the Board delegating this responsibility to the District management through Board policies. This classification also includes the remaining positive fund balance for all governmental funds except for the general fund.

Unassigned fund balance – Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

The unassigned deficit fund balance in the capital projects fund of (\$21,436,327) will be eliminated once permanent financing from debt issuance is obtained and New York State Smart Schools Bond Act funds are received.

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

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 (i.e., expenditures related to reserves) the Board will assess the current financial condition of the District and then determine the order of application of expenditures to which fund balance classification will be charged.

U) New accounting pronouncements:

GASB has issued Statement No. 87, *Leases*, effective for fiscal year ended June 30, 2022. This Statement establishes a single model for lease accounting based on the idea that leases are financings of the right-to-use an underlying asset. As such, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and the lessor is required to recognize a lease receivable and a deferred inflow of resources. The District has adopted and implemented GASB Statement No. 87, *Leases*, in 2022. See Note 21 for further consideration.

V) Future accounting pronouncements:

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines a subscription-based technology arrangement as a contract that conveys control of the right to use a vendor's software, alone or in combination with tangible capital assets requiring governments to recognize a right-to-use subscription asset and a corresponding subscription liability. The requirements of this Statement are effective for periods beginning after June 15, 2022.

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

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

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

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

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

(B) Statement of Revenues, Expenditures and Changes in Fund Balances and the 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:

(i) Long-term revenue and expense differences:

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

(ii) Capital related differences:

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

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(iii) Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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 amounts assigned in the 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.

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NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

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

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

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

Restricted cash:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2022 included \$4,572,323 within the governmental funds for general reserves and amounts restricted for scholarships and donations.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year, the District was billed \$10,133,666 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,664,057. Financial statements for the BOCES are available from the BOCES administrative office located at 65 Parrott Road, West Nyack, New York 10994.

NOTE 6 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2022 consisted of BOCES aid receivable in the amount of \$867,586.

District management has deemed these amounts to be fully collectible.

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NOTE 7 – STATE AND FEDERAL AID RECEIVABLE:

State and federal aid receivable at June 30, 2022 consisted of the following:

General Fund		
Excess cost aid	\$	289,637
Total General Fund		<u>289,637</u>
Special Aid Fund		
Federal grants		469,255
State grants		<u>139,035</u>
Total Special Aid Fund		<u>608,290</u>
School Lunch Fund		
Federal reimbursement - meals		210,070
State reimbursement - meals		<u>5,244</u>
Total School Lunch Fund		<u>215,314</u>
Capital Fund		
State grants		<u>8,242</u>
Total Capital Fund		<u>8,242</u>
Total - State and federal aid receivable	\$	<u>1,121,483</u>

District management has deemed these amounts to be fully collectible.

NOTE 8 – LEASE RECEIVABLE:

As a result of adopting and implementing GASB Statement No. 87, *Leases*, the District recognized a lease receivable and deferred inflow of resources – leases for an agreement whereby the District leases building space to another entity, with an interest rate of 2.00%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest lease income received by the District during the 2021-22 fiscal year were \$369,118 and \$17,010, respectively.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
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EXHIBIT 9

Future minimum rental receipts for this lease are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 377,108	\$ 16,455	\$ 393,563
2024	199,092	10,217	209,309
2025	168,207	6,832	175,039
2026	175,138	3,404	178,542
2027	74,632	374	75,006
	<u>\$ 994,177</u>	<u>\$ 37,282</u>	<u>\$ 1,031,459</u>

District management has deemed the amounts to be fully collectible.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

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

Capital assets being depreciated:

Improvements other than buildings	8,757,823			8,757,823
Buildings and improvements	71,079,942		809,242	71,889,184
Machinery and equipment	1,131,014	332,876	(13,079)	1,450,811
Total capital assets being depreciated	<u>80,968,779</u>	<u>332,876</u>	<u>796,163</u>	<u>82,097,818</u>

Less accumulated depreciation:

Improvements other than buildings	1,144,785	173,543		1,318,328
Building and improvements	29,916,534	1,296,821		31,213,355
Machinery and equipment	600,254	76,485	(13,079)	663,660

Total accumulated depreciation	<u>31,661,573</u>	<u>1,546,849</u>	<u>(13,079)</u>	<u>33,195,343</u>
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Total capital assets being depreciated, net	<u>49,307,206</u>	<u>(1,213,973)</u>	<u>809,242</u>	<u>48,902,475</u>
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Total capital assets, net	<u>\$ 69,404,607</u>	<u>\$ 4,622,839</u>	<u>\$ -</u>	<u>\$ 74,027,446</u>
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Depreciation expense was charged to governmental functions as follows:

General support	\$ 16,400
Instruction	1,510,778
Food service program	18,974
Transportation	<u>697</u>
Total depreciation expense	<u>\$ 1,546,849</u>

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Governmental activities:			
Intangible lease assets			
Furniture & equipment	\$ 692,868	\$ -	\$ 692,868
Total intangible lease assets being amortized	<u>692,868</u>	<u>-</u>	<u>692,868</u>
Less accumulated amortization:			
Furniture & equipment	-	277,701	277,701
Total accumulated amortization	<u>-</u>	<u>277,701</u>	<u>277,701</u>
Total intangible lease assets, net	<u>\$ 692,868</u>	<u>\$ (277,701)</u>	<u>\$ 415,167</u>

Amortization expense of \$277,701 was charged to the governmental functions as general support.

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. It is expected that all interfund payables should be repaid within one year.

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 636,817	\$ 4,760		\$ 90,708
Special aid fund	4,760	483,574	\$ 90,708	
School lunch fund		120,651		
Capital projects fund		<u>32,592</u>		
Totals	<u>\$ 641,577</u>	<u>\$ 641,577</u>	<u>\$ 90,708</u>	<u>\$ 90,708</u>

The District transferred from the general fund to the special aid fund to fund the District's share of the summer program for students with disabilities and the State supported Section 4201 schools.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

NOTE 11 – SHORT-TERM LIABILITIES:

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

	<u>Issue Date</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/22/2020	7/22/2021	0.67%	\$ 28,345,000	\$ -	\$ (28,345,000)	\$ -
BAN	7/22/2021	7/22/2022	1.25%		21,170,000	-	21,170,000
				<u>\$ 28,345,000</u>	<u>\$ 21,170,000</u>	<u>\$ (28,345,000)</u>	<u>\$ 21,170,000</u>

The BANs were issued to finance capital fund projects.

A) Short-Term Interest:

Interest on short-term debt for the year was comprised of:

	<u>Total</u>
Interest paid	\$ 129,820
Less interest accrued in the prior year	(328,723)
Plus interest accrued in the current year	<u>244,779</u>
Total interest expense on short-term debt	<u>\$ 45,876</u>

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NOTES TO FINANCIAL STATEMENTS
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NOTE 12 – LONG-TERM LIABILITIES:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Due Within One Year
Bonds payable					
Construction bonds	\$ 7,140,000	\$ 13,870,000	\$ (2,275,000)	\$ 18,735,000	\$ 2,300,000
Unamortized bond premium	87,707	531,880	(57,482)	562,105	54,950
	<u>7,227,707</u>	<u>14,401,880</u>	<u>(2,332,482)</u>	<u>19,297,105</u>	<u>2,354,950</u>
Other liabilities					
Lease liability*	711,927		(282,883)	429,044	189,779
Energy performance contract debt payable	1,810,368		(304,935)	1,505,433	315,282
Compensated absences payable	1,561,475		(92,066)	1,469,409	168,547
Termination benefits payable	1,090,656		(292,145)	798,511	
Total other post-employment benefits	123,998,515	7,770,510	(21,458,235)	110,310,790	
Net pension liability - proportionate share					
Employees' retirement system	13,077		(13,077)	-	
Teachers' retirement system	4,712,842		(4,712,842)	-	
	<u>4,712,842</u>		<u>(4,712,842)</u>	<u>-</u>	
Total long-term liabilities	<u>\$ 141,126,567</u>	<u>\$ 22,172,390</u>	<u>\$ (29,488,665)</u>	<u>\$ 133,810,292</u>	<u>\$ 3,028,558</u>

*Beginning balance as restated. See Note 21 for further details.

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

A) Bonds Payable:

Bonds payable is comprised of the following:

Description	Issue Date	Issue Amount	Final Maturity	Interest Rates	Outstanding at June 30, 2022
Construction	2008	\$ 7,660,000	September 2022	4.00-5.00%	\$ 690,000
Refunding Bonds - Construction	2016	6,240,000	June 2025	2.00-5.00%	2,040,000
Construction	2019	3,335,000	May 2039	2.75-5.00%	2,975,000
Construction	2021	13,870,000	June 2036	2.00%	13,030,000
					<u>\$ 18,735,000</u>

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NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 2,300,000	\$ 420,545	\$ 2,720,545
2024	1,645,000	370,645	2,015,645
2025	1,685,000	333,695	2,018,695
2026	1,010,000	294,926	1,304,926
2027	1,035,000	270,376	1,305,376
2028-2032	5,515,000	1,013,181	6,528,181
2033-2037	5,095,000	388,099	5,483,099
2038-2039	450,000	23,690	473,690
	<u>\$ 18,735,000</u>	<u>\$ 3,115,157</u>	<u>\$ 21,850,157</u>

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

On July 22, 2021, the District issued serial bonds in the amount of \$13,870,000, for the financing of projects in the capital projects fund. The \$13,870,000 serial bond matures on June 1, 2036 and has a stated interest rate of 2.00%. The District received the \$14,251,880 serial bond (inclusive of premium of \$531,880 less the good faith deposit of \$150,000) on July 22, 2021.

Unissued Debt

On May 16, 2017, voters approved a bond authorization for a total estimated cost not to exceed \$32,182,000 with \$3,182,000 of funding to come from the 2009 capital reserve to construct improvements and alterations to all buildings and/or sites. On June 16, 2020, voters approved a supplemental bond for \$7,000,000. The District issued serial bonds on July 22, 2021 of \$13,870,000, leaving authorized but unissued long-term debt in the amount of \$22,130,000. The District has issued a bond anticipation note for \$21,170,000, which is outstanding at June 30, 2022 for interim financing of these projects.

B) Lease Liability:

In 2022, the District adopted and implemented the provisions of GASB Statement No. 87, *Leases*. As such, the District recognized 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 2.27% to 3.61%.

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Principal and interest expense paid on the District's lease liability amounted to \$282,883 and \$15,757, respectively, for the fiscal year ended June 30, 2022.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 189,779	\$ 8,772	\$ 198,551
2024	132,628	4,158	136,786
2025	75,987	1,498	77,485
2026	30,650	232	30,882
	\$ 429,044	\$ 14,660	\$ 443,704

C) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2022
Energy performance contract debt	2011	10/15/2026	3.36%	\$ 1,505,433

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2023	\$ 315,282	\$ 48,026	\$ 363,308
2024	325,981	37,328	363,309
2025	337,041	26,227	363,268
2026	348,478	14,830	363,308
2027	178,651	3,006	181,657
	\$ 1,505,433	\$ 129,417	\$ 1,634,850

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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EXHIBIT 9

D) Long-Term Interest:

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

	Total
Interest paid	\$ 518,427
Less interest accrued in the prior year	(51,910)
Plus interest accrued in the current year	58,716
Less amortization on premiums on bonds	(57,482)
Plus amortization of deferred charges on refundings	8,315
Total interest expense on long-term debt	<u>\$ 476,066</u>

E) Bond Premium:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$562,105 at June 30, 2022. 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.

NOTE 13 – DEFERRED OUTFLOWS OF RESOURCES – DEFERRED CHARGES ON REFUNDINGS:

Deferred charges on refunding result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred charges pertaining to the 2015 bond refunding, as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2022 consisted of the following:

Deferred charges	\$ 83,149
Accumulated amortization	(54,047)
Net deferred charges on refundings	<u>\$ 29,102</u>

These deferred charges on refundings are being amortized on the District-Wide Financial Statements using the straight-line method over 10 years, the time to maturity of the refunding bonds, at the point of refunding, and is recorded as an increase to interest expense on the District-Wide Statement of Activities.

NOTE 14 – 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

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

ii) Employees' Retirement System

The District participates in the New York State and Local 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 (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

B) Funding Policies:

The Systems are noncontributory, except as follows:

- I. 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

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- 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, 2022 for covered payroll was 25.0% for Tier 1, 22.9% for Tier 2, 18.1% for Tiers 3 & 4, 15.1% for Tier 5, and 10.6% for Tier 6. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for TRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2022 was 9.80% of covered payroll.

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

	NYSERS	NYSTRS
2022	\$ 778,433	\$ 3,106,981
2021	\$ 774,854	\$ 2,856,207
2020	\$ 757,033	\$ 2,564,898

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

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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
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	ERS	TRS
Measurement date	March 31, 2022	June 30, 2021
Net pension asset/(liability)	\$ 1,052,830	\$ 30,599,013
District's portion of the Plan's total		
Net pension asset/(liability)	0.0128793%	0.176576%
Change in proportion since the prior measurement date	(0.0002537%)	0.006023%

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$232,051 for ERS and pension benefits of \$1,842,631 for TRS.

At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 79,732	\$ 4,217,749	\$ 103,417	\$ 158,975
Net difference between projected and actual earnings on pension plan investments	1,757,055	-	3,447,577	32,025,033
Changes of assumptions	-	10,064,655	29,648	1,782,302
Changes in proportion and differences between the District's contributions and proportionate share of contributions	451,317	19,851	120,252	337,859
District's contributions subsequent to the measurement date	144,341	3,106,981		
	<u>\$ 2,432,445</u>	<u>\$ 17,409,236</u>	<u>\$ 3,700,894</u>	<u>\$ 34,304,169</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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	ERS	TRS
Plan year ended:		
2022	\$	\$ (4,038,362)
2023	(133,702)	(4,713,256)
2024	(297,227)	(5,904,475)
2025	(839,032)	(7,750,695)
2026	(142,829)	1,411,660
Thereafter		993,214
	<u>\$ (1,412,790)</u>	<u>\$ (20,001,914)</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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18% - 1.95%
Cost of living adjustments	1.4% 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	2.70%	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-2020. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2021 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, 2020 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

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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:

<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2022</u>		<u>June 30, 2021</u>	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>rate of return</u>
<u>Asset type</u>		<u>rate of return</u>		
Domestic equity	32%	3.30%	33%	6.80%
International equity	15%	5.85%	16%	7.60%
Global equity			4%	7.10%
Private equity	10%	6.50%	8%	10.00%
Real estate	9%	5.00%	11%	6.50%
Opportunistic/Absolute return strategy	3%	4.10%		
Credit	4%	3.78%		
Real assets	3%	5.58%		
Fixed income	23%	0.00%		
Cash	1%	-1.00%		
Domestic fixed income securities			16%	1.30%
Global bonds			2%	0.80%
High-yield bonds			1%	3.80%
Private debt			1%	5.90%
Real estate debt			7%	3.30%
Cash equivalents			1%	-0.20%
	<u>100%</u>		<u>100%</u>	

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 5.9% 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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
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contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
District's proportionate share of the net pension asset/(liability)	\$ (2,709,973)	\$ 1,052,830	\$ 4,200,233
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
District's proportionate share of the net pension asset/(liability)	\$ 3,210,920	\$ 30,599,013	\$ 53,616,717

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, 2022	June 30, 2021
Employers' total pension asset/(liability)	\$ (223,874,888)	\$ (130,819,415)
Plan Net Position	232,049,473	148,148,457
Employers' net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>

Ratio of plan net position to the		
Employers' total pension asset/(liability)	103.65%	113.25%

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$0.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$0.

NOTE 15 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the fiscal year ended June 30, 2022, totaled \$0 and \$2,202,317 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, 2022 totaled \$144,907.

NOTE 16 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with the provisions of various employment contracts. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by Empire BlueCross BlueShield, United Healthcare, GHI/Value Options, and

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

Caremark. Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. Benefit terms provide for the District to contribute between 50% and 85% of premiums for retirees with individual coverage, and 43% to 75% for family coverage, and 0% of the premiums for surviving spouses, depending on the coverage selected and date of retirement. The District recognizes the cost of the Plan annually as expenditures in the fund financial statements as payments are accrued. For fiscal year 2022, the District contributed an estimated \$2,790,358 to the Plan, including \$2,790,358 for current premiums and \$0 to prefund benefits. Currently, there is no provision in the law to permit the District to fund OPEB by any other means than the "pay as you go" method.

Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	364
Active employees	356
	<u>720</u>

B) Total OPEB Liability:

The District's total OPEB liability of \$110,310,790 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021. 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, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

Inflation	2.60%
Discount rate	3.54%
Healthcare cost trend rates	5.10% decreasing to 4.10% over 54 years
Retirees' share of benefit-related costs	15% to 50% of projected health insurance premiums for retirees, 25% to 57% for family coverage, and 100% for surviving spouse

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

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

The actuarial assumptions used in the July 1, 2021 valuation is based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable. The Plan does not have credible date on which to perform an experience study. As a result, a full actuarial experience study is not applicable.

C) Changes in the Total OPEB Liability:

Balance at June 30, 2021	<u>\$ 123,998,515</u>
Changes for the fiscal year:	
Service Cost	5,013,819
Interest on total OPEB liability	2,756,691
Effect of demographic gains or losses	(8,312,217)
Effect of assumptions changes or inputs	(10,355,660)
Benefit payments	(2,790,358)
Net Changes	<u>(13,687,725)</u>
Balance at June 30, 2022	<u><u>\$ 110,310,790</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 2.16% to 3.54% and a decrease in the medical trend rate from 6.6% to 4.1% over 56 years to 5.1% to 4.1% over 54 years.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 129,148,678	\$ 110,310,790	\$ 95,164,886

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 (4.10%) or 1-percentage-point higher (6.10%) than the current healthcare cost trend rates:

	1% Decrease (4.10% decreasing to 3.10%)	Healthcare Cost Trend Rates (5.1% decreasing to 4.10%)	1% Increase (6.1% decreasing to 5.10%)
Total OPEB liability	\$ 95,183,674	\$ 110,310,790	\$ 129,849,467

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense (credit) of \$4,702,424. At June 30, 2022, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,462,352
Changes of assumptions or other inputs	4,933,087	12,030,850
	<u>\$ 4,933,087</u>	<u>\$ 19,493,202</u>

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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

Fiscal Year ended June 30:		
2022	\$	(3,068,086)
2023		(3,068,086)
2024		(2,079,013)
2025		(1,852,158)
2026		(2,795,691)
Thereafter		(1,697,081)
	\$	<u>(14,560,115)</u>

NOTE 17 - TERMINATION BENEFITS PAYABLE:

The District offers a retirement incentive to certain administrators and teachers outlined in their employment contract. In general, administrators having served at least five (5) years employed by the District are entitled to a retirement incentive of their daily rate multiplied by a factor of thirty (30) to forty (40) dependent upon years of service. Teachers having been employed by the District for at least 10 years and have at least 55 years of age are entitled to an incentive of their daily rate multiplied by a factor of twenty (20) to forty (40) dependent upon years of service. The current value of incentive payments earned is \$798,511 and is recorded as a long-term liability on the Statement of Net Position.

NOTE 18 – RISK MANAGEMENT:

A) General:

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

B) Public Entity Risk Pool:

The District and neighboring districts in Rockland County, New York, participate in the Rockland County Schools Cooperative Self-Insurance Plan for Workers' Compensation. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District has transferred all related risk to the Plan.

C) Self- Insured Plan:

The District has established a self-insured plan for dental benefits up to \$2,500 per employee per year. Claims in excess of this amount are the responsibility of the employee. An administrator has been retained to manage this program. Expenditures for the fiscal year ended June 30, 2022 were \$0.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

NOTE 19 - TAX ABATEMENTS:

The County of Rockland, under the authority of General Municipal Law Section 925-1, entered into various property tax abatement programs for the purpose of economic development, and general prosperity and economic welfare of the county. The District's property tax revenue was reduced by \$966,764 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$611,732 for these programs during the fiscal year.

NOTE 20 -- COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

All encumbrances are classified as assigned or restricted fund balance. At June 30, 2022, the District encumbered the following amounts:

Assigned: Unappropriated Fund Balance

General fund

General support	\$ 131,353
Instruction	32,133
	<u>\$ 163,486</u>

B) Grants:

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

C) Litigation:

The District is involved in various litigation proceedings resulting from the normal conduct of its affairs. There are also pending tax certiorari proceedings, which may result in the District having to pay future tax refunds. The District has a reserve established to pay future payments for this.

NOTE 21 – RESTATEMENT OF NET POSITION:

The District implemented GASB Statement No. 87, *Leases*, which resulted in the restatement of opening balances of non-current assets, long-term liabilities, deferred inflows of resources, and net investment in capital assets. These changes have been restated as follows:

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

EXHIBIT 9

	<u>Net Position</u>
Beginning balance, as reported	<u>\$ (76,651,574)</u>
Non-current assets	
Intangible lease assets	692,868
Lease receivable	<u>1,363,295</u>
Total Non-current assets	<u>2,056,163</u>
Long-term liabilities	
Lease liability	<u>711,927</u>
Deferred inflows of resources	
Leases	<u>1,363,295</u>
Net investment in capital assets	<u>(19,059)</u>
Beginning balance, as restated	<u><u>\$ (76,670,633)</u></u>

NOTE 22 – SUBSEQUENT EVENTS:

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

- A) On July 21, 2022, the District issued a bond anticipation note for \$20,920,000 with a stated interest rate of 3.75%. This note matures on July 21, 2023.

SUPPLEMENTARY INFORMATION

**PEARL RIVER UNION FREE 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, 2022**

	<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	\$ 58,926,118	\$ 58,926,118	\$ 55,217,140	\$ (3,708,978)
Other real property tax items	613,099	613,099	4,320,710	3,707,611
Charges for services	87,000	87,000	139,324	52,324
Use of money & property	679,414	679,414	643,117	(36,297)
Sale of property and compensation for loss	-	75,954	75,954	-
Miscellaneous	560,000	560,000	300,393	(259,607)
State Sources				
Basic formula	10,881,173	10,881,173	6,181,530	(4,699,643)
Excess cost aid	-	-	1,879,816	1,879,816
Lottery aid	-	-	2,023,036	2,023,036
BOCES aid	1,467,341	1,467,341	1,664,057	196,716
Tuition for students with disabilities	-	-	68,082	68,082
Textbook aid	200,584	200,584	145,276	(55,308)
Computer software/hardware aid	27,024	27,024	65,878	38,854
Library A/V loan program aid	-	-	16,218	16,218
Other state aid	-	-	0	-
Federal Sources	35,000	35,000	149,155	114,155
Other Financing Sources				
Premium on obligations	-	-	238,102	238,102
TOTAL REVENUES AND OTHER FINANCING SOURCES	73,476,753	73,552,707	\$ 73,127,788	\$ (424,919)
Appropriated Fund Balance	500,000	500,000		
Appropriated Reserves	1,611,465	1,611,465		
TOTAL REVENUES, OTHER FINANCING SOURCES & APPROPRIATED FUND BALANCE & RESERVES	\$ 75,588,218	\$ 75,664,172		

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.

**PEARL RIVER UNION FREE 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, 2022**

Supplemental Schedule #1 (Continued)

	<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	\$ 56,862	\$ 68,424	\$ 67,297	\$ -	\$ 1,127
Central administration	363,651	376,259	376,006		253
Finance	686,687	661,325	639,643	21,433	249
Staff	651,150	676,561	668,513	1,000	7,048
Central services	6,051,519	6,002,476	5,893,556	108,920	-
Special items	892,621	939,021	925,001		14,020
Total general support	8,702,490	8,724,066	8,570,016	131,353	22,697
Instructional					
Instruction, admin. & improvement	2,490,720	2,485,441	2,485,441		-
Teaching - regular school	23,932,124	23,171,944	23,096,236	27,895	47,813
Programs for children with handicap conditions	10,864,852	11,752,488	11,699,427		53,061
Occupational education	640,000	682,000	682,000		-
Teaching special schools	23,100	18,000	1,000		17,000
Instructional media	2,383,438	2,082,280	2,056,423	2,930	22,927
Pupil services	3,462,097	3,623,678	3,585,053	1,308	37,317
Total instructional	43,796,331	43,815,831	43,605,580	32,133	178,118
Pupil transportation	3,783,197	3,720,940	3,708,885		12,055
Employee benefits	15,688,673	15,801,562	15,723,174		78,388
Debt service - principal	2,609,928	2,862,818	2,862,818		-
Debt service - interest	879,599	648,247	648,247		-
Total debt service	3,489,527	3,511,065	3,511,065	-	-
TOTAL EXPENDITURES	75,460,218	75,573,464	75,118,720	163,486	291,258
Other Financing Uses					
Transfers to other funds	128,000	90,708	90,708	-	-
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 75,588,218	\$ 75,664,172	75,209,428	\$ 163,486	\$ 291,258
Net change in fund balances			(2,081,640)		
Fund balances - beginning of year			9,503,588		
Fund balances - end of year			<u>\$ 7,421,948</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.

**PEARL RIVER UNION FREE 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,**

	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY					
Service cost	\$ 5,013,819	\$ 5,071,863	\$ 4,096,706	\$ 4,485,678	\$ 4,355,027
Interest	2,756,691	2,691,290	3,811,572	3,392,327	3,243,854
Effect of plan changes	-	-	(68,736)	-	-
Differences between expected and actual experience	-	-	-	-	(66,300)
Effect of demographic gains or losses	(8,312,217)	-	(690,313)	-	-
Changes of assumptions or other inputs	(10,355,660)	1,016,043	7,595,959	(8,886,365)	-
Benefit payments	(2,790,358)	(2,957,135)	(2,724,707)	(2,834,218)	(2,595,718)
NET CHANGE IN TOTAL OPEB LIABILITY	(13,687,725)	5,822,061	12,020,481	(3,842,578)	4,936,863
TOTAL OPEB LIABILITY - BEGINNING	123,998,515	118,176,454	106,155,973	109,998,551	105,061,688
TOTAL OPEB LIABILITY - ENDING	\$ 110,310,790	\$ 123,998,515	\$ 118,176,454	\$ 106,155,973	\$ 109,998,551
COVERED-EMPLOYEE PAYROLL	\$ 33,151,567	\$ 31,882,053	\$ 31,882,053	\$ 32,906,300	\$ 32,906,300
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	332.75%	388.93%	370.67%	322.60%	334.28%

NOTES TO SCHEDULE:*Trust assets*

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

Changes of assumptions

Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.00%

**PEARL RIVER UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30, ***

	NYSERS Pension Plan							
	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0128793%	0.0131330%	0.0143765%	0.0150538%	0.0149185%	0.0143885%	0.0151633%	0.0151660%
District's proportionate share of the net pension asset/(liability)	\$ 1,052,830	\$ (13,077)	\$ (3,806,991)	\$ (1,066,606)	\$ (481,486)	\$ (1,351,975)	\$ (2,433,745)	\$ (512,344)
District's covered payroll	\$ 4,834,409	\$ 5,131,150	\$ 5,141,050	\$ 5,298,232	\$ 5,367,848	\$ 5,091,904	\$ 4,946,282	\$ 5,083,095
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	21.78%	0.25%	74.05%	20.13%	8.97%	26.55%	49.20%	10.08%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
	NYSTRS Pension Plan							
	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.1765760%	0.1705530%	0.1695900%	0.1700350%	0.1685680%	0.1680000%	0.1656780%	0.1621970%
District's proportionate share of the net pension asset/(liability)	\$30,599,013	\$ (4,712,842)	\$ 4,405,967	\$ 3,074,673	\$ 1,281,285	\$ (1,799,353)	\$ 17,208,666	\$18,067,777
District's covered payroll	\$ 29,970,691	\$ 28,949,182	\$ 28,309,176	\$ 27,696,716	\$ 26,712,500	\$ 25,924,133	\$ 24,887,085	\$24,164,140
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	74.77%
Plan fiduciary net position as a percentage of the total pension asset/(liability)	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FOR THE FISCAL YEARS ENDED JUNE 30.**

NYSERS Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 778,433	\$ 774,854	\$ 757,033	\$ 778,184	\$ 812,014	\$ 771,011	\$ 870,435	\$ 963,329
Contributions in relation to the contractually required contribution	778,433	774,854	757,033	778,184	812,014	771,011	870,435	963,329
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,900,048	\$ 5,185,786	\$ 5,052,126	\$ 5,271,847	\$ 5,360,405	\$ 4,960,337	\$ 5,081,162	\$ 5,140,966
Contributions as a percentage of covered payroll	15.89%	14.94%	14.98%	14.76%	15.15%	15.54%	17.13%	18.74%

NYSTRS Pension Plan								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,106,981	\$ 2,856,207	\$ 2,564,898	\$ 3,006,434	\$ 2,714,278	\$ 3,130,705	\$ 3,437,540	\$ 4,362,706
Contributions in relation to the contractually required contribution	3,106,981	2,856,207	2,564,898	3,006,434	2,714,278	3,130,705	3,437,540	4,362,706
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 31,703,883	\$ 29,970,691	\$ 28,949,182	\$ 28,309,176	\$ 27,696,716	\$ 26,712,500	\$ 25,924,133	\$ 24,887,085
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

**PEARL RIVER UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET -GENERAL FUND
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 73,976,753
Add: Prior year's encumbrances	<u>1,611,465</u>
Original Budget	<u>75,588,218</u>
Budget revisions:	
Insurance recoveries	<u>75,954</u>
Final Budget	<u><u>\$ 75,664,172</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter approved expenditure budget	<u><u>\$ 77,509,312</u></u>
Maximum allowed (4% of 2022-2023 budget)	<u><u>\$ 3,100,372</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	
Assigned fund balance	\$ 298,486
Unassigned fund balance	<u>2,799,664</u>
Total unrestricted fund balance	3,098,150
Less:	
Appropriated fund balance	\$ 135,000
Encumbrances included in assigned fund balance	<u>163,486</u>
Total adjustments	<u>298,486</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,799,664</u></u>
Actual percentage	3.61%

Supplemental Schedule #6

PEARL RIVER UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Project Name	SED Code	Total Authorized Budget	Expenditures			Unexpended Balance	Methods of Financing				Total	Fund Balance June 30, 2022
			Prior Years Expenses	Current Year Expenses	Total		Local Sources	Capital Reserve	Proceeds of Obligations	State Sources		
Pearl River Middle School	0-011-017	12,585,440	7,473,267	4,987,888	12,461,155	124,285	-	-	-	-	-	(12,461,155) *
Pearl River High School	0-009-023	11,937,240	10,851,092	978,689	11,829,781	107,459	-	-	2,915,835	-	2,915,835	(8,913,946) *
Storage Building	2-019-001	290,684	288,185	-	288,185	2,499	-	-	288,185	-	288,185	- *
Smart Schools Bond Project			709,242	8,242	717,484	(717,484)	-	-	-	600,755	600,755	(116,729) **
Transfer to general fund			(55,503)	-	(55,503)	55,503	-	-	-	-	-	55,503
Total All Projects		\$ 24,813,364	\$ 19,266,283	\$ 5,974,819	\$ 25,241,102	\$ (427,738)	\$ -	\$ -	\$ 3,204,020	\$ 600,755	\$ 3,804,775	\$ (21,436,327)

* Deficit fund balance will be eliminated once permanent financing is obtain by the issuance of bonds.

** Deficit fund balance will be eliminated once funding from New York State Smart Schools Bond Act is obtained.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2022**

Capital assets, net	\$ 74,027,446
Intangible lease assets, net	415,167
Add: Unamortized deferred charges on refundings	29,102
Deduct:	
Bond anticipation note payable	\$ (21,170,000)
Short-term portion of bonds payable (net of unamortized premiums)	(2,354,950)
Long-term portion of bonds payable (net of unamortized premiums)	(16,942,155)
Short-term portion of lease liability	(189,779)
Long-term portion of lease liability	(239,265)
Short-term portion of energy performance contract debt payable	(315,282)
Long-term portion of energy performance contract debt payable	(1,190,151)
	<u>(42,401,582)</u>
Net investment in capital assets	<u>\$ 32,070,133</u>