

**PEARL RIVER UNION FREE
SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 fiduciary fund of the Pearl River Union Free School District (the "District") as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension asset/(liability), schedule of changes in the District's contributions, and the schedule of changes in the District's total other post-employment benefits liability and related ratios, on pages 4 through 16 and 62 through 66, 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 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R. S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, New York
October 11, 2023

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2023. This section is a summary of the District’s financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District’s financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

- The District’s total net deficit, as reflected in the District-Wide Financial Statements, increased by \$1,565,219.
- On the District-Wide Financial Statements, revenues increased by 10.10% as compared to prior year, mainly due to increases in charges for services, operating grants and contributions, real property taxes, use of money and property, and state sources.
- On the District-Wide Financial Statements, expenses increased by 16.50% as compared to prior year, primarily due to increases in instruction expenses due to increases in pension expenses and other post employment benefits based on the current year actuarial valuations.
- On the Fund Financial Statements, the District’s fund balance in the general fund increased by \$2,419,179 due to revenues and other financing sources exceeding expenditures and other financing uses based on the modified accrual basis of accounting.
- On May 16, 2023, the proposed 2023-24 budget in the amount of \$85,038,794 was authorized by the District’s residents.
- On July 20, 2023, the District issued general obligation serial bonds in the amount of \$19,560,000 with a stated interest rate of 4.00% and final maturity date of June 15, 2042.
- Subsequent to June 30, 2023, the District negotiated two settlement agreements relating to tax certiorari petitions filed for prior years that will result in the District having to pay property tax refunds of \$1,972,465. Subsequent to June 30, 2023, the District also negotiated a settlement agreement relating to a tax certiorari petition filed for fiscal year 2023 that will result in the District having to pay property tax refunds of \$1,015,172. These settlement payments will be funded by the tax certiorari reserve.

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.

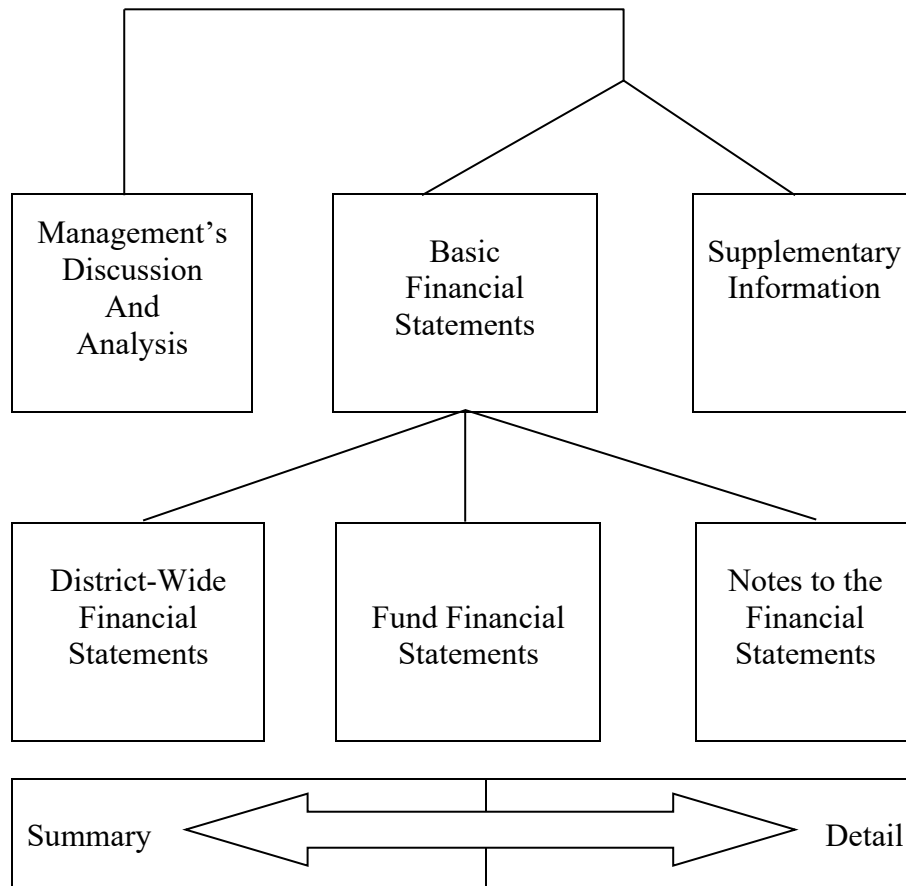
**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 1

- 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.
 - 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 custodian for the benefit of others.

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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 1

remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

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, 2023**

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, 2023**

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 Financial 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:

Condensed Statement of Net Position-Governmental Activities

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 1

	2023	2022	Change	Total Percentage Change
Current assets	\$ 21,471,415	\$ 18,863,204	\$ 2,608,211	13.83%
Non-current assets	75,464,699	75,436,790	27,909	0.04%
Net pension asset	-	31,651,843	(31,651,843)	100.00%
Total Assets	96,936,114	125,951,837	(29,015,723)	-23.04%
Deferred outflows of resources	29,864,781	24,803,870	5,060,911	20.40%
Total Assets and Deferred Outflows of Resources	126,800,895	150,755,707	(23,954,812)	-15.89%
Current liabilities	32,010,251	32,181,545	(171,294)	-0.53%
Long-term liabilities	152,315,258	133,810,292	18,504,966	13.83%
Total Liabilities	184,325,509	165,991,837	18,333,672	11.04%
Deferred inflows of resources	17,769,177	58,492,442	(40,723,265)	-69.62%
Total Liabilities and Deferred Inflows of Resources	202,094,686	224,484,279	(22,389,593)	-9.97%
Net Position				
Net investment in capital assets	33,930,501	32,070,133	1,860,368	5.80%
Restricted	6,441,001	4,572,323	1,868,678	40.87%
Unrestricted (deficit)	(115,665,293)	(110,371,028)	(5,294,265)	4.80%
Total Net Position (Deficit)	\$ (75,293,791)	\$ (73,728,572)	\$ (1,565,219)	2.12%

Current assets increased by \$2,608,211 primarily due to increases in cash and cash equivalents and receivables. Non-current assets increased by \$27,909 due to current year capital asset and intangible lease asset additions exceeding depreciation and amortization expense, partially offset by a decrease in lease receivable. The District's reported net pension asset at June 30, 2022 was eliminated and reported as a liability at June 30, 2023 as a result of the actuarial valuation provided by the State.

The changes in deferred outflows of resources represents amortization on the deferred amounts on refunding as discussed in Note 14, amortization of the pension related items and the change in the District's contributions subsequent to the measurement date as discussed in Note 15, and the amortization of the other post-employment benefits liability related items as discussed in Note 17.

Current liabilities decreased by \$171,294 primarily due to decreases in accrued liabilities, due to other governments, and bond anticipation note payable, partially offset by increases in accounts payable and accrued interest payable. Long-term liabilities increased by \$18,504,966 due to increases in lease liability, energy performance contract debt payable, termination benefits payable, net pension liability, and total other post-employment benefits obligation, partially offset by decreases in bonds payable and compensated absences payable. The change in deferred inflows represent lease amounts as discussed in Note 8, amortization of pension related items as discussed in Note 15, and the amortization of total other post-employment benefits related items as discussed in Note 17.

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, 2023**

Exhibit 1

construction in progress, improvements other than buildings, buildings and improvements, and machinery and equipment, net of accumulated depreciation, accumulated amortization, and related debt (including debt related items such as premiums and deferred amounts).

The restricted net position at June 30, 2023, relates to the District's general reserves and amounts restricted for scholarship and donations.

The unrestricted deficit at June 30, 2023 of \$115,665,293 relates to the balance of the District's net position. The unrestricted net deficit increased by \$5,294,265 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, 2023 and 2022 are as follows:

Change in Net Position from Operating Results

	2023	2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for services	\$ 1,735,515	\$ 1,052,797	\$ 682,718	64.85%
Operating grants and contributions	4,908,462	4,298,351	610,111	14.19%
Capital grants	1,890	8,242	(6,352)	-77.07%
General Revenues				
Real property taxes and other tax items	61,246,772	59,537,850	1,708,922	2.87%
Use of money and property	1,517,532	643,117	874,415	135.97%
State sources	15,233,035	12,043,893	3,189,142	26.48%
Other	1,278,627	456,491	822,136	180.10%
Total Revenues	<u>85,921,833</u>	<u>78,040,741</u>	<u>7,881,092</u>	10.10%
Expenses				
General support	10,499,557	10,195,375	304,182	2.98%
Instruction	70,354,187	59,066,062	11,288,125	19.11%
Pupil transportation	4,325,460	3,916,266	409,194	10.45%
Debt service - interest	1,202,325	521,942	680,383	130.36%
Food service program	1,105,523	1,399,035	(293,512)	-20.98%
Total Expenses	<u>87,487,052</u>	<u>75,098,680</u>	<u>12,388,372</u>	16.50%
Total Change in Net Position	<u>\$ (1,565,219)</u>	<u>\$ 2,942,061</u>	<u>\$ (4,507,280)</u>	-153.20%

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

Real property taxes and other tax items and state sources accounted for most of the District's revenue by contributing 71.28% and 17.73%, respectively, of total revenue.

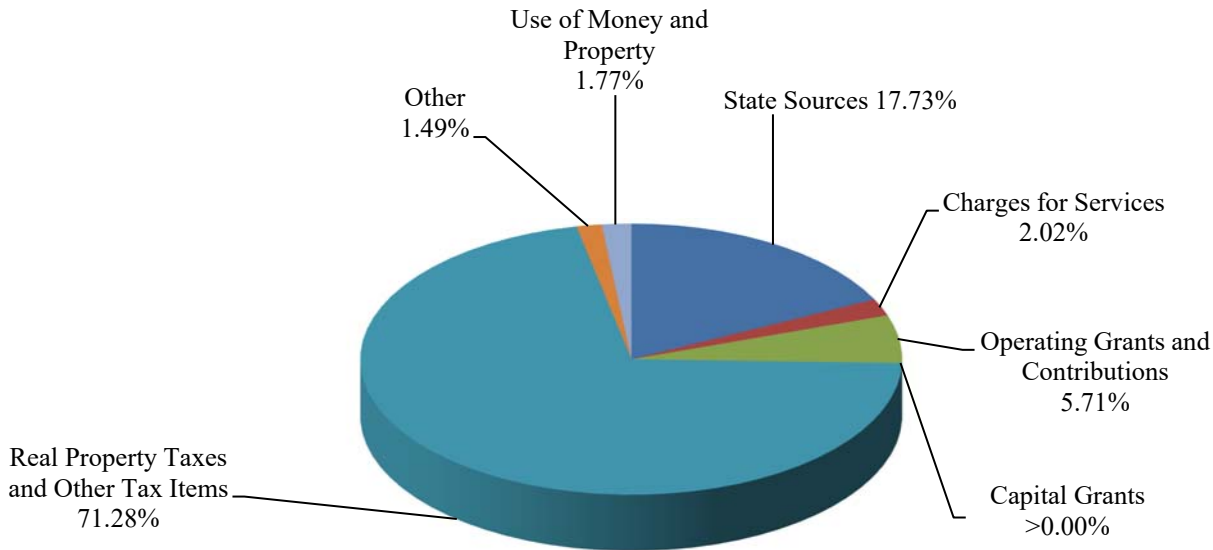
**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 1

Total revenues increased by \$7,881,092, or 10.10% primarily due to increases in charges for services, operating grants and contributions, real property taxes and other items, use of money and property, and state sources.

Instruction and general support related costs accounted for 80.42% and 12.00%, respectively, of the District's total expenses. Total expenses increased by \$12,388,372, or 16.50%, primarily due to an increase in instruction as a result of increases in pension and other post-employment benefit obligation related expenses based on the current year actuarial valuations, offset partially by a decrease in the food service program.

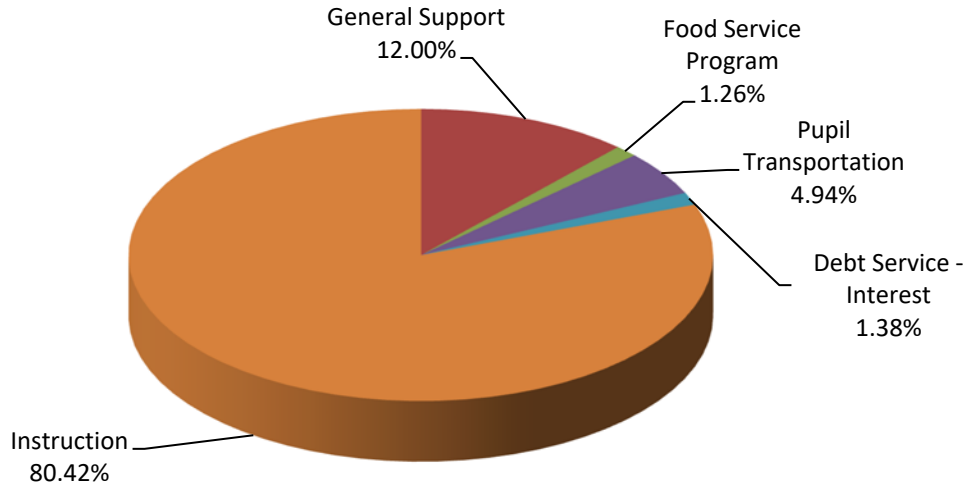
Revenues for Fiscal Year 2023:



**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 1

Expenses for Fiscal Year 2023:



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 or intangible lease assets financed by the District. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and intangible lease assets, and the current payments for debt and other long-term liabilities.

As of June 30, 2023, the District's combined governmental funds reported a total fund deficit of \$9,736,196, which is a decrease in the deficit of \$3,572,428 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
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Exhibit 1

	2023	2022	Increase/ (Decrease)	Total Percentage Change
General Fund				
Restricted for retirement contribution - ERS	\$ 1,180,446	\$ 1,141,428	\$ 39,018	3.42%
Restricted for retirement contribution - TRS	376,878	364,420	12,458	3.42%
Restricted for employee benefit accrued liability	703,277	680,029	23,248	3.42%
Restricted for tax certiorari	3,900,057	2,137,921	1,762,136	82.42%
Assigned - general support	275,363	131,353	144,010	109.64%
Assigned - instruction	3,556	32,133	(28,577)	-88.93%
Assigned-designated for subsequent year's expenditures	-	135,000	(135,000)	-100.00%
Unassigned	3,401,550	2,799,664	601,886	21.50%
Total Fund Balance - General Fund	<u>\$ 9,841,127</u>	<u>\$ 7,421,948</u>	<u>\$ 2,419,179</u>	32.59%
School Lunch Fund				
Nonspendable	\$ 4,656	\$ 3,852	\$ 804	20.87%
Assigned - unappropriated	192,918	258,869	(65,951)	-25.48%
Total Fund Balance - School Lunch Fund	<u>\$ 197,574</u>	<u>\$ 262,721</u>	<u>\$ (65,147)</u>	-24.80%
Capital Projects Fund				
Restricted for unspent debt proceeds	\$ 1,307,712	\$ -	\$ 1,307,712	N/A
Unassigned	(21,638,913)	(21,436,327)	(202,586)	0.95%
Total Fund Balance - Capital Projects Fund	<u>\$ (20,331,201)</u>	<u>\$ (21,436,327)</u>	<u>\$ 1,105,126</u>	5.16%
Miscellaenous Special Revenue Fund				
Restricted for scholarships and donations	\$ 280,343	\$ 248,525	\$ 31,818	12.80%
Assigned - unappropriated	275,961	194,509	81,452	41.88%
Total Fund Balance - Miscellaenous Special Revenue Fund	<u>\$ 556,304</u>	<u>\$ 443,034</u>	<u>\$ 113,270</u>	25.57%
Total Fund Balance - All Funds	<u>\$ (9,736,196)</u>	<u>\$ (13,308,624)</u>	<u>\$ 3,572,428</u>	-26.84%

A) General Fund:

The net change in fund balance for the general fund was an increase of \$2,419,179, or 32.59%, as a result of revenues and other financing sources of \$79,812,439 exceeding expenditures and other financing uses of \$77,393,260.

B) School Lunch Fund:

The net change in fund balance for the school lunch fund decreased by \$65,147, or 24.80%, as a result of expenditures of \$1,085,720 exceeding revenues and other financing sources of \$1,020,573. The overall decrease in operating profit in the school lunch fund is primarily the result of the discontinuation of the free lunch to all students program that was being offered in the previous year

**PEARL RIVER UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 1

by the Federal government as a response to the coronavirus pandemic. This resulted in a significant decrease in federal aid reimbursements for meals served in the current year, which was partially offset by increases in school lunch sales revenue.

C) Capital Projects Fund:

The net change in fund balance for capital projects fund is an increase of \$1,105,126, bringing fund balance to a net deficit of \$20,331,201. 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.

D) Miscellaneous Special Revenue Fund:

The net change in fund balance in the miscellaneous special revenue fund is due to extraclassroom activities revenues and scholarship donations exceeding extraclassroom expenditures and scholarship awards.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2022-2023 Budget:

The District's general fund adopted budget for the fiscal year ended June 30, 2023 was \$77,509,312. This amount was increased by encumbrances carried forward from the prior year in the amount of \$163,486 bringing the final budget to \$77,672,798. The majority of the funding was real property taxes and other tax items budget of \$61,244,318.

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	\$ 2,799,664
Revenues and other financing sources over budget	2,553,127
Expenditures, other financing uses, and encumbrances under budget	619
Funding of reserves	(1,689,054)
Unused appropriated reserve	(115,000)
Interest allocated to reserves	(147,806)
Closing, unassigned fund balance	<u>\$ 3,401,550</u>

The opening unassigned fund balance at June 30, 2022 was \$2,799,664.

Revenues and other financing sources were over budget by \$2,553,127, primarily in revenues from use of money and property and other financing 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, 2023**

Exhibit 1

Expenditures, other financing uses and encumbrances were under budget by \$619 in employee benefits. Refer to Supplemental Schedule #1 for more details.

The District funded \$1,689,054 to the tax certiorari reserve.

In the 2022-2023 budget, \$115,000 of reserves were appropriated to reduce the tax levy. Due to lower than anticipated expenditures, this amount was not used. Since this funding was not needed, it was returned to the reserves for future use.

Interest income of \$147,806 was allocated to the reserves.

The District closed the 2022-2023 fiscal year with \$3,401,550 in unassigned fund balance, which is in compliance with NYS Real Property Tax Law §1318.

6. CAPITAL ASSET, INTANGIBLE LEASE ASSET, 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, 2023 and 2022. A summary of the District's capital assets net of accumulated depreciation and intangible lease assets net of accumulated amortization is as follows:

Category	2023	2022	Net Increase/ (Decrease)	Percentage Change
Land	\$ 963,800	\$ 963,800	\$ -	0.00%
Construction in progress	1,201,829	24,161,171	(22,959,342)	-95.03%
Improvements other than buildings	8,757,823	8,757,823	-	0.00%
Buildings and improvements	96,504,831	71,876,105	24,628,726	34.27%
Machinery and equipment	1,518,016	1,463,890	54,126	3.70%
Subtotal	108,946,299	107,222,789	1,723,510	1.61%
Less: Accumulated depreciation	34,770,057	33,195,343	1,574,714	4.74%
Capital Assets, Net	<u>\$ 74,176,242</u>	<u>\$ 74,027,446</u>	<u>\$ 148,796</u>	0.20%
Intangible Lease Assets, Net	<u>\$ 671,388</u>	<u>\$ 415,167</u>	<u>\$ 256,221</u>	61.72%

The District had capital asset additions and construction in progress of \$1,763,252 and recorded depreciation expense of \$1,614,456. The District also acquired new lease assets of \$466,292 recorded amortization expense of \$210,071 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, 2023**

Exhibit 1

B) Long-Term Debt:

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

	2023	2022	Increase (Decrease)
Bonds payable (net of unamortized premium)	\$ 16,942,155	\$ 19,297,105	\$ (2,354,950)
Lease liability	683,782	429,044	254,738
Energy performance contract debt payable	3,699,691	1,505,433	2,194,258
Total	<u>\$ 21,325,628</u>	<u>\$ 21,231,582</u>	<u>\$ 94,046</u>

The decrease in bonds payable (net of unamortized premium) is due to principal payments on debt and amortization of bond premium. The increase in lease liability is due to lease additions during the year offset by principal payments. The increase in energy performance contract debt payable is due to an energy performance contract issuance during the year offset by principal payments.

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

- A)** The general fund budget for the 2023-24 school year in the amount of \$85,038,794 was approved by voters. This is an increase of \$7,529,482 or 9.71% 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)** 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: Tawnya Muhlrاد
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, 2023

ASSETS

Current assets

Cash and cash equivalents	
Unrestricted	\$ 9,848,003
Restricted	7,748,713
Receivables	
Accounts receivable	31,113
State and federal aid	2,916,074
Due from other governments	922,856
Inventory	4,656

Non-current assets

Receivable within one year	
Lease receivable	199,092
Receivable after one year	
Lease receivable	417,977
Capital assets	
Capital assets not being depreciated	2,165,629
Capital assets being depreciated, net of accumulated depreciation	72,010,613
Intangible lease assets, net of accumulated amortization	671,388

TOTAL ASSETS	96,936,114
---------------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refundings	20,787
Pensions	20,441,833
Other post-employment benefits obligation	9,402,161

TOTAL DEFERRED OUTFLOWS OF RESOURCES	29,864,781
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	126,800,895
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LIABILITIES

Payables

Accounts payable	2,062,380
Accrued liabilities	3,581,572
Due to other governments	322,549
Other liabilities	1,828
Due to teachers' retirement system	3,851,586
Due to employees' retirement system	181,805
Compensated absences payable	235,317
Accrued interest payable	802,640

Note payable

Bond anticipation note payable	20,920,000
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Unearned credits

Collections in advance	50,574
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Long-term liabilities

Due and payable within one year	
Bonds payable (net of unamortized premiums)	1,699,950
Lease liability	215,662
Energy performance contract debt payable	460,690
Compensated absences payable	140,313
Due and payable after one year	
Bonds payable (net of unamortized premiums)	15,242,205
Lease liability	468,120
Energy performance contract debt payable	3,239,001
Compensated absences payable	1,082,950
Termination benefits payable	945,655
Net pension liability - proportionate share - employees' retirement system	2,771,002
Net pension liability - proportionate share - teachers' retirement system	3,433,907
Total other post-employment benefits obligation	122,615,803

TOTAL LIABILITIES	184,325,509
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DEFERRED INFLOWS OF RESOURCES

Leases	617,069
Pensions	2,007,923
Other post-employment benefits obligation	15,144,185

TOTAL DEFERRED INFLOWS OF RESOURCES	17,769,177
--	-------------------

NET POSITION

Net investment in capital assets	33,930,501
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Restricted

Employees' retirement system	1,180,446
Teachers' retirement system	376,878
Employee benefit accrued liability	703,277
Tax certiorari	3,900,057
Scholarships and donations	280,343
	6,441,001

Unrestricted (deficit)	(115,665,293)
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TOTAL NET POSITION (DEFICIT)	\$ (75,293,791)
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**PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FUNCTIONS / PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants	
General support	\$ (10,499,557)	\$ -	\$ -	\$ -	\$ (10,499,557)
Instruction	(70,354,187)	1,117,185	4,400,466	1,890	(64,834,646)
Pupil transportation	(4,325,460)		116,540		(4,208,920)
Debt service-interest	(1,202,325)				(1,202,325)
Food service program	(1,105,523)	618,330	391,456		(95,737)
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ (87,487,052)</u>	<u>\$ 1,735,515</u>	<u>\$ 4,908,462</u>	<u>\$ 1,890</u>	<u>(80,841,185)</u>
GENERAL REVENUES					
Real property taxes					57,109,960
Other tax items - including STAR reimbursement					4,136,812
Use of money and property					1,517,532
Miscellaneous					1,186,841
State sources					15,233,035
Medicaid reimbursement					91,786
TOTAL GENERAL REVENUES					<u>79,275,966</u>
CHANGE IN NET POSITION					(1,565,219)
TOTAL NET POSITION - BEGINNING OF YEAR					<u>(73,728,572)</u>
TOTAL NET POSITION - END OF YEAR					<u>\$ (75,293,791)</u>

PEARL RIVER UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Revenue	Total Governmental Funds
ASSETS						
Cash and cash equivalents						
Unrestricted	\$ 9,293,946	\$ 4,634	\$ 212,940	\$ 33,544	\$ 302,939	\$ 9,848,003
Restricted	6,160,658			1,307,712	280,343	7,748,713
Receivables						
Accounts receivable	23,857				7,256	31,113
State and federal aid	1,171,983	1,720,114	23,977			2,916,074
Due from other governments	922,856					922,856
Due from other funds	2,340,009	62,239	10,417	210,000		2,622,665
Lease receivable	617,069					617,069
Inventory			4,656			4,656
TOTAL ASSETS	<u>\$ 20,530,378</u>	<u>\$ 1,786,987</u>	<u>\$ 251,990</u>	<u>\$ 1,551,256</u>	<u>\$ 590,538</u>	<u>\$ 24,711,149</u>
LIABILITIES						
Payables						
Accounts payable	\$ 2,015,430	\$ 10,901	\$ 1,815	\$ -	\$ 34,234	\$ 2,062,380
Accrued liabilities	3,185,230	186,342		210,000		3,581,572
Due to other governments	320,157		2,392			322,549
Due to other funds	282,657	1,587,551		752,457		2,622,665
Other liabilities			1,828			1,828
Due to teachers' retirement system	3,851,586					3,851,586
Due to employees' retirement system	181,805					181,805
Compensated absences payable	235,317					235,317
Note payable						
Bond anticipation note payable				20,920,000		20,920,000
Unearned credits						
Collections in advance		2,193	48,381			50,574
TOTAL LIABILITIES	<u>10,072,182</u>	<u>1,786,987</u>	<u>54,416</u>	<u>21,882,457</u>	<u>34,234</u>	<u>33,830,276</u>
DEFERRED INFLOWS OF RESOURCES						
Leases	617,069					617,069
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>617,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>617,069</u>
FUND BALANCES						
Nonspendable: Inventory			4,656			4,656
Restricted						
Employees' retirement system	1,180,446					1,180,446
Teachers' retirement system	376,878					376,878
Employee benefit accrued liability	703,277					703,277
Unspent debt proceeds				1,307,712		1,307,712
Tax certiorari	3,900,057					3,900,057
Scholarships and donations					280,343	280,343
Assigned						
Unappropriated fund balance	278,919		192,918		275,961	747,798
Unassigned	3,401,550			(21,638,913)		(18,237,363)
TOTAL FUND BALANCES	<u>9,841,127</u>	<u>-</u>	<u>197,574</u>	<u>(20,331,201)</u>	<u>556,304</u>	<u>(9,736,196)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 20,530,378</u>	<u>\$ 1,786,987</u>	<u>\$ 251,990</u>	<u>\$ 1,551,256</u>	<u>\$ 590,538</u>	<u>\$ 24,711,149</u>

**PEARL RIVER UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Governmental Fund Balances \$ (9,736,196)

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	\$ 108,946,299	
Accumulated depreciation	<u>(34,770,057)</u>	74,176,242

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	\$ 1,101,280	
Accumulated amortization	<u>(429,892)</u>	671,388

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 amounts on refundings		20,787
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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	\$ 20,441,833	
Deferred outflows related to other post-employment benefits	<u>9,402,161</u>	29,843,994

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	\$ (2,007,923)	
Deferred inflows related to other post-employment benefits	<u>(15,144,185)</u>	(17,152,108)

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 long-term liabilities at year end consisted of accrued interest payable of:

(802,640)

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)	\$ (16,942,155)	
Lease liability	(683,782)	
Energy performance contract debt payable	(3,699,691)	
Compensated absences payable	(1,223,263)	
Termination benefits payable	(945,655)	
Net pension liability - proportionate share -		
Employees' retirement system	(2,771,002)	
Teachers' retirement system	(3,433,907)	
Total other post-employment benefits obligation	<u>(122,615,803)</u>	(152,315,258)

Total Net Position \$ (75,293,791)

PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Special Aid	School Lunch	Capital Projects	Miscellaneous Special Purpose	Total Governmental Funds
REVENUES						
Real property taxes	\$ 57,109,960	\$ -	\$ -	\$ -	\$ -	\$ 57,109,960
Other tax items - including STAR reimbursement	4,136,812					4,136,812
Charges for services	211,231				905,954	1,117,185
Use of money and property	1,517,162		370			1,517,532
Miscellaneous	700,003				71,750	771,753
State sources	15,233,035	566,812	11,070	1,890		15,812,807
Federal sources	91,786	3,878,444	341,096			4,311,326
Surplus food			39,290			39,290
Sales			618,330			618,330
TOTAL REVENUES	78,999,989	4,445,256	1,010,156	1,890	977,704	85,434,995
EXPENDITURES						
General support	8,158,201	30,406				8,188,607
Instruction	44,279,712	4,378,454			864,434	49,522,600
Pupil transportation	4,142,448	116,540				4,258,988
Employee benefits	16,863,852					16,863,852
Debt service - principal	3,076,836					3,076,836
Debt service - interest	749,816					749,816
Cost of sales			1,085,720			1,085,720
Capital outlay				2,122,597		2,122,597
TOTAL EXPENDITURES	77,270,865	4,525,400	1,085,720	2,122,597	864,434	85,869,016
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,729,124	(80,144)	(75,564)	(2,120,707)	113,270	(434,021)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	31,834	111,978	10,417			154,229
Operating transfers (out)	(122,395)	(31,834)				(154,229)
BAN redeemed with appropriations				250,000		250,000
Premium on obligations	780,616					780,616
Leases				466,292		466,292
Energy performance contract proceeds				2,509,541		2,509,541
TOTAL OTHER FINANCING SOURCES (USES)	690,055	80,144	10,417	3,225,833	-	4,006,449
NET CHANGE IN FUND BALANCES	2,419,179	-	(65,147)	1,105,126	113,270	3,572,428
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	7,421,948	-	262,721	(21,436,327)	443,034	(13,308,624)
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 9,841,127	\$ -	\$ 197,574	\$ (20,331,201)	\$ 556,304	\$ (9,736,196)

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, 2023

Net Change in Fund Balances \$ 3,572,428

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	\$ 246,146	
Increase in termination benefits payable	(147,144)	99,002

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

Employees' retirement system	\$ (492,188)	
Teachers' retirement system	(767,272)	
Other post-employment benefits obligation	(3,486,922)	(4,746,382)

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, 2023 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	\$ 1,763,252	
Depreciation expense	(1,614,456)	148,796

Capital outlays to lease intangible 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.

Intangible lease capital outlays	\$ 466,292	
Amortization expense	(210,071)	256,221

Long-Term Debt Transaction Differences

Proceeds from leases are recorded as revenue in the governmental funds but not in the Statement of Activities. (466,292)

Proceeds from long term debt - energy performance contract - is an other funding source in the governmental funds, but it increases liability in the Statement of Net Position and does not affect the Statement of Activities (2,509,541)

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. 2,300,000

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. 211,554

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 Activities. 315,282

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, 2022 to June 30, 2023 changed by (499,144)

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 amortization on bond premiums and deferred amounts is: 46,635

Change in Net Position \$ (1,565,219)

**PEARL RIVER UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
JUNE 30, 2023**

	<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	\$ -
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, 2023**

	<u>Custodial</u>
ADDITIONS	
Real property taxes collected for the Library	\$ 3,425,651
TOTAL ADDITIONS	<u>3,425,651</u>
DEDUCTIONS	
Real property taxes disbursed to the Library	3,425,651
TOTAL DEDUCTIONS	<u>3,425,651</u>
CHANGE IN NET POSITION	-
NET POSITION - BEGINNING OF YEAR	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

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 (the “Board”) consisting of five members. The Board 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District’s financial statements.

B) Joint Venture:

The District is a component district 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.

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

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

C) Basis of Presentation:

District-Wide Financial Statements:

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

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

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legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

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 and other educational 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 and disbursed to another local government.

D) Measurement Focus and Basis of Accounting:

The District-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from real 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 six months after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liability, energy performance contract debt payable, compensated absences, termination benefits, net pension liabilities, and total other post-employment benefits, and claims and judgments, if applicable, which are recognized as

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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, 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 Rockland County (“the County”) as discussed below.

Enforcement

Uncollected real property taxes are subsequently enforced by 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, eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary fund.

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 11 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

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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 the computation of lease receivable and deferred inflows of resources – leases, useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, termination benefits payable, net pension assets/(liabilities), other post-employment benefits, and potential contingent liabilities.

I) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand and demand deposits. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

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

K) Inventory:

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

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

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

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.

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

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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

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

M) Intangible lease assets:

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

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

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. These amounts are related to deferred amounts on refundings, pensions and other post-employment benefits reported on the District-Wide Statement of Net Position, and are detailed further in Notes 14, 15, and 17, respectively.

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 leases, which are reported in the District-Wide Statement of Net Position as well as in

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the general fund, as detailed further in Note 8. The District also 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 15 and 17.

O) Short-term debt:

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

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

The District has issued \$20,920,000 in BANs in the fiscal year ended June 30, 2023. See Note 12 for further detail.

P) 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 consisted of unearned revenues from federal grants in the special aid fund and in the school lunch fund as well as prepaid student account balances in the school lunch fund. See Note 10 for further details.

Q) Employee Benefits – Compensated Absences and Termination 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.

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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, *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.

R) Other Benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code 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*.

S) Long Term Debt:

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future

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taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the Fund Financial Statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

T) Equity Classifications:

District-Wide Financial Statements:

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

Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future lease payments remaining on the lease term less accumulated amortization) plus unamortized deferred amounts 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 \$4,656.

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.

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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 benefits due to 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.

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

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.

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

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

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

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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 \$21,638,913 will be eliminated once permanent financing from debt issuance is obtained and New York State Smart Schools Bond Act funds are received.

New York State 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. The District's general fund unassigned fund balance was not in excess of the New York State Real Property Tax Law §1318 limit.

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.

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.

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(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:

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.

Capital related differences:

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

Long-term debt transaction differences:

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

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A) Budgets:

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

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

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appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5, if applicable.

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

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.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured (Federal Deposit Insurance Corporation) 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.

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

B) Restricted Cash and Cash Equivalents:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2023 included \$7,748,713 within the governmental funds for general reserves, capital projects, and amounts restricted for scholarships and donations.

C) Investments:

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

Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2023, the District held \$6,417,870 in investments consisting of various investments in securities issued by the United States and its agencies.

Total investments of the cooperative at June 30, 2023 are \$7,403,046,276, which consisted of \$2,530,081,947 in repurchase agreements, and \$4,872,964,329 in U.S. Treasury Securities in U.S. Government Guaranteed Securities at various interest rates with various due dates. Total collateralized bank deposits of the cooperative at June 30, 2023 are \$1,068,621,853.

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 6,417,870	\$ 6,417,870

The above amounts represent the cost of the investment pool shares, and are considered to approximate market value. The investment pool is categorically exempt from the New York State collateral requirements. CLASS is rated AAAM by S&P Global ratings. Additional information concerning the cooperative is presented in the annual report of the New York Cooperative Liquid Assets Securities System (NYCLASS), which may be obtained from their website www.newyorkclass.org or by contacting their registered investment advisor, Public Trust Advisors, LLC at 717 17th Street, Suite 1850, Denver, CO 80202.

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Exhibit 10

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year, the District was billed \$10,125,912 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,635,663. Financial statements for the BOCES are available from the BOCES administrative office located at 65 Parrott Road, West Nyack, New York 10994.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLE:

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

General Fund	
Excess cost aid	\$ 278,886
Basic aid	893,097
Total General Fund	<u>1,171,983</u>
Special Aid Fund	
Federal grants	1,547,815
State grants	172,299
Total Special Aid Fund	<u>1,720,114</u>
School Lunch Fund	
Federal reimbursement - meals	20,839
State reimbursement - meals	3,138
Total School Lunch Fund	<u>23,977</u>
Total - State and federal aid receivable	<u>\$ 2,916,074</u>

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

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

Tuition and health services billings	\$ 102,414
BOCES aid	820,442
Total	<u>\$ 922,856</u>

District management has deemed these amounts to be fully collectible.

PEARL RIVER UNION FREE SCHOOL DISTRICT
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NOTE 8 – LEASE RECEIVABLE:

The District recognized a lease receivable and deferred inflow of resources – leases for agreements 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 payments received by the District during the 2022-23 fiscal year were \$377,108 and \$16,455, respectively.

Future minimum rental receipts for this lease are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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>\$ 617,069</u>	<u>\$ 20,827</u>	<u>\$ 637,896</u>

District management has deemed the amounts to be fully collectible.

PEARL RIVER UNION FREE SCHOOL DISTRICT
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Exhibit 10

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

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

	Beginning Balance	Additions	Disposals/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 963,800	\$ -	\$ -	\$ 963,800
Construction in progress	24,161,171	1,656,305	(24,615,647)	1,201,829
Total capital assets not being depreciated	25,124,971	1,656,305	(24,615,647)	2,165,629
Capital assets being depreciated:				
Improvements other than buildings	8,757,823			8,757,823
Buildings and improvements	71,889,184		24,615,647	96,504,831
Machinery and equipment	1,450,811	106,947	(39,742)	1,518,016
Total capital assets being depreciated	82,097,818	106,947	24,575,905	106,780,670
Less accumulated depreciation:				
Improvements other than buildings	1,318,328	173,543		1,491,871
Building and improvements	31,213,355	1,339,766		32,553,121
Machinery and equipment	663,660	101,147	(39,742)	725,065
Total accumulated depreciation	33,195,343	1,614,456	(39,742)	34,770,057
Total capital assets being depreciated, net	48,902,475	(1,507,509)	24,615,647	72,010,613
Total capital assets, net	\$ 74,027,446	\$ 148,796	\$ -	\$ 74,176,242

Depreciation expense was charged to governmental functions as follows:

General support	\$ 17,117
Instruction	1,576,809
Food service program	19,803
Pupil transportation	727
Total depreciation expense	\$ 1,614,456

PEARL RIVER UNION FREE SCHOOL DISTRICT
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B) Intangible Lease Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Intangible lease assets				
Machinery and equipment	\$ 692,868	\$ 466,292	\$ (57,880)	\$ 1,101,280
Total intangible lease assets being amortized	<u>692,868</u>	<u>466,292</u>	<u>(57,880)</u>	<u>1,101,280</u>
Less accumulated amortization:				
Machinery and equipment	277,701	210,071	(57,880)	429,892
Total accumulated amortization	<u>277,701</u>	<u>210,071</u>	<u>(57,880)</u>	<u>429,892</u>
Total intangible lease assets, net	<u>\$ 415,167</u>	<u>\$ 256,221</u>	<u>\$ -</u>	<u>\$ 671,388</u>

Amortization expense of \$210,071 was charged to the governmental functions as general support.

NOTE 10 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2023 consisted of the following:

Special Aid Fund	
Federal grants	<u>\$ 2,193</u>
School Lunch Fund	
Federal grants - supply chain assistance	20,275
Student prepaid meals	<u>28,106</u>
Total - School Lunch Fund	<u>48,381</u>
Total - All Funds	<u><u>\$ 50,574</u></u>

PEARL RIVER UNION FREE SCHOOL DISTRICT
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NOTE 11 – 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.

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General fund	\$ 2,340,009	\$ 282,657	\$ 31,834	\$ 122,395
Special aid fund	62,239	1,587,551	111,978	31,834
School lunch fund	10,417		10,417	
Capital projects fund	210,000	752,457		
Totals	<u>\$ 2,622,665</u>	<u>\$ 2,622,665</u>	<u>\$ 154,229</u>	<u>\$ 154,229</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. The District also transferred from the general fund to the school lunch fund to cover negative student account balances as of June 30, 2023. The District transferred from the special aid fund to the general fund to cover the costs of grant eligible expenditures incurred in the general fund in prior year.

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

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

NOTE 12 – SHORT-TERM LIABILITIES:

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

	Issue Date	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/22/2021	7/22/2022	1.25%	\$ 21,170,000	\$ -	\$ (21,170,000)	\$ -
BAN	7/21/2022	7/21/2023	3.75%	-	20,920,000	-	20,920,000
				<u>\$ 21,170,000</u>	<u>\$ 20,920,000</u>	<u>\$ (21,170,000)</u>	<u>\$ 20,920,000</u>

The BANs were issued to finance capital fund projects.

Short-Term Interest:

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

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	Total
Interest paid	\$ 264,624
Less interest accrued in the prior year	(244,779)
Plus interest accrued in the current year	725,663
Total interest expense on short-term debt	<u>\$ 745,508</u>

NOTE 13 – 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
Long-term debt:					
Bonds payable					
Construction bonds	\$ 18,735,000	\$ -	\$ (2,300,000)	\$ 16,435,000	\$ 1,645,000
Unamortized bond premium	562,105		(54,950)	507,155	54,950
	<u>19,297,105</u>	<u>-</u>	<u>(2,354,950)</u>	<u>16,942,155</u>	<u>1,699,950</u>
Long-term liabilities:					
Lease liability	429,044	466,292	(211,554)	683,782	215,662
Energy performance contract debt payable	1,505,433	2,509,541	(315,283)	3,699,691	460,690
Compensated absences payable	1,469,409		(246,146)	1,223,263	140,313
Termination benefits payable	798,511	147,144		945,655	
Net pension liability - proportionate share					
Employees' retirement system	-	2,771,002		2,771,002	
Teachers' retirement system	-	3,433,907		3,433,907	
Total other post-employment benefits	<u>110,310,790</u>	<u>15,255,759</u>	<u>(2,950,746)</u>	<u>122,615,803</u>	
Total long-term liabilities	<u>\$ 133,810,292</u>	<u>\$ 24,583,645</u>	<u>\$ (6,078,679)</u>	<u>\$ 152,315,258</u>	<u>\$ 2,516,615</u>

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, net pension liabilities, and other post-employment benefits.

A) Bonds Payable:

Bonds payable is comprised of the following:

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Description	Issue Date	Issue Amount	Final Maturity	Interest Rates	Outstanding at June 30, 2023
Refunding Bonds - Construction	2015	6,240,000	June 2025	2.00-5.00%	\$ 1,375,000
Construction	2019	3,335,000	May 2039	2.75-5.00%	2,845,000
Construction	2021	13,870,000	June 2036	2.00%	12,215,000
					<u>\$ 16,435,000</u>

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

Fiscal Year Ended June 30,	Principal	Interest	Total
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	1,055,000	248,551	1,303,551
2029-2033	5,640,000	895,214	6,535,214
2034-2038	4,135,000	273,155	4,408,155
2039	230,000	8,050	238,050
	<u>\$ 16,435,000</u>	<u>\$ 2,694,612</u>	<u>\$ 19,129,612</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.

Unissued Debt

On May 16, 2017, voters approved borrowings not to exceed \$29,000,000 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 of \$13,870,000 and bond anticipation notes in the amount of \$21,170,000 to date, leaving authorized but unissued debt in the amount of \$960,000.

B) Bond Premium:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to \$507,155 at June 30, 2023. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. As of June 30, 2023, the premiums recorded in the District-Wide Financial Statements consisted of:

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	<u>2015 Refunding</u>	<u>2021 Issuance</u>	<u>Total</u>
Premium on bonds	\$ 87,707	\$ 531,880	\$ 619,587
Accumulated amortization	(38,982)	(73,450)	(112,432)
Premium on bonds, net of accumulated amortization	<u>\$ 48,725</u>	<u>\$ 458,430</u>	<u>\$ 507,155</u>

C) Lease Liability:

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various copiers and other equipment items with interest rates ranging from 2.27% to 6.5%.

Principal and interest amounts paid on the District's lease liability amounted to \$211,554 and \$16,621, respectively, for the fiscal year ended June 30, 2023.

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 215,662	\$ 30,607	\$ 246,269
2025	164,582	22,386	186,968
2026	125,176	15,187	140,363
2027	100,859	8,624	109,483
2028	77,503	2,355	79,858
	<u>\$ 683,782</u>	<u>\$ 79,159</u>	<u>\$ 762,941</u>

D) 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, 2023
Energy performance contract debt	2011	10/15/2026	3.36%	\$ 1,190,150
Energy performance contract debt	2022	11/15/2027	3.56%	2,509,541
				<u>\$ 3,699,691</u>

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

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Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$ 460,690	\$ 120,960	\$ 581,650
2025	470,839	110,811	581,650
2026	487,039	94,611	581,650
2027	322,142	77,854	399,996
2028	148,602	69,740	218,342
2029-2033	826,230	265,476	1,091,706
2034-2038	984,149	107,557	1,091,706
	\$ 3,699,691	\$ 847,009	\$ 4,546,700

E) Long-Term Interest:

Interest on long-term debt, lease liability, and energy performance contract debt payable for the year was comprised of:

	Total
Interest paid	\$ 485,192
Less interest accrued in the prior year	(58,717)
Plus interest accrued in the current year	76,977
Less amortization on premiums on bonds	(54,950)
Plus amortization of deferred amounts on refundings	8,315
Total interest expense on long-term debt	\$ 456,817

NOTE 14 – DEFERRED OUTFLOWS OF RESOURCES – DEFERRED AMOUNTS ON REFUNDINGS:

Deferred amounts on refundings result from the difference in the carrying value of the refunded debt and its reacquisition price. The deferred amounts pertaining to the 2015 bond refunding, as recorded in the District-Wide Financial Statements as deferred outflows of resources at June 30, 2023 consisted of the following:

Deferred amounts	\$ 83,149
Accumulated amortization	(62,362)
Net deferred amounts on refundings	\$ 20,787

These deferred amounts 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.

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NOTE 15 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to the 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.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
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B) Funding Policies:

The Systems are noncontributory, except as follows:

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

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31. The District's contribution rates for ERS' fiscal year ended March 31, 2023, ranged from 9.60% to 18.30% of covered payroll.

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

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

	<u>NYSERS</u>	<u>NYSTRS</u>
2023	\$ 618,986	\$ 3,479,743
2022	\$ 778,433	\$ 3,106,981
2021	\$ 774,854	\$ 2,856,207

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

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

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Net pension asset/(liability)	\$ (2,771,002)	\$ (3,433,907)
District's portion of the Plan's total		
Net pension asset/(liability)	0.0129220%	0.178953%
Change in proportion since the prior measurement date	-0.000043%	-0.002377%

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$1,140,777 for ERS and pension benefits of \$4,245,317 for TRS.

At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 295,133	\$ 3,598,300	\$ 77,820	\$ 68,810
Net difference between projected and actual earnings on pension plan investments		4,436,934	16,280	
Changes of assumptions	1,345,777	6,661,199	14,873	1,383,275
Changes in proportion and differences between the District's contributions and proportionate share of contributions	428,432	14,510	78,979	367,886
District's contributions subsequent to the measurement date	181,805	3,479,743		
	<u>\$ 2,251,147</u>	<u>\$ 18,190,686</u>	<u>\$ 187,952</u>	<u>\$ 1,819,971</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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Plan year ended:		
2023	\$ -	\$ 2,464,870
2024	492,823	1,257,394
2025	(50,668)	(613,922)
2026	647,892	8,671,763
2027	791,343	1,071,890
Thereafter		38,977
	<u>\$ 1,881,390</u>	<u>\$ 12,890,972</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:

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	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return (net of investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrement	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation	2.90%	2.40%

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

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

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

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

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

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<u>Measurement Date</u>	<u>ERS</u>		<u>TRS</u>	
	<u>March 31, 2023</u>		<u>June 30, 2022</u>	
	<u>Target</u>	<u>Long-term</u>	<u>Target</u>	<u>Long-term</u>
<u>Asset type</u>	<u>Allocation</u>	<u>expected real</u>	<u>Allocation</u>	<u>expected real</u>
		<u>rate of return</u>		<u>rate of return</u>
Domestic equity	32%	4.30%	33%	6.50%
International equity	15%	6.85%	16%	7.20%
Global equity			4%	6.90%
Private equity	10%	7.50%	8%	9.90%
Real estate	9%	4.60%	11%	6.20%
Opportunistic/absolute return strategy	3%	5.38%		
Credit	4%	5.43%		
Real assets	3%	5.84%		
Fixed income	23%	1.50%		
Cash	1%	0.00%		
Domestic fixed income securities			16%	1.10%
Global bonds			2%	0.60%
High-yield bonds			1%	3.30%
Private debt			2%	5.30%
Real estate debt			6%	2.40%
Cash equivalents			1%	-0.30%
	<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 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated

PEARL RIVER UNION FREE SCHOOL DISTRICT
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Exhibit 10

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)	\$ (6,696,322)	\$ (2,771,002)	\$ 509,061
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
District's proportionate share of the net pension asset/(liability)	\$ (31,662,233)	\$ (3,433,907)	\$ 20,305,930

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

Ratio of plan fiduciary net position to the		
Employers' total pension liability	90.78%	98.57%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023, through June 30, 2023, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023, amounted to \$181,805.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

based on paid TRS wages multiplied by the employer's contribution rate, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$3,851,586.

NOTE 16 – 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, 2023, totaled \$0 and \$2,340,430, respectively.

B) Deferred Compensation Plan:

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for eligible employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the fiscal year ended June 30, 2023 totaled \$156,771.

NOTE 17 – 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 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 2023, the District contributed an estimated \$2,950,746 to the Plan, including \$2,950,746 for current premiums and \$0 to prefund benefits.

**PEARL RIVER UNION FREE SCHOOL DISTRICT
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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 \$122,615,803 was measured as of June 30, 2023, 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:

Inflation	2.40%
Discount rate	3.65%
Healthcare cost trend rates	6.00% decreasing to 3.90% 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

PEARL RIVER UNION FREE SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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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, 2022	\$ 110,310,790
Changes for the fiscal year:	
Service Cost	4,348,585
Interest on total OPEB liability	4,007,168
Effect of demographic gains or losses	-
Effect of assumptions changes or inputs	6,900,006
Benefit payments	<u>(2,950,746)</u>
Net Changes	<u>12,305,013</u>
Balance at June 30, 2022	<u><u>\$ 122,615,803</u></u>

There were no significant plan changes since the last valuation.

Changes in assumptions or other inputs include a change in the discount rate from 3.54% to 3.65% and a decrease in the medical trend rate from 5.1% to 4.1% over 54 years to 6.0% to 3.9% over 52 years.

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	<u>\$ 143,255,732</u>	<u>\$ 122,615,803</u>	<u>\$ 105,990,299</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.10%) or 1-percentage-point higher (6.10%) than the current healthcare cost trend rates:

PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Exhibit 10

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	<u>\$102,015,463</u>	<u>\$122,615,803</u>	<u>\$149,229,175</u>

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense (credit) of \$6,437,668. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,092,908
Changes of assumptions or other inputs	9,402,161	9,051,277
	<u>\$ 9,402,161</u>	<u>\$ 15,144,185</u>

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

Fiscal Year ended June 30:	
2024	\$ (1,918,085)
2025	(929,012)
2026	(702,157)
2027	(1,645,690)
2028	(547,080)
Thereafter	-
	<u>\$ (5,742,024)</u>

NOTE 18 - 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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

of twenty (20) to forty (40) dependent upon years of service. The current value of incentive payments earned is \$945,655 and is recorded as a long-term liability on the Statement of Net Position.

NOTE 19 – 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 Workers' Compensation Plan's total liability for unbilled and open claims at June 30, 2023, discounted at 2.0%, was \$14,453,717. Of this total discounted liability \$729,913 is associated with the District. The Workers' Compensation Plan has plan assets of \$23,500,613 at June 30, 2022 to pay these liabilities. The plans assets as of June 30, 2023 was not available at the time of this report. If the District leaves the plan or if the plan is terminated, the District will be liable for the District's open claims at that time.

The District participated in New York Schools Insurance Reciprocal, a non-risk-retained public entity risk pool for its District property and liability insurance coverage through June 30, 2023. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

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, 2023 were \$326,935.

NOTE 20 - 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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 10

\$1,007,335 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling \$644,687 for these programs during the fiscal year.

NOTE 21 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

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

Assigned: Unappropriated Fund Balance

General fund

General support	\$ 275,363
Instruction	3,556
	<u>\$ 278,919</u>

Special aid fund

Instruction	<u>\$ 9,300</u>
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School lunch fund

Cost of sales	<u>\$ 23,278</u>
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Capital projects fund

Capital projects	<u>\$ 1,632,109</u>
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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 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

**PEARL RIVER UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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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 20, 2023, the District issued general obligation serial bonds in the amount of \$19,560,000 with a stated interest rate of 4.00% and final maturity of June 15, 2042.
- B) Subsequent to June 30, 2023, the District negotiated two settlement agreements relating to tax certiorari petitions filed for prior years that will result in the District having to pay property tax refunds of \$1,972,465. Subsequent to June 30, 2023, the District also negotiated a settlement agreement relating to a tax certiorari petition filed for fiscal year 2023 that will result in the District having to pay property tax refunds of \$1,015,172. These settlement payments will be funded by the tax certiorari reserve.

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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local Sources				
Real property taxes	\$ 60,602,084	\$ 60,602,084	\$ 57,109,960	\$ (3,492,124)
Other real property tax items	642,234	642,234	4,136,812	3,494,578
Charges for services	92,000	92,000	211,231	119,231
Use of money and property	664,126	664,126	1,517,162	853,036
Miscellaneous	270,000	270,000	700,003	430,003
State Sources				
Basic formula	12,805,212	12,805,212	8,327,673	(4,477,539)
Excess cost aid			1,979,823	1,979,823
Lottery aid			2,875,934	2,875,934
BOCES aid	1,607,413	1,607,413	1,635,663	28,250
Tuition for students with disabilities			188,776	188,776
Textbook aid	180,858	180,858	142,829	(38,029)
Computer software/hardware aid	28,285	28,285	66,412	38,127
Library A/V loan program aid	16,500	16,500	15,925	(575)
Federal Sources	90,000	90,000	91,786	1,786
Other Financing Sources				
Premium on obligations	260,600	260,600	780,616	520,016
Transfers from other funds	-	-	31,834	31,834
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>77,259,312</u>	<u>77,259,312</u>	<u>\$ 79,812,439</u>	<u>\$ 2,553,127</u>
Appropriated Fund Balance	135,000	135,000		
Appropriated Reserves	278,486	278,486		
TOTAL REVENUES, OTHER FINANCING SOURCES & APPROPRIATED FUND BALANCE & RESERVES	<u>\$ 77,672,798</u>	<u>\$ 77,672,798</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 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 77,626	\$ 66,088	\$ 66,088	\$ -	\$ -
Central administration	394,322	412,490	412,490		-
Finance	699,670	695,310	673,267	22,043	-
Staff	711,181	806,251	806,251		-
Central services	5,422,293	5,518,367	5,265,047	253,320	-
Special items	943,593	935,058	935,058		-
Total general support	8,248,685	8,433,564	8,158,201	275,363	-
Instruction					
Instruction, admin. & improvement	2,581,189	2,528,892	2,528,892		-
Teaching - regular school	23,510,239	22,445,851	22,214,120	3,556	228,175
Programs for children with handicap conditions	12,376,179	12,868,782	12,868,782		-
Occupational education	656,000	763,120	763,120		-
Teaching special schools	23,100	23,104	23,104		-
Instructional media	2,137,929	1,993,426	1,993,426		-
Pupil services	3,673,471	3,660,093	3,660,093		-
Total instruction	44,958,107	44,283,268	44,051,537	3,556	228,175
Pupil transportation	3,964,325	4,142,448	4,142,448		-
Employee benefits	17,022,650	16,864,471	16,863,852		619
Debt service - principal	2,865,282	3,076,836	3,288,390		(211,554)
Debt service - interest	500,749	749,816	766,437		(16,621)
Total debt service	3,366,031	3,826,652	4,054,827	-	(228,175)
TOTAL EXPENDITURES	77,559,798	77,550,403	77,270,865	278,919	619
Other Financing Uses					
Transfers to other funds	113,000	122,395	122,395		-
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 77,672,798</u>	<u>\$ 77,672,798</u>	<u>77,393,260</u>	<u>\$ 278,919</u>	<u>\$ 619</u>
Net change in fund balances			2,419,179		
Fund balances - beginning of year			7,421,948		
Fund balances - end of year			<u>\$ 9,841,127</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 DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE FISCAL YEARS ENDED JUNE 30, ***

	NYSERS Pension Plan								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0129220%	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)	\$ (2,771,002)	\$ 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	\$ 5,216,007	\$ 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	53.12%	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 liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.95%
NYSTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.1789530%	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)	\$ (3,433,907)	\$ 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	\$ 31,703,883	\$ 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	10.83%	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 liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

Note to Required Supplementary Information

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

Employees' Retirement System

The discounted rate remained at 5.90% as reflected in 2022 and 2023 above

Teachers' Retirement System

The discounted rate remained at 6.95% as reflected in 2022 and 2023 above

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

	NYSERS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 618,986	\$ 778,433	\$ 774,854	\$ 757,033	\$ 778,184	\$ 812,014	\$ 771,011	\$ 870,435	\$ 963,329	
Contributions in relation to the contractually required contribution	618,986	778,433	774,854	757,033	778,184	812,014	771,011	870,435	963,329	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District's covered payroll	\$5,390,236	\$ 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	11.48%	15.89%	14.94%	14.98%	14.76%	15.15%	15.54%	17.13%	18.74%	

	NYSTRS Pension Plan									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 3,479,743	\$ 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	3,479,743	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	\$34,078,686	\$ 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	10.21%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	

**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,**

TOTAL OPEB LIABILITY	2023	2022	2021	2020	2019
Service cost	\$ 4,348,585	\$ 5,013,819	\$ 5,071,863	\$ 4,096,706	\$ 4,485,678
Interest	4,007,168	2,756,691	2,691,290	3,811,572	3,392,327
Effect of plan changes	-	-	-	(68,736)	-
Differences between expected and actual experience	-	-	-	-	-
Effect of demographic gains or losses		(8,312,217)	-	(690,313)	-
Changes of assumptions or other inputs	6,900,006	(10,355,660)	1,016,043	7,595,959	(8,886,365)
Benefit payments	(2,950,746)	(2,790,358)	(2,957,135)	(2,724,707)	(2,834,218)
NET CHANGE IN TOTAL OPEB LIABILITY	12,305,013	(13,687,725)	5,822,061	12,020,481	(3,842,578)
TOTAL OPEB LIABILITY - BEGINNING	110,310,790	123,998,515	118,176,454	106,155,973	109,998,551
TOTAL OPEB LIABILITY - ENDING	\$ 122,615,803	\$ 110,310,790	\$ 123,998,515	\$ 118,176,454	\$ 106,155,973
COVERED-EMPLOYEE PAYROLL	\$ 33,151,567	\$ 33,151,567	\$ 31,882,053	\$ 31,882,053	\$ 32,906,300
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	369.86%	332.75%	388.93%	370.67%	322.60%

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:

2023	3.65%
2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%

**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, 2023**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 77,509,312
Add: Prior year's encumbrances	<u>163,486</u>
Original Budget	<u>77,672,798</u>
Final Budget	<u><u>\$ 77,672,798</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-24 voter approved expenditure budget	<u><u>\$ 85,038,794</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 3,401,552</u></u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	
Assigned fund balance	\$ 278,919
Unassigned fund balance	<u>3,401,550</u>
Total unrestricted fund balance	3,680,469
Less:	
Appropriated fund balance	\$ -
Encumbrances included in assigned fund balance	<u>278,919</u>
Total adjustments	<u>278,919</u>
General fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,401,550</u></u>
Actual percentage	4.00%

**PEARL RIVER UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES -CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Project Name	SED Code	Total Authorized Budget	Expenditures			Unexpended Balance	Methods of Financing				Total	Fund Balance June 30, 2023
			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	\$ 12,461,155	\$ -	\$ 12,461,155	\$ 124,285	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,461,155) *
Pearl River High School	0-009-023	11,077,177	11,829,782	257,595	12,087,377	(1,010,200)	53,120	-	2,915,835	-	2,968,955	(9,118,422) *
Pearl River High School Field	0-009-025	13,210,759	-	196,880	196,880	13,013,879	196,880	-	-	-	196,880	-
Storage Building	2-019-001	290,684	288,185	-	288,185	2,499	-	-	288,185	-	288,185	-
Energy Performance Contract - DO	1-017-002	63,055	-	40,469	40,469	22,586	-	-	40,469	-	40,469	-
Energy Performance Contract - EP	0-002-014	161,144	-	63,708	63,708	97,436	-	-	63,708	-	63,708	-
Energy Performance Contract - FA	0-010-013	341,832	-	107,389	107,389	234,443	-	-	107,389	-	107,389	-
Energy Performance Contract - HS	0-009-026	1,036,083	-	509,917	509,917	526,166	-	-	1,817,629	-	1,817,629	1,307,712
Energy Performance Contract - LA	0-003-014	167,843	-	60,609	60,609	107,234	-	-	60,609	-	60,609	-
Energy Performance Contract - MS	0-011-018	739,584	-	419,738	419,738	319,846	-	-	419,738	-	419,738	-
Smart Schools Bond Project		876,023	717,484	-	717,484	158,539	-	-	-	602,645	602,645	(114,839) **
Leases- 2022-2023		466,292	-	466,292	466,292	-	-	-	466,292	-	466,292	-
Transfer to general fund		-	(55,503)	-	(55,503)	55,503	-	-	-	-	-	55,503
Total All Projects		<u>\$ 41,015,916</u>	<u>\$ 25,241,103</u>	<u>\$ 2,122,597</u>	<u>\$ 27,363,700</u>	<u>\$ 13,652,216</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 6,179,854</u>	<u>\$ 602,645</u>	<u>\$ 7,032,499</u>	<u>\$ (20,331,201)</u>

* Deficit fund balance will be eliminated once permanent financing is obtained 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, 2023

Capital assets, net		\$ 74,176,242
Intangible lease assets, net		671,388
Add: Unamortized deferred amounts on refundings		20,787
Deduct:		
Bond anticipation note payable	\$ (20,920,000)	
Short-term portion of bonds payable (net of unamortized premiums)	(1,699,950)	
Long-term portion of bonds payable (net of unamortized premiums)	(15,242,205)	
Short-term portion of lease liability	(215,662)	
Long-term portion of lease liability	(468,120)	
Short-term portion of energy performance contract debt payable	(460,690)	
Long-term portion of energy performance contract debt payable	(3,239,001)	
Less: Unspent debt proceeds	1,307,712	(40,937,916)
Net investment in capital assets		<u><u>\$ 33,930,501</u></u>

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

To the Board of Education
Pearl River Union Free School District

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

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



R.S. Abrams & Co., LLP
Islandia, New York
October 11, 2023