

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
JUNE 30, 2022
INCLUDING REPORTS ON FEDERAL AWARDS
AND EXTRACLASSROOM ACTIVITY FUNDS

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
JUNE 30, 2022
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Nugent & Haeussler, P.C.

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Port Jervis City School District
Port Jervis, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Port Jervis City School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Port Jervis City School 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 funds of the Port Jervis City School District, as of June 30, 2022, 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 Port Jervis City School 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 Port Jervis City School 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 Port Jervis City School 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 Port Jervis City School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 4 through 16 and 70 through 74 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 Port Jervis City School District's basic financial statements. The supplemental schedules on pages 75 through 77 are required by the New York State Education Department and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 supplemental schedules on pages 75 through 77 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022, on our consideration of the Port Jervis City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Port Jervis City School 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 Port Jervis City School District's internal control over financial reporting and compliance.

Mugent & Haussler, P.C.

Montgomery, New York
October 6, 2022

PORT JERVIS CITY SCHOOL DISTRICT

Management Discussion and Analysis

Introductory Section

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

Financial Highlights

Key financial highlights for the year ended June 30, 2022 are as follows:

- For the ninth year in a row, the district has complied with the tax cap. The Board of Education adopted a tax levy with a 0% increase for the 2022-2023 school year.
- District-wide renovations continued through 2021-2022.

PORT JERVIS CITY SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Overview of the Financial Statements

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

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

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

PORT JERVIS CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Overview of the Financial Statements (Continued)

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

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

PORT JERVIS CITY SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. 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 statements report the District's net position and how they have changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

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

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

Fund Financial Statements

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

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

The District has two kinds of funds:

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

PORT JERVIS CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District as a Whole

For the year ended June 30, 2022, the District's net position increased by \$6,782,641. The District's net position at June 30, 2021 was \$(18,522,816). The following table provides a summary of the District's net position:

	School District Activities			
	June 30, 2022	June 30, 2021	Increase / (Decrease)	% Change
Current Assets	\$ 62,431,626	\$ 55,920,846	\$ 6,510,780	11.64%
Net Pension Asset - Proportionate Share	26,388,949	0	26,388,949	N/A
Capital Assets, Net	66,462,960	65,772,291	690,669	1.05%
Total Assets	<u>155,283,535</u>	<u>121,693,137</u>	<u>33,590,398</u>	27.60%
Deferred Outflows of Resources	<u>37,617,353</u>	<u>35,916,222</u>	<u>1,701,131</u>	4.74%
Current Liabilities	14,771,604	12,772,225	1,999,379	15.65%
Long-Term Liabilities	<u>149,627,552</u>	<u>145,621,211</u>	<u>4,006,341</u>	2.75%
Total Liabilities	<u>164,399,156</u>	<u>158,393,436</u>	<u>6,005,720</u>	3.79%
Deferred Inflows of Resources	<u>40,241,907</u>	<u>17,738,739</u>	<u>22,503,168</u>	126.86%
Net Position:				
Net Investment in Capital Assets	50,921,030	47,191,971	3,729,059	7.90%
Restricted	33,320,213	25,879,331	7,440,882	28.75%
Unrestricted	<u>(95,981,418)</u>	<u>(91,594,118)</u>	<u>(4,387,300)</u>	-4.79%
Total Net Position	<u>\$ (11,740,175)</u>	<u>\$ (18,522,816)</u>	<u>\$ 6,782,641</u>	36.62%

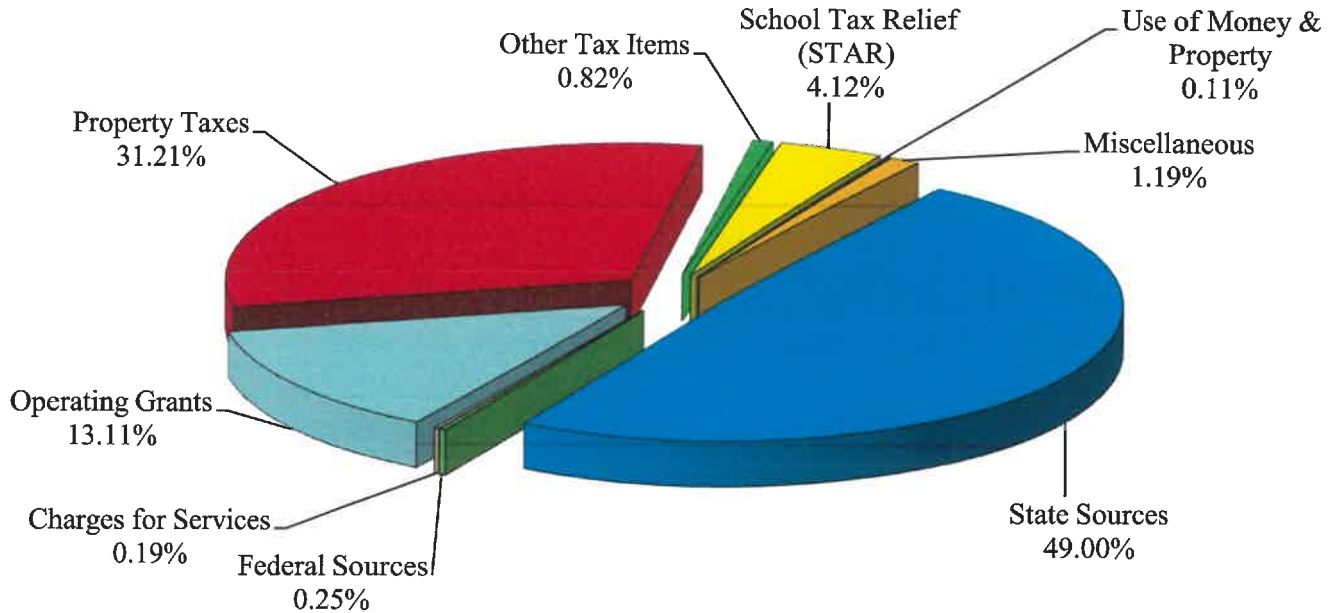
The following table and supporting graphs provides a summary of revenues, expenses and changes in net position for the year ended June 30, 2022:

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF ACTIVITIES
SUMMARY OF CHANGES IN NET POSITION

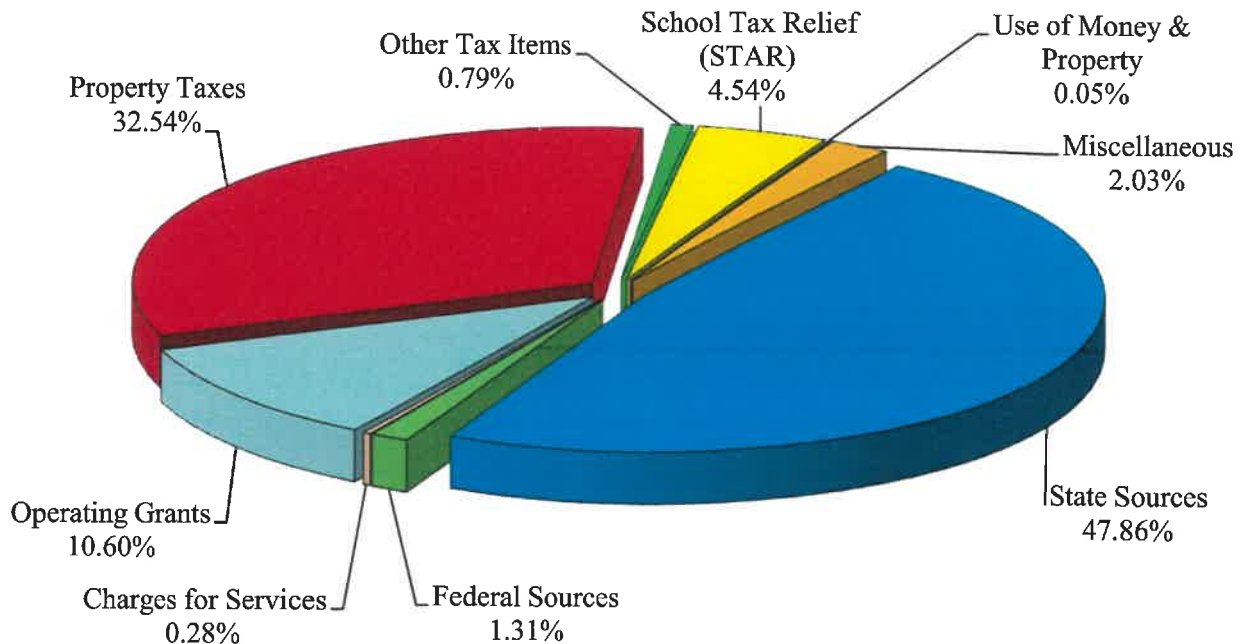
	<u>JUNE 30, 2022</u>	<u>%</u>	<u>JUNE 30, 2021</u>	<u>%</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>						
PROGRAM REVENUES:						
Charges for Services	\$ 160,429	0.19%	\$ 219,697	0.28%	\$ (59,268)	-26.98%
Operating Grants	10,912,781	13.11%	8,401,318	10.60%	2,511,463	29.89%
GENERAL REVENUES:						
Property Taxes	25,965,527	31.21%	25,782,752	32.54%	182,775	0.71%
Other Tax Items	686,212	0.82%	627,141	0.79%	59,071	9.42%
School Tax Relief (STAR)	3,430,023	4.12%	3,596,261	4.54%	(166,238)	-4.62%
Use of Money & Property	90,523	0.11%	43,344	0.05%	47,179	108.85%
Miscellaneous	987,278	1.19%	1,608,646	2.03%	(621,368)	-38.63%
State Sources	40,771,539	49.00%	37,923,880	47.86%	2,847,659	7.51%
Federal Sources	210,161	0.25%	1,041,742	1.31%	(831,581)	-79.83%
TOTAL REVENUES	<u>83,214,473</u>	<u>100.00%</u>	<u>79,244,781</u>	<u>100.00%</u>	<u>3,969,692</u>	<u>5.01%</u>
<u>EXPENSES</u>						
General Support	5,883,644	7.70%	5,717,861	7.41%	165,783	-2.90%
Instruction	44,609,804	58.37%	42,192,583	54.69%	2,417,221	-5.73%
Pupil Transportation	4,046,652	5.29%	2,413,192	3.13%	1,633,460	-67.69%
Employee Benefits	16,981,255	22.22%	22,538,157	29.21%	(5,556,902)	24.66%
Debt Service Interest	505,337	0.66%	558,046	0.72%	(52,709)	9.45%
Depreciation	3,034,649	3.97%	2,581,028	3.35%	453,621	-17.58%
School Lunch Program	1,370,491	1.79%	1,147,110	1.49%	223,381	-19.47%
TOTAL EXPENSES	<u>76,431,832</u>	<u>100.00%</u>	<u>77,147,977</u>	<u>100.00%</u>	<u>(716,145)</u>	<u>0.93%</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 6,782,641</u>		<u>\$ 2,096,804</u>		<u>\$ 4,685,837</u>	<u>223.48%</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK

**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

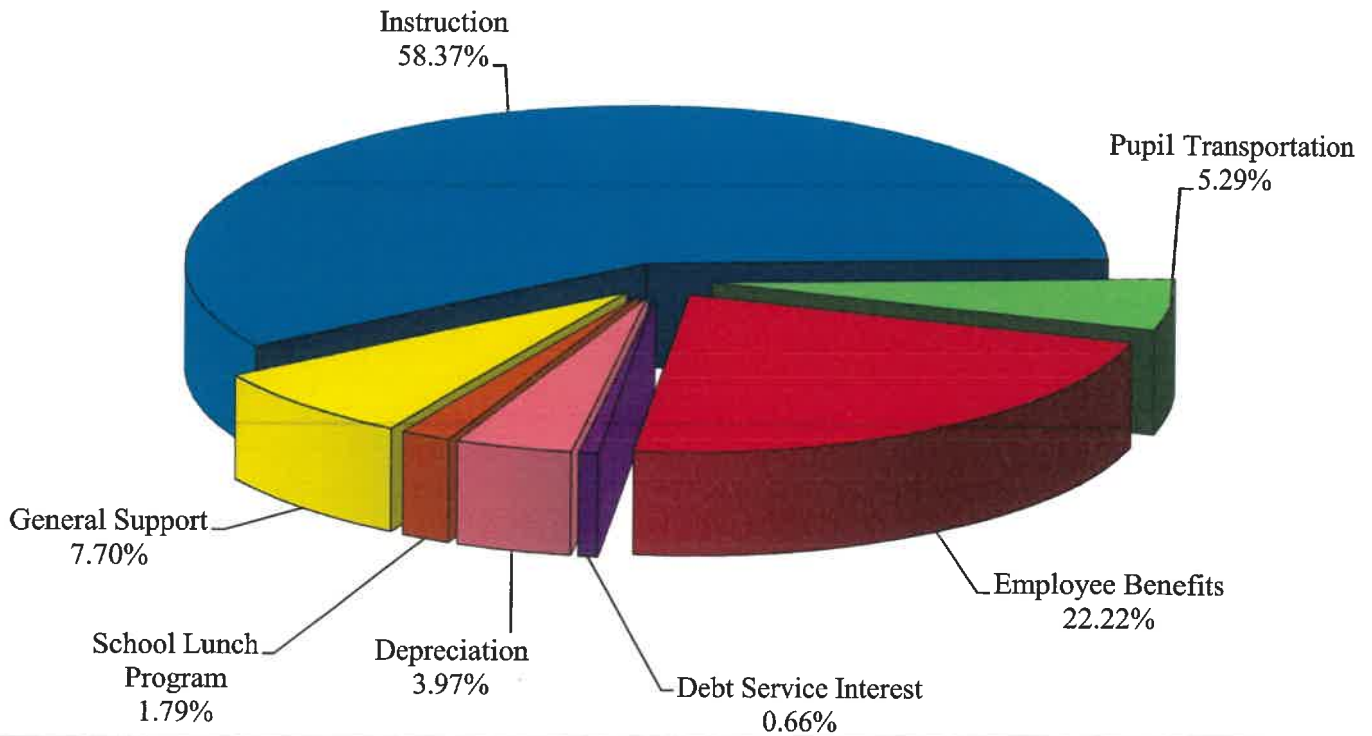


**SOURCES OF REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

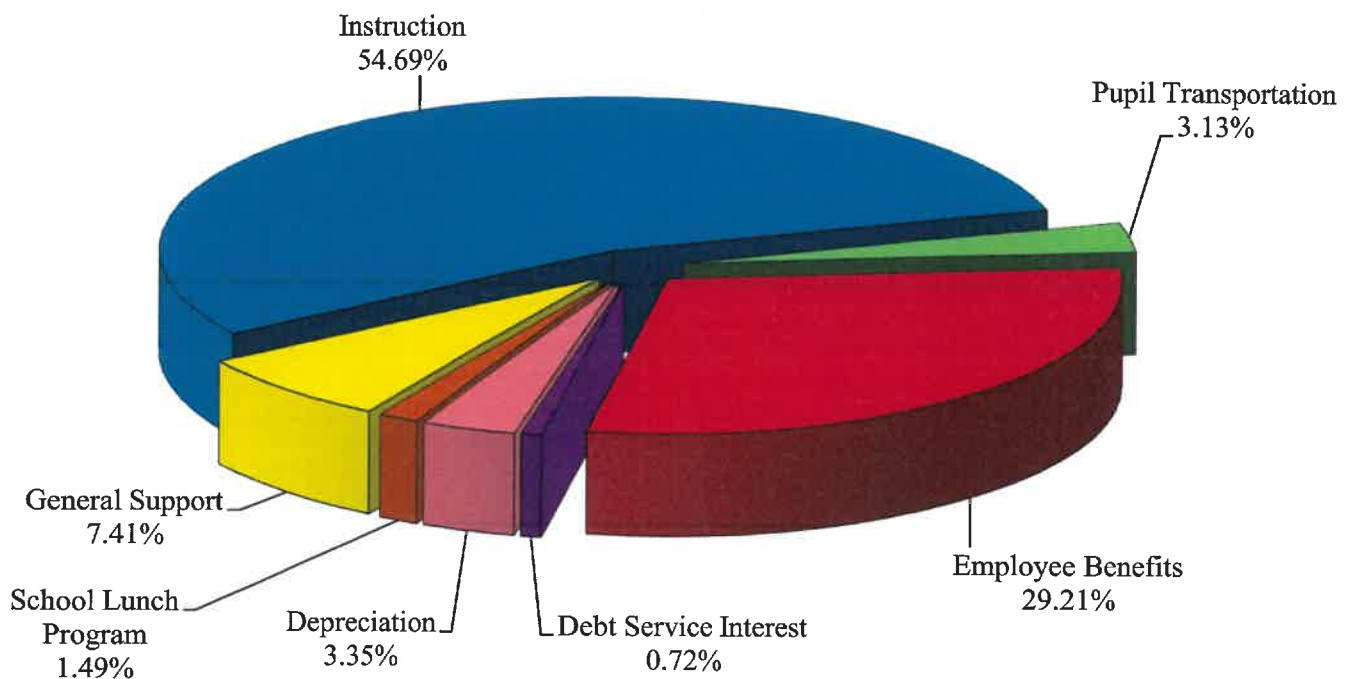


PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK

EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2022



EXPENSES FOR THE FISCAL YEAR ENDED JUNE 30, 2021

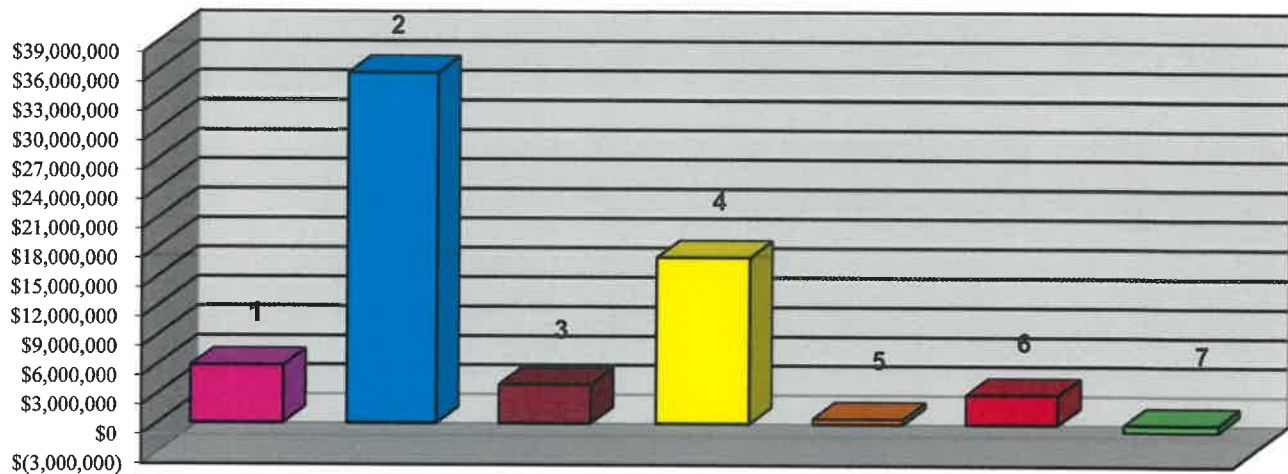


PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF ACTIVITIES
NET COSTS

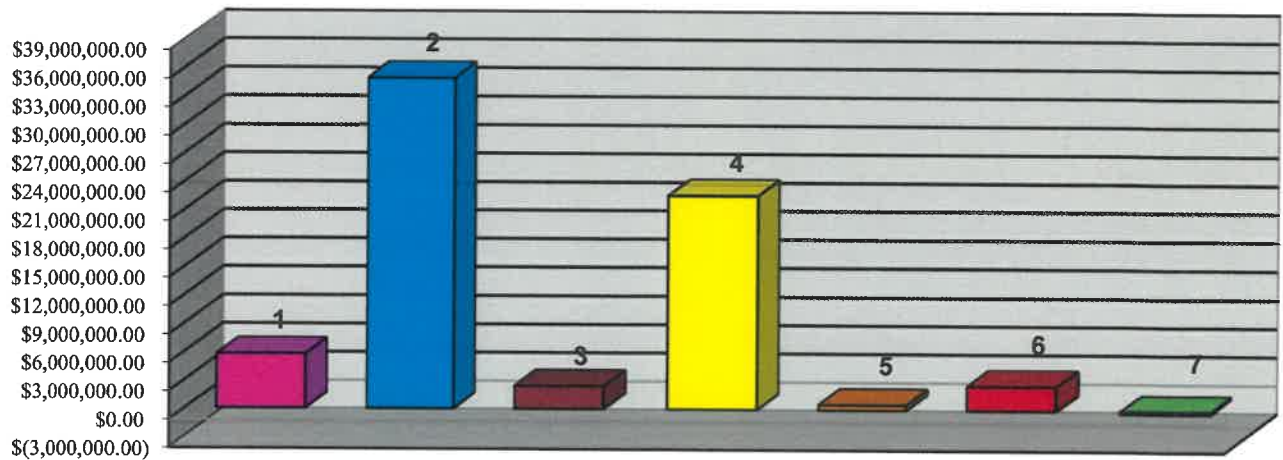
The following information is provided to disclose the net cost of governmental activities:

		TOTAL COST OF SERVICES 2021-2022	NET COST OF SERVICES 2021-2022	TOTAL COST OF SERVICES 2020-2021	NET COST OF SERVICES 2020-2021
General Support	1	\$ 5,883,644	\$ 5,883,644	\$ 5,717,861	\$ 5,717,861
Instruction	2	44,609,804	35,698,674	42,192,583	34,854,564
Pupil Transportation	3	4,046,652	3,965,587	2,413,192	2,413,192
Employee Benefits	4	16,981,255	16,981,255	22,538,157	22,538,157
Debt Service - Interest	5	505,337	505,337	558,046	558,046
Depreciation	6	3,034,649	3,034,649	2,581,028	2,581,028
School Lunch Program	7	1,370,491	(710,524)	1,147,110	(235,886)
		<u>\$ 76,431,832</u>	<u>\$ 65,358,622</u>	<u>\$ 77,147,977</u>	<u>\$ 68,426,962</u>

NET COST OF SERVICES 2021-2022



NET COST OF SERVICES 2020-2021



PORT JERVIS CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Financial Analysis of the District's Funds

As discussed, the District's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the District consist of the General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund and Capital Projects Fund. The total fund balances allocated between nonspendable, restricted, assigned, and unassigned fund balance for each of these funds is as follows:

	June 30, 2022				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 50,090	\$ 10,665,990	\$ 1,611,138	\$ 14,674,631	\$ 27,001,849
Special Aid	0	0	0	0	0
School Lunch	55,482	585,919	0	0	641,401
Capital Projects	0	20,729,739	0	0	20,729,739
Debt Service	0	1,338,565	0	0	1,338,565
	<u>\$ 105,572</u>	<u>\$ 33,320,213</u>	<u>\$ 1,611,138</u>	<u>\$ 14,674,631</u>	<u>\$ 49,711,554</u>

	June 30, 2021				
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General	\$ 49,000	\$ 10,533,092	\$ 986,105	\$ 18,323,323	\$ 29,891,520
Special Aid	0	0	0	0	0
School Lunch	60,712	142,312	0	0	203,024
Capital Projects	0	13,891,411	0	0	13,891,411
Debt Service	0	1,312,516	0	0	1,312,516
	<u>\$ 109,712</u>	<u>\$ 25,879,331</u>	<u>\$ 986,105</u>	<u>\$ 18,323,323</u>	<u>\$ 45,298,471</u>

General Fund Budgetary Highlights

The original budget for the General Fund was revised by \$10,075,675 during the year. The supplemental appropriations consisted of \$8,240 from local instructional donations and 10,067,435 from appropriations of unassigned fund balance for capital projects.

In the General Fund for the year ended June 30, 2022, actual revenues were less than revised budgeted revenues by \$817,667 (-0.92%). The District received state aid that was less than the budgeted amount by \$1,765,024. Actual expenditures and encumbrances were less than the revised budgeted expenditures by \$8,318,398 (9.33%). In addition to fiscally responsible oversight of purchases, decreased spending in BOCES services due to an increase in-school services and stabilization in employee related expenses contributed to the district's fiscal stability.

Responsible budgeting and monitoring of spending will continue throughout the 2022-2023 school year.

For fiscal year 2022-2023, the District appropriated \$948,000 of fund balance to reduce the tax levy.

PORT JERVIS CITY SCHOOL DISTRICT

Management Discussion and Analysis (Continued)

Factors that continue to affect the budget process are as follows:

- Current economic conditions – Tax Cap Consumer Price Index
- Contractual obligations
- Health care costs
- Retirement contributions
- Non-Funded Federal and State Mandates
 - Every Student Succeeds Act (ESSA)
 - Escalating Special Education costs
 - Escalating foster care costs
- Continued FOCUS district designation

Management believes that the budget adopted for 2022-2023 is reasonably adaptable to any adverse changes that may arise based on the known factors and unforeseen factors.

Other Fund Highlights

The School Lunch Program Fund ended the year with a fund balance of \$641,401. The fund balance increased by \$438,377 from the prior year.

The Capital Projects fund ended the year with a fund balance of \$20,729,739. The taxpayers approved a capital project referendum in March 2020. The plans have been submitted to New York State Education Department. Construction started in the summer of 2021 and is anticipated to continue for 3-4 years. The next phase of the capital project has been bid and awarded in the fall of 2021. The District anticipates taking on short term bonds to fund the project and then going out to bond at the completion of the project.

The Debt Service fund ended the year with a fund balance of \$1,338,565. This fund balance will be appropriated in future years to offset principal and interest payments.

PORT JERVIS CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of June 30, 2022, was \$66,462,960. The District expended \$3,725,318 to acquire and construct capital assets during the fiscal year ended June 30, 2022, and depreciation expense for the fiscal year was \$3,034,649. The total increase in this net investment was 1.05% for the District as a whole (see schedule below). The District's investment in capital assets, net of accumulated depreciation as of June 30, 2021 was \$65,772,291.

CAPITAL ASSETS
Net of Accumulated Depreciation

	<u>School District Activities</u>		<u>% Change</u>
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
<u>Non-Depreciable Assets:</u>			
Land	\$ 2,831,464	\$ 2,831,464	0.00%
Construction in Progress	4,662,698	1,433,591	225.25%
<u>Depreciable Assets:</u>			
Building and Improvements	57,475,597	60,089,996	-4.35%
Furniture and Equipment	1,420,074	1,323,332	7.31%
Vehicles	73,127	93,908	-22.13%
TOTALS	<u><u>\$ 66,462,960</u></u>	<u><u>\$ 65,772,291</u></u>	1.05%

Long-Term Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$15,275,000. This amount is backed by the full faith and credit of the Port Jervis City School District with debt service fully funded by voter approved property taxes. Activity in bonded debt outstanding during the fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Paid</u>	<u>Ending Balance</u>
2016 Serial Bond	\$ 3,015,000	\$ 0	\$ 270,000	\$ 2,745,000
2016 Serial Bond	2,420,000	0	950,000	1,470,000
2017 Serial Bond	2,055,000	0	165,000	1,890,000
2019 Serial Bond	3,080,000	0	185,000	2,895,000
2020 Serial Bond	2,045,000	0	485,000	1,560,000
2021 Serial Bond	5,645,000	0	930,000	4,715,000
Total Bonded Debt Outstanding	<u><u>\$ 18,260,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,985,000</u></u>	<u><u>\$ 15,275,000</u></u>

PORT JERVIS CITY SCHOOL DISTRICT

**Management Discussion and Analysis
(Continued)**

Bond Ratings

Moody's Investors Service ("Moody's") has assigned a rating of Aa3 to outstanding uninsured bonds of the District. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's Investors Service. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any change or withdrawal of such rating may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Timm, Assistant Superintendent for Business, at the District's business offices at 9 Thompson St., Port Jervis, New York 12771.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

ASSETS

Unrestricted Cash	\$ 23,199,910
Restricted Cash	33,320,213
Taxes Receivable	1,044,258
State & Federal Aid Receivable	4,243,268
Other Receivables, Net	518,405
Prepaid Expenditures	50,090
Inventories	55,482
TRS Net Pension Asset - Proportionate Share	24,836,946
ERS Net Pension Asset - Proportionate Share	1,552,003
Non-Depreciable Capital Assets	7,494,162
Depreciable Capital Assets, Net	58,968,798
TOTAL ASSETS	155,283,535

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges	235,273
Pensions	17,638,144
Other Postemployment Benefits	19,743,936
TOTAL DEFERRED OUTFLOWS OF RESOURCES	37,617,353

LIABILITIES

Accounts Payable	4,909,798
Accrued Liabilities	3,671,646
Due to Other Governments	23
Due to Teachers' Retirement System	2,592,853
Due to Employees' Retirement System	250,605
Other Liabilities	223,801
Unearned Revenues	244,788
Long-term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable (Including Unamortized Premiums of \$133,090)	2,878,090
Due and Payable In More Than One Year:	
Bonds Payable (Including Unamortized Premiums of \$369,113)	12,899,113
Compensated Absences	6,123,113
Other Postemployment Benefits	128,956,695
Judgments and Claims	1,648,631
TOTAL LIABILITIES	164,399,156

DEFERRED INFLOWS OF RESOURCES

Pensions	32,928,644
Other Postemployment Benefits	7,313,263
TOTAL DEFERRED INFLOWS OF RESOURCES	40,241,907

NET POSITION

Net Investment in Capital Assets	50,921,030
Restricted	33,320,213
Unrestricted	(95,981,418)
TOTAL NET POSITION	\$ (11,740,175)

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		PROGRAM REVENUES		NET (EXPENSE)
		CHARGES	OPERATING	REVENUE &
	EXPENSES	FOR	GRANTS	CHANGES IN
<u>FUNCTIONS & PROGRAMS</u>		SERVICES		NET POSITION
General Support	\$ (8,209,179)	\$ 0	\$ 0	\$ (8,209,179)
Instruction	(60,266,537)	51,088	8,860,042	(51,355,407)
Pupil Transportation	(5,555,988)	0	81,065	(5,474,923)
Debt Service - Interest	(505,337)	0	0	(505,337)
School Lunch Program	(1,894,791)	109,341	1,971,674	186,224
TOTAL FUNCTIONS & PROGRAMS	<u>\$ (76,431,832)</u>	<u>\$ 160,429</u>	<u>\$ 10,912,781</u>	<u>(65,358,622)</u>
<u>GENERAL REVENUES</u>				
Real Property Taxes				25,965,527
Other Tax Items				4,116,235
Use of Money & Property				90,523
Sale of Property & Compensation for Loss				9,975
Miscellaneous				977,303
State Sources				40,771,539
Federal Sources				210,161
TOTAL GENERAL REVENUES				<u>72,141,263</u>
CHANGE IN NET POSITION				6,782,641
NET POSITION, BEGINNING OF YEAR				<u>(18,522,816)</u>
NET POSITION, END OF YEAR				<u>\$ (11,740,175)</u>

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

<u>ASSETS</u>	<u>GENERAL</u>	<u>SPECIAL AID</u>	<u>SCHOOL LUNCH</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Unrestricted Cash	\$ 23,199,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,199,910
Restricted Cash	9,437,042	945	344,524	22,223,227	1,314,475	33,320,213
Taxes Receivable	1,044,258	0	0	0	0	1,044,258
State & Federal Aid Receivable	2,277,213	1,620,215	345,840	0	0	4,243,268
Due from Other Funds	1,566,326	0	0	0	24,090	1,590,416
Other Receivables, Net	236,910	274,974	6,521	0	0	518,405
Prepaid Expenditures	50,090	0	0	0	0	50,090
Inventories	0	0	55,482	0	0	55,482
TOTAL ASSETS	\$ 37,811,749	\$ 1,896,134	\$ 752,367	\$ 22,223,227	\$ 1,338,565	\$ 64,022,042
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 3,280,215	\$ 115,476	\$ 44,709	\$ 1,469,398	\$ 0	\$ 4,909,798
Accrued Liabilities	3,596,039	0	35,778	0	0	3,631,817
Due to Other Governments	0	0	23	0	0	23
Due to Other Funds	0	1,566,326	0	24,090	0	1,590,416
Due to Teachers' Retirement System	2,592,853	0	0	0	0	2,592,853
Due to Employees' Retirement System	250,605	0	0	0	0	250,605
Other Liabilities	223,801	0	0	0	0	223,801
Unearned Revenues	0	214,332	30,456	0	0	244,788
TOTAL LIABILITIES	9,943,513	1,896,134	110,966	1,493,488	0	13,444,101
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Tax Revenues	866,387	0	0	0	0	866,387
TOTAL DEFERRED INFLOWS OF RESOURCES	866,387	0	0	0	0	866,387
<u>FUND BALANCES</u>						
Nonspendable	50,090	0	55,482	0	0	105,572
Restricted	10,665,990	0	585,919	20,729,739	1,338,565	33,320,213
Assigned	1,611,138	0	0	0	0	1,611,138
Unassigned	14,674,631	0	0	0	0	14,674,631
TOTAL FUND BALANCES	27,001,849	0	641,401	20,729,739	1,338,565	49,711,554
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES	\$ 37,811,749	\$ 1,896,134	\$ 752,367	\$ 22,223,227	\$ 1,338,565	\$ 64,022,042

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM ASSETS & LIABILITIES	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF NET POSITION
ASSETS				
Unrestricted Cash	\$ 23,199,910	\$ 0	\$ 0	\$ 23,199,910
Restricted Cash	33,320,213	0	0	33,320,213
Taxes Receivable	1,044,258	0	0	1,044,258
State & Federal Aid Receivable	4,243,268	0	0	4,243,268
Due from Other Funds	1,590,416	0	(1,590,416)	0
Other Receivables, Net	518,405	0	0	518,405
Prepaid Expenditures	50,090	0	0	50,090
Inventories	55,482	0	0	55,482
TRS Net Pension Asset - Proportionate Share	0	24,836,946	0	24,836,946
ERS Net Pension Asset - Proportionate Share	0	1,552,003	0	1,552,003
Non-Depreciable Capital Assets	0	7,494,162	0	7,494,162
Capital Assets, Net	0	58,968,798	0	58,968,798
TOTAL ASSETS	64,022,042	92,851,909	(1,590,416)	155,283,535
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges	0	235,273	0	235,273
Pensions	0	17,638,144	0	17,638,144
Other Postemployment Benefits	0	19,743,936	0	19,743,936
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0	37,617,353	0	37,617,353
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 64,022,042	\$ 130,469,262	\$ (1,590,416)	\$ 192,900,888
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION				
LIABILITIES				
Accounts Payable	\$ 4,909,798	\$ 0	\$ 0	\$ 4,909,798
Accrued Liabilities	3,631,817	39,829	0	3,671,646
Due to Other Governments	23	0	0	23
Due to Other Funds	1,590,416	0	(1,590,416)	0
Due to Teachers' Retirement System	2,592,853	0	0	2,592,853
Due to Employees' Retirement System	250,605	0	0	250,605
Other Liabilities	223,801	0	0	223,801
Unearned Revenues	244,788	0	0	244,788
Bonds Payable (Including Premium from Refinancing of Bond Payable)	0	15,777,203	0	15,777,203
Compensated Absences	0	6,123,113	0	6,123,113
Other Postemployment Benefits	0	128,956,695	0	128,956,695
Judgments and Claims	0	1,648,631	0	1,648,631
TOTAL LIABILITIES	13,444,101	152,545,471	(1,590,416)	164,399,156
DEFERRED INFLOWS OF RESOURCES				
Deferred Tax Revenue	866,387	(866,387)	0	0
Pensions	0	32,928,644	0	32,928,644
Other Postemployment Benefits	0	7,313,263	0	7,313,263
TOTAL DEFERRED INFLOWS OF RESOURCES	866,387	39,375,520	0	40,241,907
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	14,310,488	191,920,991	(1,590,416)	204,641,063
FUND BALANCES / NET POSITION	49,711,554	(61,451,729)	0	(11,740,175)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES / NET POSITION	\$ 64,022,042	\$ 130,469,262	\$ (1,590,416)	\$ 192,900,888

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL	SPECIAL AID	SCHOOL LUNCH	CAPITAL PROJECTS	DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Real Property Taxes	\$ 26,110,995	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,110,995
Other Tax Items	4,116,235	0	0	0	0	4,116,235
Charges for Services	51,088	0	0	0	0	51,088
Use of Money & Property	64,442	0	32	0	26,049	90,523
Sale of Property & Compensation for Loss	9,975	0	0	0	0	9,975
Miscellaneous	977,303	0	10,932	0	0	988,235
State Sources	45,514,186	812,548	40,520	0	0	46,367,254
Federal Sources	210,161	3,385,912	1,931,154	0	0	5,527,227
Sales	0	0	98,409	0	0	98,409
TOTAL REVENUES	77,054,385	4,198,460	2,081,047	0	26,049	83,359,941
EXPENDITURES						
General Support	6,070,799	0	0	0	0	6,070,799
Instruction	40,865,311	3,984,050	0	0	0	44,849,361
Pupil Transportation	3,939,487	101,331	0	0	0	4,040,818
Employee Benefits	15,476,042	85,548	274,206	0	0	15,835,796
Debt Service:						
Principal	2,985,000	0	0	0	0	2,985,000
Interest	567,513	0	0	0	0	567,513
Cost of Sales	0	0	1,368,464	0	0	1,368,464
Capital Outlay	0	0	0	3,229,107	0	3,229,107
TOTAL EXPENDITURES	69,904,152	4,170,929	1,642,670	3,229,107	0	78,946,858
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	7,150,233	27,531	438,377	(3,229,107)	26,049	4,413,083
OTHER SOURCES & USES						
Operating Transfers In	211,129	183,598	0	10,067,435	0	10,462,162
Operating Transfers (Out)	(10,251,033)	(211,129)	0	0	0	(10,462,162)
TOTAL OTHER SOURCES & USES	(10,039,904)	(27,531)	0	10,067,435	0	0
EXCESS (DEFICIENCY) REVENUES & OTHER SOURCES OVER EXPENDITURES & OTHER USES	(2,889,671)	0	438,377	6,838,328	26,049	4,413,083
FUND BALANCES, BEGINNING OF YEAR	29,891,520	0	203,024	13,891,411	1,312,516	45,298,471
FUND BALANCES, END OF YEAR	\$ 27,001,849	\$ 0	\$ 641,401	\$ 20,729,739	\$ 1,338,565	\$ 49,711,554

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT

PORT JERVIS, NEW YORK

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	TOTAL GOVERNMENTAL FUNDS	LONG-TERM REVENUE & EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	RECLASSIFICATIONS & ELIMINATIONS	STATEMENT OF ACTIVITIES
<u>REVENUES</u>						
Real Property Taxes	\$ 26,110,995	\$ (145,468)	\$	0	0	\$ 25,965,527
Other Tax Items	4,116,235	0	0	0	0	4,116,235
Charges for Services	51,088	0	0	0	0	51,088
Use of Money & Property	90,523	0	0	0	0	90,523
Sale of Property & Compensation for Loss	9,975	0	0	0	0	9,975
Miscellaneous	988,235	0	0	0	0	988,235
State Sources	46,367,254	0	0	0	0	46,367,254
Federal Sources	5,527,227	0	0	0	0	5,527,227
Sales	98,409	0	0	0	0	98,409
TOTAL REVENUES	83,359,941	(145,468)	0	0	0	83,214,473
<u>EXPENDITURES</u>						
General Support	6,070,799	8,981	156,164	0	1,973,235	8,209,179
Instruction	44,849,361	60,518	2,073,918	0	13,282,740	60,266,537
Pupil Transportation	4,040,818	5,834	228,857	0	1,280,479	5,555,988
Employee Benefits	15,835,796	1,145,459	0	0	(16,981,255)	0
Debt Service:						
Principal	2,985,000	0	0	(2,985,000)	0	0
Interest	567,513	(8,786)	0	(53,390)	0	505,337
Cost of Sales	1,368,464	2,027	79,499	0	444,801	1,894,791
Capital Outlay	3,229,107	0	(3,229,107)	0	0	0
TOTAL EXPENDITURES	78,946,858	1,214,033	(690,669)	(3,038,390)	0	76,431,832
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	4,413,083	(1,359,501)	690,669	3,038,390	0	6,782,641
<u>OTHER SOURCES & USES</u>						
Operating Transfers In	10,462,162	0	0	0	(10,462,162)	0
Operating Transfers (Out)	(10,462,162)	0	0	0	10,462,162	0
TOTAL OTHER SOURCES & USES	0	0	0	0	0	0
NET CHANGE FOR THE YEAR	\$ 4,413,083	\$ (1,359,501)	\$ 690,669	\$ 3,038,390	\$ 0	\$ 6,782,641

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>CUSTODIAL</u>
<u>ASSETS</u>		
Cash	\$ 376,808	\$ 267,542
TOTAL ASSETS	<u>\$ 376,808</u>	<u>\$ 267,542</u>
<u>LIABILITIES & NET POSITION</u>		
<u>NET POSITION</u>		
Restricted Extraclassroom Activity Balances	\$ 0	\$ 255,181
Restricted Donations	0	12,361
Restricted Scholarships	<u>376,808</u>	<u>0</u>
TOTAL NET POSITION	<u>\$ 376,808</u>	<u>\$ 267,542</u>

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>PRIVATE PURPOSE TRUSTS</u>	<u>CUSTODIAL</u>
<u>ADDITIONS</u>		
Gifts and Contributions	\$ 18,654	\$ 1,558
Investment Earnings	606	0
Extraclassroom revenue	0	307,600
Library Tax Collected	0	1,085,512
	<u>19,260</u>	<u>1,394,670</u>
TOTAL ADDITIONS		
<u>DEDUCTIONS</u>		
Scholarships & Awards	16,421	0
Extraclassroom expenses	0	303,856
Miscellaneous expenses		970
Library Tax Remitted	0	1,085,512
	<u>16,421</u>	<u>1,390,338</u>
TOTAL DEDUCTIONS		
CHANGE IN NET POSITION	2,839	4,332
NET POSITION, BEGINNING OF YEAR	<u>373,969</u>	<u>263,210</u>
NET POSITION, END OF YEAR	<u>\$ 376,808</u>	<u>\$ 267,542</u>

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the Port Jervis City 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. Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Port Jervis City School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

1. Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds have been included in this report. The District accounts for assets held as an agent for various student organizations in an custodial fund.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Joint Venture

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

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

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

During the year ended June 30, 2022, the Port Jervis City School District was billed \$9,360,502 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$2,010,249. Financial statements for BOCES are available from the BOCES administrative office at 53 Gibson Road, Goshen, New York 10924.

C. Basis of Presentation

1. District-Wide Statements

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

The Statement of Net Position presents the financial position of the District at June 30, 2022. 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 in 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.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of the specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

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

School Lunch Fund: This fund is used to account for the school lunch operations. The school lunch operation is supported by federal and state grants and charges 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.

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

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Basis of Presentation (Continued)

2. Funds Statements (Continued)

Custodial funds: These funds are custodial in nature. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and became a lien on August 31, 2021. Taxes were collected by the District during the period September 1, 2021 through November 5, 2021.

The City and County in which the District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the city. Real property taxes receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

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

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

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

H. Estimates

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

I. Cash

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

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

J. Accounts Receivable

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

K. Leases Receivable

Leases receivable are recorded at the net present value of the lease, with a corresponding deferred inflow of resources.

L. Inventories and Prepaid Items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net Position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. There were prepaid items of \$49,000 at June 30, 2021.

M. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

N. Capital Assets

Capital assets are reported at cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

Land and construction-in- process are not depreciated.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land Improvements	\$ 5,000	Straight Line	50 years
Buildings and Improvements	5,000	Straight Line	50 years
Furniture and Equipment	5,000	Straight Line	5 - 20 years

O. Right To Use Assets

A right to use asset is a lessee's right to use an asset over the life of the lease. Right to use assets are reported at present value.

P. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that may qualify for reporting in this category. The District reports deferred amounts on refunding in the Statement of Net Position as a deferred outflow of resources. A deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second deferred outflow is related to pensions reported in the Statement of Net Position. For additional information on these deferred outflows related to pensions, see Note 7. The third deferred outflow is related to other postemployment benefits, for additional information see Note 9.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The District reports deferred inflows of resources in the Statement of Net Position related to pensions reported in the district-wide statements. For additional information on deferred inflows related to pensions, see Note 7. The District also reports deferred inflows of resources in the Statement of Net Position related to other postemployment benefits reported in the district-wide statements. For additional information on deferred inflows related to other postemployment benefits, see Note 9.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Q. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

R. Vested Employee Benefits

1. Compensated Absences

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

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

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken in varying time periods. Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund 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.

2. 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 postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's full-time 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 cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

S. Short-Term Debt

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

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

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

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

T. Accrued Liabilities and Long-Term Obligations

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

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications

1. District-wide Statements

In the district-wide statements there are three classes of net position:

Net Investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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.

2. Fund Statements

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

Nonspendable Fund Balance: Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes prepaid expenditures of \$50,090. in the General Fund and inventory in the School Lunch Fund of \$55,482.

Restricted: Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the general fund are classified as restricted fund balance. The District has established the following restricted fund balances:

Capital Reserve

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Workers' Compensation Reserve

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

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Tax Certiorari Reserve

According to Education Law §3651.1-a 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. The reserve is accounted for in the General fund.

Restricted fund balance at June 30, 2022 consisted of:

General Fund:

Capital Reserve	\$ 1,362,773
Workers' Compensation Reserve	3,019,917
Tax Certiorari Reserve	160,187
Employee Benefit Accrued Liability Reserve	<u>6,123,113</u>
Total restricted General Fund	10,665,990
School Lunch	585,919
Capital Projects	20,729,739
Debt Service Fund	<u>1,338,565</u>
Total Restricted Fund Balance	<u><u>\$ 33,320,213</u></u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Committed: Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The District did not classify any of its fund balances as committed as of June 30, 2022.

Assigned: Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes encumbrances of \$663,138 not classified as restricted at the end of the fiscal year. Assigned fund balance in the General Fund also includes \$948,000 assigned to be used to reduce the tax levy for the year ending June 30, 2023. This assignment is made when the tax levy is set by the Board of Education pursuant to the District's annual budget policy.

Unassigned: Includes fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, negative unassigned fund balance is reported.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignment of fund balance cannot cause a negative unassigned fund balance.

Limitation on Unexpended Surplus Funds:

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

V. New Accounting Standards

GASB has issued Statement 87, *Leases*, which will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were not classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use and underlying asset. Under, this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has implemented Statement 87 as required.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities. The District has implemented Statement 89 as required.

GASB has issued Statement 92, *Omnibus 2020*, which will enhance comparability in accounting and financial reporting and improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The District has implemented Statement 92 as required.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, which will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. The District has implemented Statement 97 as required.

GASB has issued Statement 98, *The Annual Comprehensive Financial Report*, this Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The District has implemented Statement 98 as required.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards

GASB has issued Statement 91, *Conduit Debt Obligations*, which will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by establishing the definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 financial statements.

GASB has issued Statement 99, *Omnibus 2022*, the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2023 and/or 2024 financial statements, as applicable.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES. (Continued)

W. Future Changes in Accounting Standards (continued)

GASB has issued Statement 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2024 financial statements.

GASB has issued Statement 101, *Compensated Absences*, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District is currently studying the Statement and plans to adopt it when required, which will be for the June 30, 2025 financial statements.

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

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

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

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

1. The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives. The balances at June 30, 2022 were as follows:

Original Cost of Capital Assets	\$ 108,299,630
Accumulated Depreciation	(41,836,670)
	<u>\$ 66,462,960</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net position of Governmental Activities:
(Continued)

2. In the Statement of Net Position, a liability is recognized for the District's proportionate share of the net pension liability attributable to each defined benefit pension plan in which the District participates. A net pension liability is measured as the proportionate share of the portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service (proportionate share of total pension liability), net of the proportionate share of that pension plan's fiduciary net position. If a pension plan's fiduciary net position exceeds its total pension liability, the District's proportionate share of the pension plan's net pension asset is recognized. Also, deferred outflows and inflows of resources related to pensions primarily result from contributions subsequent to the measurement date, as well as changes in the components of the net pension liability or asset. However, none of these amounts are included on the Balance Sheet as they are only recognized to the extent the pension liability is normally expected to be liquidated with expendable available financial resources. These balances at June 30, 2022 were as follows:

Deferred Outflows of Resources - Pensions	\$ 17,638,144
TRS Net Pension Asset - Proportionate Share	24,836,946
ERS Net Pension Asset - Proportionate Share	1,552,003
Deferred Inflows of Resources - Pensions	(32,928,644)

3. Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in the governmental funds, and thus are not included in fund balance. They are however, included in the net position of the governmental activities. The balance at June 30, 2022 was as follows:

Adjustments for Deferred Revenue	\$ 866,387
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4. Interest is accrued in the Statement of Net Position, regardless of when it is due. This liability does not appear on the Balance Sheet because interest is expended when it is due, and thus requires the use of current financial resources. This liability at June 30, 2022 was as follows:

Accrued Interest	\$ 39,829
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PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

A. Total Fund Balances of Governmental Funds vs. Net position of Governmental Activities:
(Continued)

5. Long-term liabilities and related deferred inflows of resources and deferred outflows of resources are reported in the Statement of Net Position, but not in the Balance Sheet, because the liabilities are not due and payable in the current period. The balances at June 30, 2022 were as follows:

Bonds Payable	\$ 15,275,000
Deferred Charges	(235,273)
Deferred Outflows of Resources - OPEB	(19,743,936)
Deferred Inflows of Resources - OPEB	7,313,263
Deferred Amount on Refunding	502,203
Compensated Absences	6,123,113
Other Postemployment Benefits	128,956,695
Judgments and Claims	1,648,631
	<u>\$ 139,839,696</u>

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

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

1. Long-Term Revenue Differences
Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities and Changes in Net Position reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities and Changes in Net Position.
2. Capital Related Differences
Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities and Changes in Net Position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities and Changes in Net Position.
3. Long-Term Debt Transaction Differences
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities and Changes in Net Position as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

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

4. Pension Plan Transaction Differences

Pension plan transaction differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. Other Postemployment Benefit (OPEB) Related Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Explanation of Differences between Governmental Funds Operating Statement
and the Statement of Activities

Total Revenues and Other Funding Sources

Total revenues reported in governmental funds (Schedule 5)	\$ 83,359,941
Because some revenue will not be collected for several months after the District's fiscal year-end, they are not considered as "available" revenues in the governmental funds. However, they are considered to be earned in the Statement of Activities. The deferred revenue at June 30, 2022 was less than the amount deferred at June 30, 2021.	<u>(145,468)</u>
Total revenues in the Statement of Activities (Schedule 2)	<u>\$ 83,214,473</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

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

Total Expenditures & Other Uses/Expenses

Total expenditures reported in governmental funds (Schedule 5)	\$ 78,946,858
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When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures of \$3,725,318 were more than depreciation of \$3,034,649 in the current year.

(690,669)

In the Statement of Activities, certain operating expenses (compensated absences and special termination benefits) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The amount by which compensated absences earned exceeded the amount used during the year was \$77,360. Judgments and claims incurred exceeded the amount paid during the year in the amount of \$390,657.

468,017

In the Statement of Activities, the expense for other postemployment benefits (OPEB) includes changes in the OPEB liability such as service cost, interest costs and changes in benefit terms, as well as amortization of deferred outflows of resources and deferred inflows of resources related to OPEB. In the governmental funds, however, OPEB expenditures are measured by amount of financial resources used (essentially the amounts actually paid). This is the amount by which the OPEB expense in the Statement of Activities was more than the amount of financial resources used during the year.

5,433,935

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS. (Continued)

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

In the Statement of Activities, pension expense related to ERS and TRS defined benefit pension plans is measured as the change in the District's proportionate shares of the net pension assets and liabilities as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between the beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than the amount of financial resources expended during the year.	(4,679,133)
Interest payable is recognized as an accrued liability in the entity wide statements under full accrual accounting whereas it is not under the governmental fund statements. This is the amount by which interest payable last year exceeds the interest payable this year.	(8,786)
Premiums and discounts on long-term debt issuances, bond issuance costs and deferred amounts from debt refunding are recognized in the fiscal year in which the transactions occur in the governmental fund statements. These amounts are amortized in the Statement of Activities. This is the amount that was amortized during the current year.	(53,390)
Repayment of bond and installment debt principal is an expenditure in the governmental funds, but reduces liabilities in the Statement of Net Position, and does not affect the Statement of Activities.	<u>(2,985,000)</u>
Total expenses in the Statement of Activities (Schedule 2)	<u><u>\$ 76,431,832</u></u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. STEWARDSHIP AND COMPLIANCE.

A. Budgets

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

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5.

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

The general fund is the only fund with a legally approved budget for the year ended June 30, 2022.

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 years until the completion of the projects.

B. Encumbrances

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. STEWARDSHIP AND COMPLIANCE. (continued)

C. Other Stewardship and Compliance Matters

The District failed to comply with special tests and provisions for the National School Breakfast & Lunch program. See compliance finding within the schedule of findings and questioned costs.

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include establishing additional reserves.

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL.

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

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

Uncollateralized	\$ 0.
Collateralized with securities held by the pledging financial institution, or or its trust department or agent, but not in the District's name	\$ 57,961,148.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$33,320,213 within the entity wide statements and \$644,350 in the fiduciary funds.

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.

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.

Total investments of the NYCLASS cooperative as of year-end are \$4,221,756,185, which consisted of \$1,151,932,926 in repurchase agreements, \$2,138,028,618 in U.S. Treasury bills, and \$90,053,060 in U.S. Treasury Securities, \$841,741,581 in collateralized bank deposits, with various interest rate and due dates.

The following amounts invested in this cooperative are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 26,664,996	\$ 26,664,996
Capital Fund	22,217,624	22,217,624
Private Purpose Trust Fund	376,808	376,808
Total	<u>\$ 49,259,428</u>	<u>\$ 49,259,428</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4. CASH - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, FOREIGN CURRENCY RISKS AND INVESTMENT POOL. (Continued)

Total investments of the New York Liquid Asset Fund cooperative as of year-end are \$534,631,412, which consisted of \$265,100,000 in repurchase agreements, \$171,636,964 in Money Market and Cash and \$97,894,448 in U. S. Treasury Securities with various interest rate and due dates.

The following amounts invested in this cooperative are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
General Fund	\$ 4,382,690	\$ 4,382,690
Debt Service Fund	1,314,476	1,314,476
Total	<u>\$ 5,697,166</u>	<u>\$ 5,697,166</u>

NOTE 5. CAPITAL ASSETS.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,831,464	\$ 0	\$ 0	\$ 2,831,464
Construction in Progress	1,433,591	3,229,107	0	4,662,698
Total Nondepreciable Assets	<u>4,265,055</u>	<u>3,229,107</u>	<u>0</u>	<u>7,494,162</u>
Capital assets that are depreciated:				
Buildings and Improvements	92,117,165	0	0	92,117,165
Furniture & Equipment	7,564,373	496,211	0	8,060,584
Vehicles	627,719	0	0	627,719
Total Depreciable Assets	<u>100,309,257</u>	<u>496,211</u>	<u>0</u>	<u>100,805,468</u>
Less: Accumulated Depreciation	<u>(38,802,021)</u>	<u>(3,034,649)</u>	<u>0</u>	<u>(41,836,670)</u>
Capital Assets, Net	<u>\$ 65,772,291</u>	<u>\$ 690,669</u>	<u>\$ 0</u>	<u>\$ 66,462,960</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. CAPITAL ASSETS. (Continued)

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 352,300
Instruction	2,373,993
Transportation	228,857
Cost of Sales	<u>79,499</u>
Total Depreciation	<u>\$ 3,034,649</u>

NOTE 6. LONG-TERM LIABILITIES.

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

	Beginning Balance	Issued	Paid/ Redeemed	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds Payable	\$ 18,260,000	\$ 0	\$ 2,985,000	\$ 15,275,000	\$ 2,745,000
Premium from Refinancing on Bonds Payable	<u>635,293</u>	<u>0</u>	<u>133,090</u>	<u>502,203</u>	<u>133,090</u>
Total Bonds and Notes Payable	<u>18,895,293</u>	<u>0</u>	<u>3,118,090</u>	<u>15,777,203</u>	<u>2,878,090</u>
Other Liabilities:					
Compensated Absences	6,045,753	77,360	0	6,123,113	0
TRS Net Pension Liability					
Proportionate Share	4,073,357	0	4,073,357	0	0
ERS Net Pension Liability					
Proportionate Share	19,234	0	19,234	0	0
Other Postemployment Benefits	118,442,690	13,375,915	2,861,910	128,956,695	0
Judgments and Claims	<u>1,257,974</u>	<u>746,741</u>	<u>356,084</u>	<u>1,648,631</u>	<u>0</u>
Total Other Liabilities	<u>129,839,008</u>	<u>14,200,016</u>	<u>7,310,585</u>	<u>136,728,439</u>	<u>0</u>
Total Long-Term Liabilities	<u>\$ 148,734,301</u>	<u>\$ 14,200,016</u>	<u>\$ 10,428,675</u>	<u>\$ 152,505,642</u>	<u>\$ 2,878,090</u>

At June 30, 2022, bonds payable includes unamortized premiums of \$502,203. This amount is being amortized over the life of the debt issuance to which it relates.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. LONG-TERM LIABILITIES. (Continued)

Existing serial bond and installment purchase obligations are as follows:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
2016 Serial Bond	2016	2031	Varies	\$ 2,745,000
2016 Serial Bond	2016	2024	Varies	1,470,000
2017 Serial Bond	2017	2032	Varies	1,890,000
2019 Serial Bond	2019	2034	Varies	2,895,000
2020 Serial Bond	2020	2035	Varies	1,560,000
2020 Serial Bond	2021	2028	Varies	4,715,000
				<u>\$15,275,000</u>

The following is a summary of maturing debt service requirements:

<u>For the Year Ended June 30,</u>	<u>Bonds and Notes Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,745,000	\$ 487,713	\$ 3,232,713
2024	2,305,000	416,413	2,721,413
2025	1,770,000	358,763	2,128,763
2026	1,815,000	313,763	2,128,763
2027	1,545,000	247,188	1,792,188
2028 - 2032	4,335,000	616,975	4,951,975
2033 - 2036	<u>760,000</u>	<u>60,000</u>	<u>820,000</u>
TOTAL	<u>\$ 15,275,000</u>	<u>\$ 2,500,815</u>	<u>\$ 17,775,815</u>

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

Interest paid	\$ 567,513
Less: Interest accrued in the prior year	(48,615)
Less: Amortization of premiums, deferred amounts on refunding and bond issue costs	(53,390)
Plus: Interest accrued in the current year	<u>39,829</u>
Total interest expense	<u>\$ 505,337</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS.

Employees' Retirement System Plan Description

The District participates in the New York State and Local Employees' Retirement System (ERS). ERS and the New York State and Local Police and Fire Retirement System (PFRS) are collectively referred to as New York State and Local Retirement System (the ERS System). These are cost-sharing multiple-employer defined benefit retirement systems. The net position of the ERS System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the ERS System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2014, he was elected for a new term commencing January 1, 2015. 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. Separately issued financial statements for the System can be accessed on the Comptroller's website at www.osc.state.ny.us/retire/about_us/financial_statements_index.php.

Teachers' Retirement System Plan Description

The New York State Teachers Retirement System (the TRS System) was created and exists pursuant to Article 11 of the New York State Education Law. The System is the administrator of a cost-sharing, multiple-employer public employee retirement system (PERS), administered by a 10-member Board to provide pension and ancillary benefits to teachers employed by participating employers in the State of New York, excluding New York City. For additional Plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the System's website located at www.nystrs.org.

ERS Benefits Provided

The ERS System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20 percent of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 3, 4 and 5 members, each year of final average salary is limited to no more than 10 percent of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Special Plans

The 25-Year Plans allow a retirement after 25 years of service with a benefit of one-half of final average salary, and the 20-Year Plans allow a retirement after 20 years of service with a benefit of one-half of final average salary. These plans are available to certain PFRS members, sheriffs, and correction officers.

Disability Retirement Benefits

Disability retirement benefits are available to ERS and PFRS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets or other benefits depend on a members tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

ERS Benefits Provided (Continued)

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor, but cannot be less than 1 percent or exceed 3 percent.

TRS Benefits Provided

The benefits provided to members of the TRS System are established by New York State and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credit service times final average salary.

Under Article 19 of the RSSL, eligible Tiers 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of two additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or a reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at ages 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55 through 62 regardless of service credit.

Vested Benefits

Retirement benefits after 5 years of credited service except for Tiers 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations noted for service requirements above.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

TRS Benefits Provided (Continued)

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tiers 1 and 2 members may, under certain conditions, claim out of state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost of Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of the annual benefit. The applicable percentage payable beginning September 2019 is 1.0%.

Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Year</u>	<u>NYSTRS</u>	<u>NYSERS</u>
2021 - 2022	\$ 2,318,358	\$ 910,409
2020 - 2021	2,216,796	879,218
2019 - 2020	2,787,502	836,837

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. 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.

At March 31, 2022, the District's proportion of the NYSERS net pension asset/(liability) was 0.0189857%, there was an decrease of 0.00000330% from its proportion measured as of March 31, 2021.

At June 30, 2021, the District's proportion of the NYSTRS net pension asset/(liability) was 0.143326%, which was an decrease of 0.00004085% from its proportion measured as of June 30, 2020.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

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

For the year ended June 30, 2022, the District's recognized pension expense of (\$729,294) for ERS and (\$3,949,839) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	Deferred Outflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 117,535	\$ 3,423,510	\$ 3,541,045
Changes of Assumptions	2,590,119	8,169,391	10,759,510
Changes in proportion and difference between the District's contributions and proportionate share of contributions	228,693	265,438	494,131
District's contributions subsequent to the measurement date	<u>250,605</u>	<u>2,592,853</u>	<u>2,843,458</u>
Total	<u>\$ 3,186,952</u>	<u>\$ 14,451,192</u>	<u>\$ 17,638,144</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

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

	Deferred Inflows of Resources		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 152,450	\$ 129,039	\$ 281,489
Changes of Assumptions	43,705	1,446,679	1,490,384
Net difference between projected and actual earnings on pension plan investments	5,082,159	25,994,434	31,076,593
Changes in proportion and difference between the District's contributions and proportionate share of contributions	<u>42,412</u>	<u>37,766</u>	<u>80,178</u>
Total	<u>\$ 5,320,726</u>	<u>\$ 27,607,918</u>	<u>\$ 32,928,644</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended:	<u>ERS</u>	<u>TRS</u>
2022	\$ 250,605	\$ (545,111)
2023	(313,483)	(3,714,453)
2024	(517,114)	(4,699,345)
2025	(1,281,177)	(6,242,997)
2026	(272,605)	1,200,433
Thereafter	0	844,747

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>										
Measurement Date	March 31, 2022	June 30, 2021										
Investment Rate of Return	5.90% compounded annually, net of investment expense includes inflation	6.95% compounded annually, net of investment expense includes inflation										
Projected Salary Increases	4.40%	1.95% - 5.18% Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience										
		<table><tr><td style="text-align: center;"><u>Service</u></td><td style="text-align: center;"><u>Rate</u></td></tr><tr><td style="text-align: center;">5</td><td style="text-align: center;">5.18%</td></tr><tr><td style="text-align: center;">15</td><td style="text-align: center;">3.64%</td></tr><tr><td style="text-align: center;">25</td><td style="text-align: center;">2.50%</td></tr><tr><td style="text-align: center;">35</td><td style="text-align: center;">1.95%</td></tr></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>											
5	5.18%											
15	3.64%											
25	2.50%											
35	1.95%											
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience										
Inflation Rate	2.70%	2.40%										
Mortality Improvement	Society of Actuaries Scale MP-2020	Society of Actuaries Scale MP-2020										

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

Actuarial Assumptions (Continued)

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

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

Measurement Date	ERS		Measurement Date	TRS	
	March 31, 2022			June 30, 2021	
	Target Allocation	Long-term expected real rate of return		Target Allocation	Long-term expected real rate of return
Asset Class:			Asset Class:		
Domestic Equity	32%	3.30%	Domestic Equity	33%	6.80%
International Equity	15%	5.85%	International Equity	16%	7.60%
Private Equity	10%	6.50%	Global Equity	4%	7.10%
Real Estate	9%	5.00%	Real Estate Equity	11%	6.50%
Opportunistic/ARS Portfolio	3%	4.10%	Private Equity	8%	10.00%
Credit	4%	3.78%	Domestic Fixed Income	16%	1.30%
Real Assets	3%	5.80%	Global Bonds	2%	0.80%
Real Income	23%	0.00%	Private Debt	1%	5.90%
Cash	1%	-0.01%	Real Estate Debt	1%	3.30%
			High Yield Bonds	7%	3.80%
			Cash Equivalents	1%	-0.02%
Total	100%		Total	100%	

Discount Rate

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

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

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

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ (3,994,838)	\$ 1,552,003	\$ 6,191,668
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's Proportionate Share of the Net Pension Asset/(Liability)	\$ 2,606,275	\$ 24,836,946	\$ 43,520,212

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers were as follows:
(Dollars in Thousands)

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Employers' total pension asset/(liability)	\$ (223,874,888)	\$ (130,819,415)
Plan net position	232,049,473	148,148,457
Employer's net pension asset/(liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>
Ratio of plan net position to the employers' total pension asset/(liability)	103.65%	113.20%

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7. PENSION PLANS. (Continued)

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contributions for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$250,605.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2021 through state aid intercept. Accrued retirement contributions as of June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS system. Accrued retirement contributions as of June 30, 2022 amounted to \$2,592,853.

NOTE 8. INTERFUND BALANCES AND ACTIVITY.

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

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,566,326	\$ 0	\$ 211,129	\$ 10,251,033
Special Aid Fund	0	1,566,326	183,598	211,129
School Lunch Fund	0	0	0	0
Capital Fund	0	24,090	10,067,435	0
Debt Service Fund	24,090	0	0	0
Total Governmental Activities	1,590,416	1,590,416	10,462,162	10,462,162
Fiduciary Agency Fund	0	0	0	0
Totals	<u>\$ 1,590,416</u>	<u>\$ 1,590,416</u>	<u>\$ 10,462,162</u>	<u>\$ 10,462,162</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. 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.

The District typically transfers from the General Fund to the Special Aid Fund to fund the portion of the Summer Handicapped Program not funded by aid from New York State.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS.

Plan Description – The District’s defined benefit OPEB plan (“the District’s OPEB plan”), provides OPEB for eligible retired employees, their spouses and their dependent children. The District’s OPEB plan is a single-employer defined benefit OPEB plan administered by the District based on employment contracts. As these employment contracts are renegotiated, eligibility and benefits may change over time. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District’s provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the school district has in place with different classifications of employees.

Inactive employees or beneficiaries currently receiving benefit payments	410
Active employees	<u>354</u>
Total Employees Covered by Benefit Terms	<u><u>764</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$128,956,695 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021 with update procedures used to roll forward the actuarial accrued liability to June 30, 2022.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

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

Projected Salary Increases	3.80%
Discount Rate	2.16%
Healthcare Cost Trend Rates	Pre-65: 7.00% for 2022, decreasing to an ultimate rate of 4.50% for 2029 and later years Post-65: 7.80% for 2022, decreasing to an ultimate rate of 4.5% for 2029 and later years
Current Retirees' Share of Benefit Related Costs	Contributions range from 0% - 25% of the applicable premium for both the retiree and spouse. The majority of current retirees contribute either 12% or 25% as determined by their bargaining unit.
Future Retirees' Share of Benefit Related Costs	Contributions vary by bargaining unit.

The discount rate was based on a Bond Buyer GO Bond Index.

Mortality rates were based on the Pub-2010 Headcount Weighted Mortality Table projected generationally with MP-2018 from the central year.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2020 - June 30, 2021.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 118,442,690</u>
<u>Changes for the Year:</u>	
Service cost	5,070,056
Interest	2,698,180
Differences between expected and actual experience	398,931
Changes in assumptions or other inputs	5,208,748
Benefit payments	<u>(2,861,910)</u>
Net Changes	<u>10,514,005</u>
Balance at June 30, 2022	<u><u>\$ 128,956,695</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16 percent) or 1 percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	<u>\$ 155,476,771</u>	<u>\$ 128,956,695</u>	<u>\$ 108,289,396</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 or 1 percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Health Care Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 104,739,611</u>	<u>\$ 128,956,695</u>	<u>\$ 161,428,963</u>

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9. OTHER POSTEMPLOYMENT BENEFITS. (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$5,433,935. At June 30, 2022, the District report a deferred outflows of resources of \$19,743,936 and deferred inflows of resources of \$7,313,263 related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,187,341	\$ 891,896
Changes of assumptions or other inputs	15,698,450	6,421,367
District's contributions subsequent to the measurement date	<u>2,858,145</u>	<u>0</u>
Total	<u>\$ 19,743,936</u>	<u>\$ 7,313,263</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the fiscal year ending June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB expense are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 3,381,989
2024	523,844
2025	1,887,878
2026	2,720,334
2027	2,319,581
Thereafter	1,597,047

NOTE 10. RISK MANAGEMENT.

General Information

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

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. RISK MANAGEMENT. (Continued)

Consortiums and Self Insured Plans

For the year ended June 30, 2022, the Port Jervis City School District has chosen to establish a risk financing fund for risks associated with workers' compensation, which is accounted for in the School District's General Fund. The District's workers compensation program administrator, PMA, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. It is management's practice to have an actuarial study performed every other year, to determine claims incurred but not reported. The last study was completed as of December 31, 2021 for the period ended December 31, 2021. At June 30, 2022, the district estimated its workers compensation liability to be \$1,648,631 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the District as of that date. The liability consists of the following:

Reported Claims	\$ 1,369,539
Incurred But Not Reported Claims	<u>279,092</u>
Workers Compensation Liability	
(Judgment and Claims)	<u><u>\$ 1,648,631</u></u>

As of June 30, 2022 the District's reserves provide coverage for up to a maximum of \$500,000 for each workers' compensation claim. The District purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss.

The District's claims experience for the past year for workers' compensation are as follows:

<u>Reported Claims</u>	<u>June 30, 2022</u>
Unpaid Claims, Beginning of Fiscal Year	\$ 1,144,482
Plus: Incurred Claims **	581,141
Less: Claims Payments	<u>(356,084)</u>
Unpaid Claims, End of Fiscal Year	<u><u>\$ 1,369,539</u></u>

**Incurred Claims are shown net of previously incurred claims either disallowed or otherwise eliminated.

Unpaid claims represent the total known claims outstanding as of June 30, 2022. No adjustment has been made for claims in excess of the District's self-insured limits on incurred but not reported claims. No adjustment has been recorded for the difference between the estimated unpaid claims and workers' compensation reserve balance at year end.

The District will participate in a risk-sharing pool for property and casualty insurance, sponsored by NYSIR (New York School Insurance Reciprocal). The District will be jointly and severally liable for claims of all group members.

For its employee health insurance coverage, the Port Jervis City School District is a participant in the Orange/Ulster BOCES, a non-risk retained public entity risk pool operated for the benefit of 20 individual governmental units located within the County. The School District pays an annual premium to the Plan for this health insurance coverage. The Orange/Ulster BOCES Plan is considered a self-sustaining risk pool that will provide coverage for its members. The Port Jervis City School District has essentially transferred all related risk to the Pool.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. RISK MANAGEMENT. (Continued)

Other Contingencies

The District has several claims that are currently being litigated with the support of legal counsel. The results of this litigation are unknown at this time.

NOTE 11. COMMITMENTS AND CONTINGENCIES.

Encumbrances represent contracts, purchase orders, payroll commitments, tax payables, or legal penalties that are chargeable to an account. They cease to be encumbrances when paid or when the actual liability amount is determined and recorded as an expenditure. Encumbrances of appropriations of budgets for the year ended June 30, 2022 have been included in the assigned fund balance of the general fund and in the restricted fund balance (if greater than zero) of all the other funds as of June 30, 2022:

General Fund	\$ 663,138
Special Aid Fund	35,439
Capital Projects Fund	<u>30,198,343</u>
Total Encumbrances	<u>\$ 30,896,920</u>

Tax Certiorari Claims

The District is subject to numerous tax certiorari claims that are currently being litigated with the support of legal counsel. Such proceedings are not uncommon to school districts.

Since the outcome of this litigation is unknown at this time, management is unable to record a liability on its financial statements. However, in accordance with New York State Education law, the District has established a tax certiorari reserve in an effort to set aside funds to help pay for claims as litigation is settled.

Other Contingencies

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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

NOTE 12. DONOR-RESTRICTED ENDOWMENTS.

The District holds endowment funds, which are restricted by the donor for the purpose of student scholarships and awards.

Expenditures from donor-restricted endowments are in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13. TAX ABATEMENTS.

Local municipalities, within Orange County, entered into various property tax abatement programs for the purpose of economic development. For the year ended June 30, 2022, the School District abated property taxes by \$294,321 and received payments in lieu of tax (PILOT) payments totaling \$686,212.

NOTE 14. SUBSEQUENT EVENTS.

The District has evaluated subsequent events through October 6, 2022 the date that the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying consolidated financial statements.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<u>Total OPEB Liability</u>					
Service cost	\$ 5,070,056	\$ 4,090,179	\$ 3,541,701	\$ 3,155,792	\$ 3,837,811
Interest	2,698,180	3,755,211	3,688,603	3,386,545	2,969,382
Changes of benefit terms	0	(22,988)	0	0	0
Differences between expected and actual experience	398,931	(1,222,228)	251,505	1,544,139	0
Changes in assumptions or other inputs	5,208,748	10,241,070	6,244,329	(5,196,063)	(13,185,646)
Benefit payments	(2,861,910)	(2,566,772)	(2,632,906)	(2,489,821)	(2,578,222)
Net change in total OPEB liability	10,514,005	14,274,472	11,093,232	400,592	(8,956,675)
Total OPEB liability-beginning	118,442,690	104,168,218	93,074,986	92,674,394	101,631,069
Total OPEB liability-ending	\$ 128,956,695	\$ 118,442,690	\$ 104,168,218	\$ 93,074,986	\$ 92,674,394
Covered-employee payroll	\$ 32,178,126	\$ 28,242,556	\$ 28,886,838	\$ 27,207,583	\$ 26,514,457
Total OPEB liability as a percentage of covered-employee payroll	400.76%	419.38%	360.61%	342.09%	349.52%

Notes to Schedule:

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

Changes in assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate for each period. The following are the discount rates used in each period.

6/30/2022	2.16%
6/30/2021	2.21%
6/30/2020	3.51%
6/30/2019	3.87%
6/30/2018	3.58%

* GASB 75 requires that the past 10 years of information be presented. Due to the fact that this statement was implemented for the year ended June 30, 2018, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

<u>REVENUES</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>CURRENT YEAR'S REVENUES</u>	<u>OVER (UNDER) REVISED BUDGET</u>
LOCAL SOURCES:				
Real Property Taxes	\$ 25,975,637	\$ 25,975,637	\$ 26,110,995	\$ 135,358
Other Tax Items	4,072,094	4,072,094	4,116,235	44,141
Charges for Services	10,000	10,000	51,088	41,088
Use of Money & Property	225,000	225,000	64,442	(160,558)
Sale of Property & Compensation for Loss	0	0	9,975	9,975
Miscellaneous	417,000	425,240	977,303	552,063
STATE SOURCES	47,279,210	47,279,210	45,514,186	(1,765,024)
FEDERAL SOURCES	96,000	96,000	210,161	114,161
OTHER SOURCES:				
Operating Transfers In	0	0	211,129	211,129
TOTAL REVENUES	78,074,941	78,083,181	77,265,514	\$ (817,667)
APPROPRIATED FUND BALANCE	986,105	11,053,540		
TOTAL REVENUES & APPROPRIATED FUND BALANCE	\$ 79,061,046	\$ 89,136,721		

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	REVISED BUDGET	CURRENT YEAR'S EXPENDITURES	ENCUMBRANCES	UNENCUMBERED BALANCE
EXPENDITURES					
GENERAL SUPPORT:					
Board of Education	\$ 95,670	\$ 95,919	\$ 60,077	\$ 0	\$ 35,842
Central Administration	288,817	298,249	288,076	2,205	7,968
Finance	721,811	760,847	692,256	0	68,591
Staff	285,590	285,955	173,165	0	112,790
Central Services	4,203,958	4,602,399	4,090,328	298,597	213,474
Special Items	840,244	840,244	766,897	16,852	56,495
INSTRUCTIONAL:					
Instruction, Administration & Improvement	2,265,396	2,531,130	2,404,938	4,662	121,530
Teaching - Regular School	19,856,244	18,827,232	18,071,629	125,128	630,475
Programs for Children with Handicapping Conditions	17,123,466	17,300,836	13,629,648	0	3,671,188
Occupational Education	1,471,382	1,471,382	1,304,708	0	166,674
Teaching - Special Schools	469,760	611,197	230,722	0	380,475
Instructional Media	2,380,796	2,461,904	2,066,741	192,149	203,014
Pupil Services	3,438,245	3,564,695	3,156,925	23,545	384,225
PUPIL TRANSPORTATION	4,715,432	4,761,556	3,939,487	0	822,069
EMPLOYEE BENEFITS	16,451,722	16,553,228	15,476,042	0	1,077,186
DEBT SERVICE:					
Debt Service - Principal	2,985,000	2,985,000	2,985,000	0	0
Debt Service - Interest	1,207,513	857,513	567,513	0	290,000
TOTAL EXPENDITURES	78,801,046	78,809,286	69,904,152	663,138	8,241,996
OTHER USES:					
Operating Transfers Out	260,000	10,327,435	10,251,033	0	76,402
TOTAL EXPENDITURES & OTHER USES	\$ 79,061,046	\$ 89,136,721	80,155,185	\$ 663,138	\$ 8,318,398
NET CHANGE IN FUND BALANCE			\$ (2,889,671)		

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

	NYSERS Pension Plan Last 10 Fiscal Years*									
	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014	
District's proportion of the net pension asset/(liability)	0.0189857%	0.0193160%	0.0184032%	0.0190955%	0.0191021%	0.0204326%	0.0198663%	0.0201758%	0.0201758%	
District's proportionate share of the net pension asset/(liability)	\$ 1,552,003	\$ (19,234)	\$ (4,873,269)	\$ (1,352,973)	\$ (616,510)	\$ (1,919,895)	\$ (3,188,592)	\$ (681,588)	\$ (911,717)	
District's covered-employee payroll	\$ 5,934,676	\$ 6,268,628	\$ 5,901,471	\$ 5,992,702	\$ 5,932,005	\$ 6,018,843	\$ 5,476,046	\$ 5,764,146	\$ 5,712,076	
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	26.15%	-0.31%	-82.58%	-22.58%	-10.39%	-31.90%	-58.23%	-11.82%	-15.96%	
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	97.20%	
	NYSTRS Pension Plan Last 10 Fiscal Years*									
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	
District's proportion of the net pension asset/(liability)	0.143326%	0.147411%	0.147696%	0.146859%	0.150240%	0.150243%	0.152027%	0.151734%	0.155985%	
District's proportionate share of the net pension asset/(liability)	\$ 24,836,946	\$ (4,073,357)	\$ 3,837,151	\$ 2,655,604	\$ 1,142,080	\$ (1,609,164)	\$ 15,790,728	\$ 16,902,275	\$ 1,026,777	
District's covered-employee payroll	\$ 27,362,365	\$ 25,102,978	\$ 25,020,269	\$ 25,415,026	\$ 24,902,480	\$ 24,531,784	\$ 23,926,728	\$ 23,867,393	\$ 23,431,979	
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	90.77%	-16.23%	15.34%	10.45%	4.59%	-6.56%	66.00%	70.82%	4.38%	
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%	

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was implemented in the year ended June 30, 2015, prior year information is not available for 10 years. the data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

	NYSPERS Pension Plan Last 10 Fiscal Years*									
	3/31/2022	3/31/2021	3/31/2020	3/31/2019	3/31/2018	3/31/2017	3/31/2016	3/31/2015	3/31/2014	
Contractually required contribution	\$ 910,409	\$ 879,218	\$ 836,837	\$ 859,924	\$ 868,498	\$ 891,693	\$ 929,819	\$ 1,034,570	\$ 1,040,072	
Contributions in relation to the contractually required contribution	910,409	879,218	836,837	859,924	868,498	891,693	929,819	1,034,570	1,040,072	
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Covered Employee Payroll	\$ 5,934,676	\$ 6,268,628	\$ 5,901,471	\$ 5,992,702	\$ 5,932,005	\$ 6,018,843	\$ 5,476,046	\$ 5,764,146	\$ 5,712,076	
Contributions as a percentage of its covered-employee payroll	15.34%	14.03%	14.18%	14.35%	14.64%	14.82%	16.98%	17.95%	18.21%	
	NYSTRS Pension Plan Last 10 Fiscal Years*									
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	
Contractually required contribution	\$ 2,318,358	\$ 2,216,796	\$ 2,699,076	\$ 2,344,330	\$ 2,790,569	\$ 3,074,197	\$ 4,003,233	\$ 3,642,201	\$ 2,812,757	
Contributions in relation to the contractually required contribution	2,318,358	2,216,796	2,699,076	2,344,330	2,790,569	3,074,197	4,003,233	3,642,201	2,812,757	
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Covered Employee Payroll	\$27,362,365	\$25,102,978	\$25,020,269	\$25,415,026	\$24,902,480	\$24,531,784	\$23,926,728	\$23,867,393	\$ 23,431,979	
Contributions as a percentage of its covered-employee payroll	8.47%	8.83%	10.79%	9.22%	11.21%	12.53%	16.73%	15.26%	12.00%	

* GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was implemented in the year ended June 30, 2015, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2022

CHANGE FROM ADOPTED TO FINAL BUDGET

ADOPTED BUDGET	\$ 78,977,741
ADDITIONS:	
Encumbrances from Prior Year	<u>83,305</u>
ORIGINAL BUDGET	79,061,046
BUDGET REVISIONS:	
Budget Amendment for Instruction:	
(Funded by Donations)	8,240
Budget Amendment to Fund Capital Projects.	
(Funded by Unassigned Fund Balance)	<u>10,067,435</u>
FINAL BUDGET	<u>\$ 89,136,721</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 Voter-approved expenditure budget maximum allowed (4% of 2022-2023 budget of \$82,289,067)	<u>\$ 3,291,563</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,611,138
Unassigned Fund Balance	<u>14,674,631</u>
Total Unrestricted Fund Balance	<u>16,285,769</u>
Less:	
Appropriated Fund Balance	948,000
Encumbrances Included in Assigned Fund Balance	<u>663,138</u>
Total Adjustments	<u>\$ 1,611,138</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 14,674,631</u>
Actual Percentage	17.83%

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL APPROPRIATION	REVISED APPROPRIATION	EXPENDITURES TO DATE		UNEXPENDED BALANCE	METHODS OF FINANCING		FUND BALANCE JUNE 30, 2022			
			PRIOR YEARS	CURRENT YEAR		PROCEEDS FROM DEBT	STATE AID		LOCAL SOURCES	TOTAL	
Reconstruction, Renovations, Abatement Replacement and Upgrade of School District Facilities 2010	\$ 14,640,000	\$ 14,640,000	\$ 14,640,000	\$ 0	\$ 14,640,000	\$ 0	\$ 11,963,582	\$ 676,418	\$ 2,000,000	\$ 14,640,000	\$ 0
Reconstruction, Renovations, and Upgrade of School District Facilities 2020	54,895,000	64,895,000	1,433,589	3,161,672	4,595,261	60,299,739	0	0	25,325,000	25,325,000	20,729,739
Asbestos Removal	725,000	725,000	174,682	67,435	242,117	482,883	0	0	242,117	242,117	0
	\$ 70,260,000	\$ 80,260,000	\$ 16,248,271	\$ 3,229,107	\$ 19,477,378	\$ 60,782,622	\$ 11,963,582	\$ 676,418	\$ 27,567,117	\$ 40,207,117	\$ 20,729,739

See paragraph on supplementary schedules included in auditor's report.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

NON- DEPRECIABLE CAPITAL ASSETS		\$ 7,494,162
DEPRECIABLE CAPITAL ASSETS, NET		58,968,798
ADDITIONS:		
Deferred Amount on Refunding	\$ 235,273	
Total Additions		235,273
DEDUCTIONS:		
Short-term Portion of Bonds Payable	2,745,000	
Long-term Portion of Bonds Payable	12,530,000	
Premium From Refinancing	502,203	
Total Deductions		(15,777,203)
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 50,921,030</u>

See paragraph on supplementary schedules included in auditor's report.



Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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 President and Members
of the Board of Education of the
Port Jervis City School District
Port Jervis, New York

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
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Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA

Richard P. Capicchioni, CPA
Walter J. Jung, CPA
Jennifer A. Traverse, CPA

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 funds of Port Jervis City School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Port Jervis City School District's basic financial statements and have issued our report thereon dated October 6, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Port Jervis City School 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 Port Jervis City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Port Jervis City School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port Jervis City School 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.

Montgomery, New York
October 6, 2022



Nugent & Haeussler, P.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the President and Members
of the Board of Education of the
Port Jervis City School District
Port Jervis, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Port Jervis City School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Port Jervis City School District's major federal programs for the year ended June 30, 2022. Port Jervis City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Port Jervis City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a

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

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

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

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

Jugent & Hausler, P.C.

Montgomery, New York
October 6, 2022

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PASS-THROUGH TO SUBRECIPIENTS</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Cash Assistance				
Summer Food Service Program	10.559	N/A	\$ 0	\$ 1,767,316
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	N/A	0	127,632
Total Child Nutrition Cluster			0	1,894,948
Pandemic EBT Administration Cost Grant	10.649	N/A	0	36,206
TOTAL U.S. DEPT. OF AGRICULTURE			0	1,931,154
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed-through NYS Education Department:				
Special Education Cluster:				
IDEA - Part B, Section 611	84.027A	0032-22-0697	60,197	731,455
IDEA - Part B, Section 619	84.173A	0033-22-0697	15,744	29,606
Total Special Education Cluster			75,941	761,061
Education Stabilization Funds:				
Coronavirus Response and Relief Supplemental Appropriations				
Act, 2021 - Elementary and Secondary School Emergency Relief Fund II	84.425D	5891-22-2280	0	453,764
American Rescue Plan SLR Comprehensive After School	84.425U	5883-21-2280	0	41,810
American Rescue Plan SLR Learning Loss	84.425U	5884-21-2280	0	815,791
Total Education Stabilization Funds			0	1,311,365
Title I				
Title I, School Improvement	84.010A	0011-21-2164	0	2,947
Title I, School Improvement	84.010A	0011-22-2164	0	101,384
Title I - Part A	84.010A	0021-21-2280	0	14,183
Title I - Part A	84.010A	0021-22-2280	0	1,008,431
Title II - Part A	84.367A	0147-22-2280	0	121,740
Title III - Part A	84.365	0293-22-2280	0	248
Title IV	84.424	0204-22-2280	0	32,353
Title V	84.358	0006-22-2280	0	32,200
TOTAL U.S. DEPARTMENT OF EDUCATION			75,941	3,385,912
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed-through Orange County & OU BOCES				
Epidemiology Laboratory Capacity (ELC)	93.323	N/A	0	29,240
TOTAL FEDERAL AWARDS EXPENDED			\$ 75,941	\$ 5,346,306

The accompanying notes are an integral part of the schedule.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION.

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, change in net assets, or cash flows of the District.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. There is no other indirect cost allocation plan in effect.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

NOTE 2. NON-CASH ASSISTANCE.

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$127,632 of commodities under the National School Lunch Program (Federal Assistance Listing Number 10.555).

NOTE 3. OTHER DISCLOSURES.

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Opinion Issued: Unmodified

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are
not considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control over Major Programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified? _____ Yes X No

Type of Auditor's Opinion Issued on Compliance for
Major Programs: Unmodified

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

IDENTIFICATION OF MAJOR PROGRAMS:

FEDERAL ASSISTANCE

<u>LISTING NUMBERS</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
------------------------	---

84.010	Title I Programs
84.425	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000.00

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements as required to be reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

A. Significant Deficiencies in Internal Control

There were no findings related to the major federal awards as required to be reported in accordance with Section 2 CFR-200.516(a).

B. Compliance Findings

There were no findings related to the major federal awards as required to be reported in accordance with Section 2 CFR-200.516(a).



Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the Board of Education of the
Port Jervis City School District
Port Jervis, New York

Opinion

We have audited the accompanying financial statements of the extraclassroom activities funds of Port Jervis City School District, which comprise the statement of assets, liabilities, and fund balance-cash basis as of June 30, 2022 and the related statement of receipts and disbursements-cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance of the extraclassroom activities funds of Port Jervis City School District as of June 30, 2022, and its receipts and disbursements-cash basis for the year then ended, in accordance with the cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Port Jervis City School 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 opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 opinion. 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 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, 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 Port Jervis City School 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 Port Jervis City School 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.

Mugent + Haussler, P.C.

Montgomery, New York
October 6, 2022

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
EXTRACLASSROOM ACTIVITY FUND
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2022

ASSETS

Cash in Checking	\$ 255,181
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FUND BALANCE

Fund Balance, Beginning of Year	\$ 251,437
Excess of Receipts over Disbursements	<u>3,744</u>
Fund Balance, End of Year	<u>\$ 255,181</u>

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
EXTRACLASROOM ACTIVITY FUND
SUMMARY OF RECEIPTS & DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	CASH BALANCE JUNE 30, 2021	RECEIPTS	DISBURSEMENTS	CASH BALANCE JUNE 30, 2022
Student Activities 2021	\$ 26,460	\$ 0	\$ 26,460	\$ 0
Student Activities 2022	1,692	26,460	1,754	26,398
Class of 2022	4,045	75,077	79,122	0
Class of 2023	4,648	10,615	7,366	7,897
Class of 2024	11,343	7,519	2,544	16,318
Class of 2025	3,952	2,168	1,212	4,908
H.S. Student Council	1,408	471	640	1,239
M.S. Student Council	5,419	2,300	665	7,054
8th Grade	425	18,196	16,423	2,198
7th Grade	0	4,299	1,777	2,522
H.S. Yearbook	24,333	14,907	28,810	10,430
M.S. Yearbook	2,114	7,862	7,532	2,444
H.S. Band/Chorus	12,556	935	1,062	12,429
Spring Musical	15,998	17,961	14,487	19,472
Musical Scholarship	1,379	0	450	929
M.S. Music Club	3,671	9,917	6,780	6,808
M.S. Drama Club	4,288	5,804	4,669	5,423
Senior Arts	1,142	124	232	1,034
Honor Society	14,285	17,159	14,594	16,850
DECA	135	615	525	225
Rotary Interact	1	1,095	1,061	35
SADD	2,091	932	2,354	669
Middle School French	0	2,275	2,152	123
Foreign Language Club	3,088	0	0	3,088
Friends Of Rachel	624	0	0	624
Junior Honor Society	7	508	200	315
GSA	349	558	415	492
HBE 6th Grade	7,373	20,264	26,731	906
HBE Drama Club	15,963	7,099	8,943	14,119
ASK 6th Grade	2,262	3,733	5,124	871
ASK Performing Arts	10,790	11,648	12,246	10,192
Varsity Club	38,785	10,259	7,074	41,970
Football Cheerleading	1,654	1,413	851	2,216
Football Camp	3,632	612	534	3,710
Boys' Soccer	21	1,014	997	38
Girls' Volleyball	5,146	13,512	13,305	5,353
Girls' Basketball	3,150	0	0	3,150
Boys' Basketball	837	0	0	837
Track Club	131	0	0	131
Girls' Softball	12,693	0	500	12,193
Boys' Baseball	2,072	5,160	2,458	4,774
M.S. Ski Club	6	1,980	1,807	179
Girls' Soccer	1,469	3,149	0	4,618
	<u>\$ 251,437</u>	<u>\$ 307,600</u>	<u>\$ 303,856</u>	<u>\$ 255,181</u>

See notes to financial statement.

PORT JERVIS CITY SCHOOL DISTRICT
PORT JERVIS, NEW YORK
EXTRACLASSROOM ACTIVITY FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

- (a) The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Port Jervis City School District. We have included the Extraclassroom Activity Fund balances within the fiduciary funds of the financial statements. The separate audit report of the Extraclassroom Activity Funds is required due to the fact that the transactions of this fund are controlled by student management.
- (b) The books and records of the Port Jervis City School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.
- (c) The Extraclassroom Activity Funds are used to record the activity of all student-related activities within the District. These funds are under the control of an appointed central treasurer who maintains cash receipts and cash disbursement books. All receipts are collected by the student activity treasurer and disbursements must be approved by the student management.