

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**Financial Statements**

**For the Year Ended June 30, 2022  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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## INDEPENDENT AUDITOR'S REPORT

October 10, 2022

To the Board of Education of  
Newburgh Enlarged City School District:

### Report on the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Newburgh Enlarged City School District (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the 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 and each major fund information of Newburgh City School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the 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.

#### **Emphasis of Matter – Change in Accounting Principle**

As discussed in Note 12 to the financial statements, during the year ended June 30, 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87 - *Leases*. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair representation 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.

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(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Responsibilities of Management for the Financial Statements (Continued)***

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 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 a 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 general 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 judgement 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 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 judgement, there are conditions or events, considered in the aggregate, that may raise substantial doubt about the 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.

(Continued)

**Required Supplementary Information**

Accounting principles general accepted in the United States of America require that the management's decision and analysis, budgetary comparison information, schedules of proportionate share of net pension (asset) liability and contributions – pension plans and changes in total OPEB liability, and related ratios be presented to supplement the basic financial statements. Such information, 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 by placing the basic financial statements in an appropriate operational, economic, or historic 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 response 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.

**Other Information**

Management is responsible for the other information included in the financial statement. The other information comprises the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit – General Fund, Schedule of Project Expenditures – Capital Projects Fund and the Schedule of Net Investment in Capital Assets, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2022, on our consideration of the 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 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 School District's internal control over financial reporting and compliance.

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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*The following is a discussion and analysis of Newburgh Enlarged City School District's (School District) financial performance for the fiscal year ended June 30, 2022. This section summarizes the School District's financial activities based on currently known facts, decisions, and conditions. It is also based on both the government-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. As this section is only an introduction, it should be read in conjunction with the School District's basic financial statements, which immediately follow this section.*

### FINANCIAL HIGHLIGHTS

- Government-wide net position of the School District is \$(514,778,339).
- Government-wide net position is \$8,313,516 less than at July 1, 2021.
- The School District continued to offer all programs, without reducing services.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management's Discussion & Analysis (MD&A) (this section), the basic financial statements, required supplementary information, and other information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are *School District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status. Because of this, the Statement of Net Position will include assets such as building and equipment and long-term balances due to the School District as well as long term liabilities such as bonds payable. In addition, payments for principal on long term bond obligations will be shown as a reduction of the liability and payments for buildings and equipment will be shown as additions to assets.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the Government-wide statements. The fund financial statements concentrate on the School District's most 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. As such, in this presentation, payments for buildings and equipment will be shown as expenditures rather than an increase in assets, proceeds from new long-term borrowings will be shown as a source of revenue rather than a long-term liability, and principal payments on the long-term borrowings will be shown as expenditures.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data immediately following the financial statements. The statements are followed by a section of required supplementary information and then other information.

These schedules further explain and support the financial statements with a comparison of the School District's budget for the year, a detailed capital project schedule, and other financial information.

Table A-1 shows how the various sections of this annual report are arranged and related to one another.

**Table A-1 Organization of the School District's Annual Financial Report**

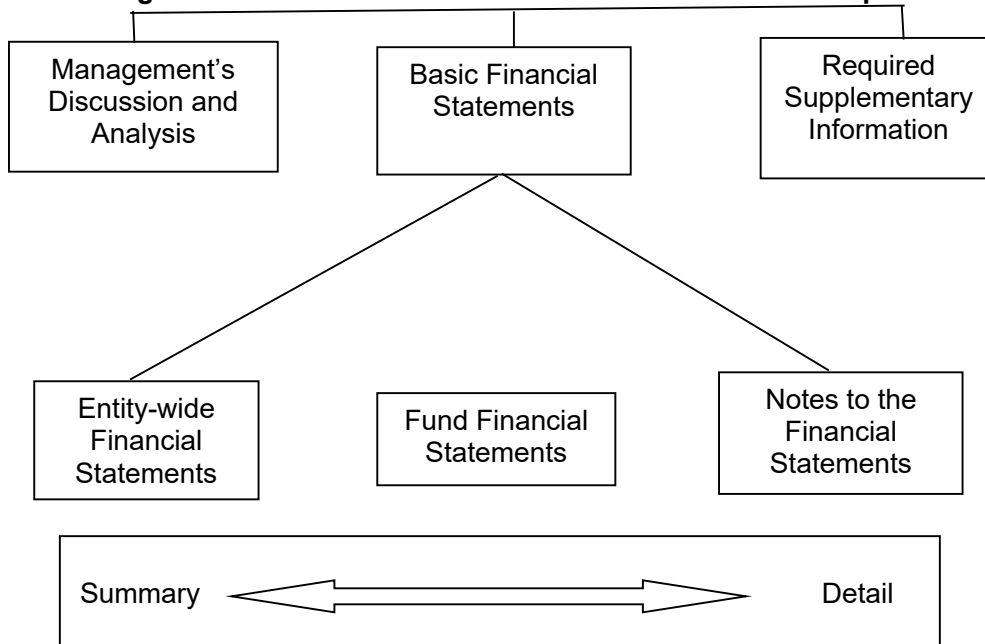


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

**Table A-2 Major Features of the Government-Wide and Fund Financial Statements**

	Government-Wide	Fund Financial Statements
		Governmental Funds
Scope	Entire School District	The day-to-day operating activities of the School District, such as instruction and special education.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and change in fund balance</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset/liability information	All assets, deferred inflows/outflows of resources, and liabilities, both financial and capital, short-term and long-term.	Current assets, deferred inflows/outflows of resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid.	Revenue 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.

### Government-Wide Statements

The Government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities and changes in net position regardless of when cash is received or paid.

The two Government-wide statements report the School District's net position and how it has changed. Net position – the difference between the School District's assets/deferred outflows of resources and liabilities/deferred inflows of resources – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.



## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

### **Government-Wide Statements (Continued)**

- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - Net investment in capital assets.
  - Restricted net position is those assets with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position is net position that does not meet any of the above restrictions.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the School District's funds, not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 School District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund, capital projects fund, and library fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balance.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The analysis below focuses on the net position (Table A-3) and changes in net position (Table A-4) of the School District's governmental activities.

**Table A-3 Condensed Statement of Net Position**

	<b>Fiscal Year 2022</b>	<b>Fiscal Year 2021</b>	<b>Dollar Change</b>
Assets:			
Current and other assets	\$ 142,480,993	\$ 135,913,757	\$ 6,567,236
Noncurrent assets	<u>285,873,875</u>	<u>158,498,401</u>	<u>127,375,474</u>
Total assets	<u>428,354,868</u>	<u>294,412,158</u>	<u>133,942,710</u>
Deferred Outflows of Resources	<u>231,295,933</u>	<u>268,317,375</u>	<u>(37,021,442)</u>
Liabilities:			
Current liabilities	45,018,729	39,485,754	5,532,975
Long-term liabilities	<u>827,651,723</u>	<u>946,552,853</u>	<u>(118,901,130)</u>
Total liabilities	<u>872,670,452</u>	<u>986,038,607</u>	<u>(113,368,155)</u>
Deferred Inflows of Resources	<u>301,758,688</u>	<u>83,207,540</u>	<u>218,551,148</u>
Net position:			
Net investment in capital assets	101,069,154	109,217,140	(8,147,986)
Restricted	69,713,922	53,634,855	16,079,067
Unrestricted	<u>(685,561,415)</u>	<u>(669,368,609)</u>	<u>(16,192,806)</u>
Total net position	<u><u>\$ (514,778,339)</u></u>	<u><u>\$ (506,516,614)</u></u>	<u><u>\$ (8,261,725)</u></u>

In Table A-3, total assets at June 30, 2022 were approximately \$134 million more less than at June 30, 2021. Non-current assets increased approximately \$127 million, due largely to the Teachers' Retirement System's net pension asset increasing approximately \$124 million and capital assets, net depreciation decreasing by \$85 thousand. Current assets increased approximately \$6.6 million, due primarily to recognize the lease revenue receivable of \$4 million related to the implementation of GASB Statement No. 87.

Deferred outflows of resources at June 30, 2022 were approximately \$37 million less than at June 30, 2021, due primarily to a decrease in pension and OPEB related deferred outflows.

Total liabilities decreased by approximately \$109 million, due primarily to a decrease in long term liabilities of approximately \$19.6 million due to pensions being an asset in current year and a decrease in OPEB liability of \$90 million.

Deferred inflows of resources increased by \$214 million due to an increase in OPEB deferred inflows and a decrease in pension deferred inflow.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

**Table A-4 Changes in Net Position from Operating Results**

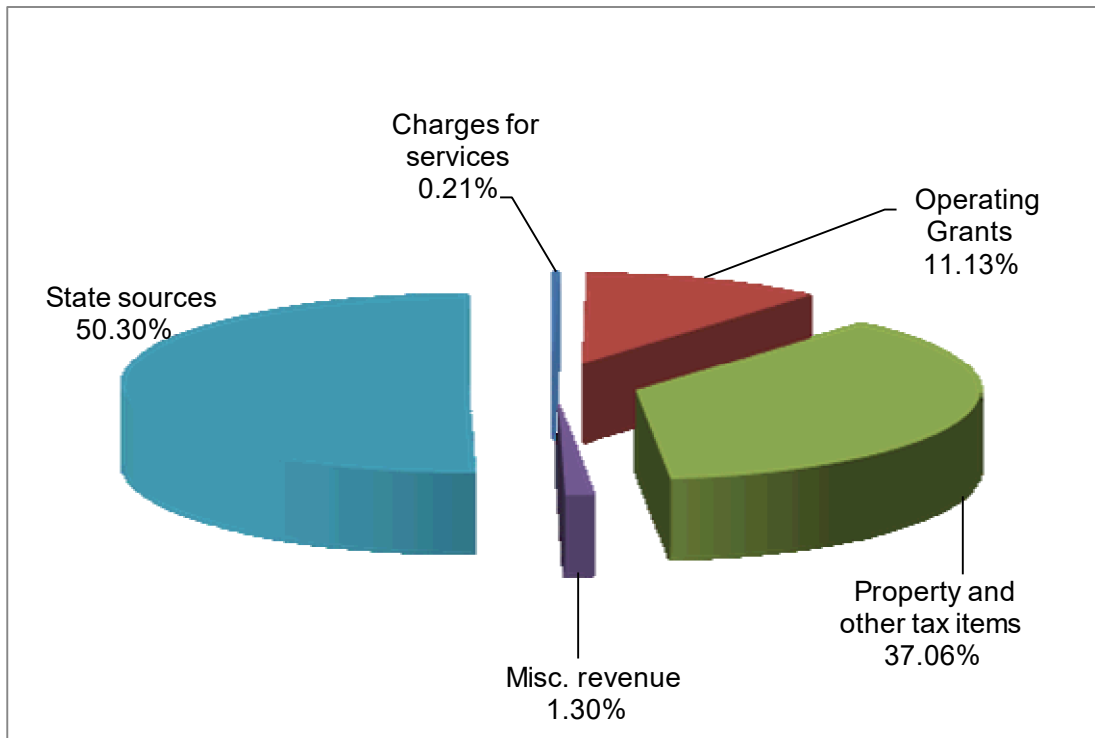
	<b>Fiscal Year <u>2022</u></b>	<b>Fiscal Year <u>2021</u></b>	<b>Dollar <u>Change</u></b>
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 696,301	\$ 578,585	\$ 117,716
Operating grants	36,971,842	28,898,507	8,073,335
General revenue:			
Property and other tax items	123,105,112	121,549,123	1,555,989
State aid	167,090,584	158,751,091	8,339,493
Federal aid	534,278	198,332	335,946
Use of money and of property	383,406	132,215	251,191
Sale of property and compensation for loss	1,441,539	243,691	1,197,848
Miscellaneous	<u>1,981,202</u>	<u>3,919,536</u>	<u>(1,938,334)</u>
Total revenue	<u>332,204,264</u>	<u>314,271,080</u>	<u>17,933,184</u>
<b>Expenses</b>			
General support	46,647,594	44,468,494	2,179,100
Instruction	265,306,776	289,900,949	(24,594,173)
Pupil transportation	16,985,223	12,507,021	4,478,202
Debt service - Interest	1,740,535	2,056,676	(316,141)
School lunch program	<u>9,837,652</u>	<u>7,758,627</u>	<u>2,079,025</u>
Total expenses	<u>340,517,780</u>	<u>356,691,767</u>	<u>(16,173,987)</u>
<b>Change in Net Position</b>	<u>\$ (8,313,516)</u>	<u>\$(42,420,687)</u>	<u>\$ 34,107,171</u>

The School District's fiscal year 2022 revenues totaled \$332,204,264. (See Table A-4). Property taxes (including other tax items) and state and federal sources accounted for most of the School District's revenue by contributing 37% and 50% respectively, of every dollar raised in 2022 (See Table A-5). The remainder came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

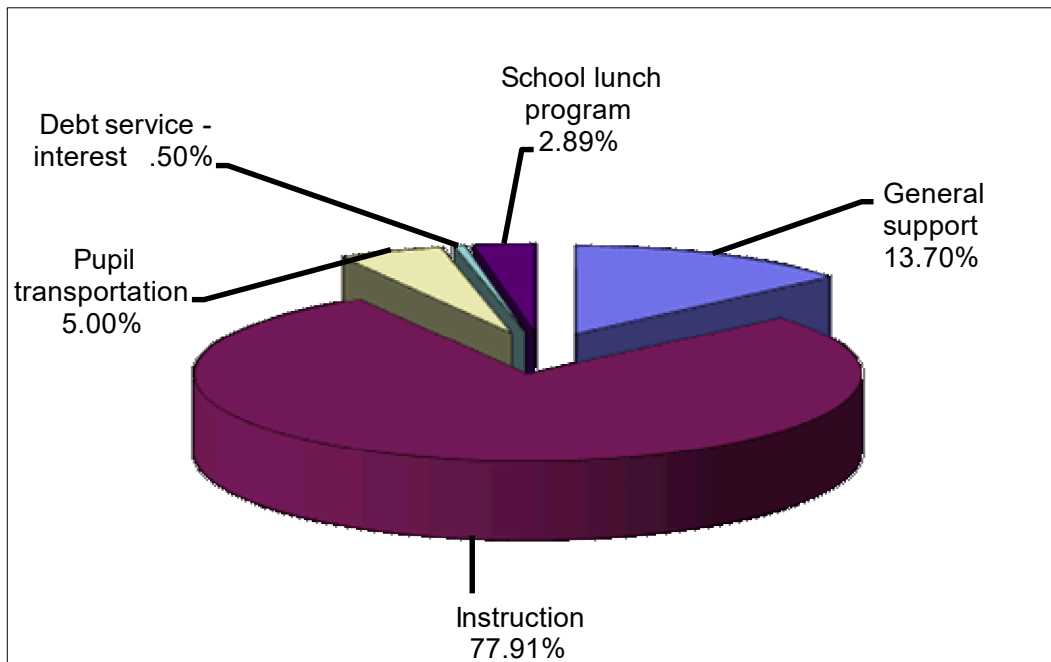
The total cost of all programs and services totaled \$340,517,780 for fiscal year 2022. These expenses are predominately related to general instruction, which account for 78% of School District expenses. (See Table A-6). The School District's general support activities accounted for 14% of total expenses. The \$16 million decrease in expenses over the prior year is substantially due to recognizing pension and other-employment benefits on a full accrual basis.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)**

**Table A-5 Sources of Revenue for 2022**



**Table A-6 Sources of Expenses for 2022**



## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

### Governmental Activities

Table A-7 presents the cost of the School District's major programs or activities as well as each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions and is presented in the Statement of Activities.

**Table A-7 Net Costs of Governmental Activities**

	Total Cost Of Services <u>2022</u>	Total Cost Of Services <u>2021</u>	Percent Change	(Net) Cost Of Services <u>2022</u>	(Net) Cost Of Services <u>2021</u>	Percent Change
<b>Functions:</b>						
General support	\$ 46,647,594	\$ 44,468,494	4.90%	\$ 46,647,594	\$ 43,549,477	7.11%
Instruction	265,306,776	289,900,949	-8.48%	238,574,652	259,320,006	-8.00%
Pupil transportation	16,985,223	12,507,021	35.81%	16,985,223	15,446,348	9.96%
Debt service - Interest	1,740,535	2,056,676	-15.37%	1,740,535	2,346,688	-25.83%
Cost of sales	9,837,652	7,758,627	26.80%	(1,098,367)	2,087,500	-152.62%
<b>Total</b>	<u>\$340,517,780</u>	<u>\$356,691,767</u>	<u>-4.53%</u>	<u>\$302,849,637</u>	<u>\$322,750,019</u>	<u>-6.17%</u>

- The total cost of all governmental activities for the year was \$340,517,780.
- The users of the School District's programs financed \$696,301 of the costs.
- The federal and state operating grants financed \$36,971,842 of the costs.
- The remainder of the costs were financed by the School District's taxpayers and unrestricted state aid and federal aid.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the government-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

- General fund – ended the year with \$70 million in fund balance. Revenue exceeded expenditures by approximately \$1.5 million.
- School lunch fund – ended the year with \$6,130,137 in fund balance. Revenues exceeded expenditures by approximately \$1.2 million.
- Capital projects fund – ended the year with \$11.7 million in fund balance. Capital expenditures totaled nearly \$7.5 million.
- Special aid fund – ended the year with \$0 in fund balance. By the nature of the fund, total expenditures of \$27.1 million were matched with offsetting revenue.
- Debt service fund – ended the year with \$1.6 million in fund balance.
- Library fund – ended the year with \$3.8 million in fund balance. Revenue exceeded expenditures by approximately \$460 thousand.
- Miscellaneous special revenue fund was created as a governmental activity fund due to the implementation of Governmental Standards Board Statement No. 84 implementation recognizing extraclassroom and scholarship activities.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the general fund.

**Table A-8 – Results vs. Budget**

	Adopted Budget	Final Budget	Actual	Encumbrances	Variance
<b>Revenue:</b>					
Real property taxes	\$101,987,520	\$101,987,520	\$102,003,190	\$ -	\$ 15,670
Other tax items	13,536,007	13,536,007	15,166,775	-	1,630,768
Charges for services	350,000	350,000	417,645	-	67,645
Use of money and property	90,000	90,000	247,397	-	157,397
Sale of property and compensation for loss	150,000	150,000	1,441,539	-	1,291,539
Miscellaneous	1,352,000	4,876,297	1,785,551	-	(3,090,746)
State sources	171,842,157	171,842,157	167,090,584	-	(4,751,573)
Medicaid reimbursement	150,000	150,000	534,278	-	384,278
Federal sources	3,150,000	3,455,842	804,229	-	(2,651,613)
Proceeds on issuance of capital leases	-	-	88,479	-	88,479
Transfers in	600,000	600,000	575,051	-	(24,949)
Total revenue	<u>293,207,684</u>	<u>297,037,823</u>	<u>290,154,718</u>	<u>-</u>	<u>(6,883,105)</u>
<b>Expenditures:</b>					
General support	26,421,753	29,819,650	27,613,948	1,091,520	1,114,182
Instruction	149,473,584	153,482,946	151,327,000	247,731	1,908,215
Pupil transportation	16,657,262	16,235,388	14,808,236	15,870	1,411,282
Employee benefits	86,179,187	82,549,665	78,748,659	-	3,801,006
Debt service - principal	-	-	1,044,647	-	(1,044,647)
Debt service - interest	-	-	7,617	-	(7,617)
Transfers out	14,475,898	14,950,174	15,091,521	-	(141,347)
Total expenses	<u>293,207,684</u>	<u>297,037,823</u>	<u>288,641,628</u>	<u>1,355,121</u>	<u>7,041,074</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	1,513,090	<u>\$ (1,355,121)</u>	<u>\$ 157,969</u>
<b>Fund balance - beginning of year</b>			<u>68,534,388</u>		
<b>Fund balance - end of year</b>			<u>\$ 70,047,478</u>		

The general fund is the only fund for which a budget is legally adopted.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

### General Fund Budgetary Highlights (Continued)

The following significant variances between budget and actual occurred during fiscal 2022:

Property taxes - As a small city school district, we are not guaranteed one hundred percent of the property tax levy every year. At the end of each year, the uncollected property taxes are re-levied and each municipality has up to two year to make the School District whole.

Interfund transfers – the favorable variance in the interfund transfer was due to capital projects and it was not necessary to make the transfer.

All other budgetary variances are considered immaterial.

### CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2022, the School District had \$160,979,979 invested in a broad range of capital assets including land, buildings, vehicles, athletic facilities, computers, and other educational equipment.

**Table A-9 – Capital Assets (Net of Depreciation)**

	<b>Fiscal Year <u>2022</u></b>	<b>Fiscal Year <u>2021</u></b>
Construction in progress	\$ 37,058,956	\$ 33,975,511
Land	1,949,269	1,949,269
Buildings and improvements	271,489,801	266,903,500
Furniture and equipment	14,187,496	13,265,081
Vehicles	1,499,659	1,422,188
Leased capital assets	2,198,671	-
Accumulated depreciation	(166,499,705)	(159,017,148)
Accumulated amortization	(904,168)	-
Total capital assets	<u>\$ 160,979,979</u>	<u>\$158,498,401</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

As of June 30, 2022, the School District had \$838,067,705 in general obligation and other long-term liabilities outstanding. More detailed information about the School District's long-term debt is included in the notes to the financial statements.

**Table A-10 – Long-term Liabilities**

	<b>Fiscal Year <u>2022</u></b>	<b>Fiscal Year <u>2021</u></b>
Bonds payable, including unamortized bond premium	\$ 35,832,090	\$ 44,952,656
Lease payable	\$ 1,102,233	-
Energy performance contract	24,940,810	26,217,030
Compensated absences	3,982,144	3,650,715
Total other postemployment benefits liability	763,280,887	853,599,802
Net pension liability - ERS	-	73,851
Net pension liability - ERS	-	19,545,619
Judgment and claims	<u>8,929,541</u>	<u>8,806,736</u>
Total long-term liabilities	<u>\$838,067,705</u>	<u>\$956,846,409</u>

## FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

Federal COVID stimulus funds are restricted funds for a specific period of time that will provide much needed instructional supports to counterbalance learning loss, upgrade HVAC and ventilation, compliance for technology and to allow the School District to maintain COVID protocols and mitigation strategies; however, the School District needs to ensure that the long-range financial plan incorporates the ability to sustain needed services beyond the period of available stimulus funds. Additionally, the demand for technology hardware, software, and implementation of EdLaw 2D, as well as providing the required services to ensure that sensitive data is secure and protected from cyber threats demands increased financial resources. The district has had zero growth in its tax levy for 6 years. The costs of employee benefits and contractual obligations continue to rise each year and the district will continue to need additional funding to cover these expenses.

## CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Newburgh Enlarged City School District  
Attn: District Treasurer  
124 Grand Street  
Newburgh, New York 12550



**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

CURRENT ASSETS:

Cash and cash equivalents - unrestricted	\$ 39,001,351
Cash and cash equivalents - restricted	69,422,483
Investment	15,448
Taxes receivable	3,648,716
Accounts receivable	1,623,975
Lease receivable	4,040,230
State and federal aid receivable	24,221,806
Prepaid expenses	250,000
Inventory	<u>256,984</u>
 Total current assets	 <u>142,480,993</u>

NON-CURRENT ASSETS:

Capital assets, net	160,979,979
Net pension asset - ERS	5,845,617
Net pension asset - TRS	<u>119,048,279</u>
 Total non-current assets	 <u>285,873,875</u>
 Total assets	 <u>428,354,868</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred amount on refunding	293,075
Deferred outflows of resources - TRS Pension	68,379,855
Deferred outflows of resources - ERS Pension	11,955,719
Deferred outflows - OPEB	<u>150,667,284</u>
 Total deferred outflows of resources	 <u>231,295,933</u>

**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

CURRENT LIABILITIES:

Accounts payable and accrued expenses	17,046,150
Accrued interest	559,311
Due to other governments	1,559,331
Unearned revenue	1,307,296
Due to Teachers' Retirement System	13,427,986
Due to Employees' Retirement System	702,673
Long-term debt due within one year	9,364,220
Lease payable due within one year	<u>1,051,762</u>
 Total current liabilities	 <u>45,018,729</u>

LONG-TERM LIABILITIES:

Bonds payable, net of current portion plus unamortized premiums	28,387,090
Lease payable, net of current portion	50,471
Energy performance contract	23,021,590
Compensated absences	3,982,144
Judgments and claims	8,929,541
Total other postemployment benefits liability	<u>763,280,887</u>
 Total long-term liabilities	 <u>827,651,723</u>
 Total liabilities	 <u>872,670,452</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - TRS Pension	133,393,697
Deferred inflows of resources - ERS Pension	20,137,482
Deferred inflows - OPEB	143,761,138
Deferred inflows - Lease	3,948,996
Deferred inflows - State Aid	<u>517,375</u>
 Total deferred inflows of resources	 <u>301,758,688</u>

**NET POSITION**

Net investment in capital assets	101,069,154
Restricted	69,713,922
Unrestricted	<u>(685,561,415)</u>
 TOTAL NET POSITION	 <u>\$ (514,778,339)</u>

The accompanying notes are an integral part of these statements.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

GOVERNMENTAL ACTIVITIES	<u>Expenses</u>	Program Revenues		<i>Net (Expense) Revenue and Change in Net Position</i>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS:				
General support	\$ 46,647,594	\$ -	\$ -	\$ (46,647,594)
Instruction	265,306,776	419,930	26,312,194	(238,574,652)
Pupil transportation	16,985,223	-	-	(16,985,223)
Debt service - interest	1,740,535	-	-	(1,740,535)
School lunch program	<u>9,837,652</u>	<u>276,371</u>	<u>10,659,648</u>	<u>1,098,367</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 340,517,780</u>	<u>\$ 696,301</u>	<u>\$ 36,971,842</u>	<u>(302,849,637)</u>
GENERAL REVENUE:				
Real property taxes				107,938,337
Other tax items				15,166,775
Use of money and property				383,406
Sale of property and compensation for loss				1,441,539
State sources				167,090,584
Medicaid reimbursement				534,278
Miscellaneous				<u>1,981,202</u>
TOTAL GENERAL REVENUE				<u>294,536,121</u>
CHANGE IN NET POSITION				<u>(8,313,516)</u>
TOTAL NET POSITION - beginning of year, as previously reported				(506,516,614)
RESTATEMENT (Note 12)				<u>51,791</u>
TOTAL NET POSITION - beginning of year, as restated				<u>(506,464,823)</u>
TOTAL NET POSITION - end of year				<u>\$ (514,778,339)</u>

The accompanying notes are an integral part of these statements.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<i>General</i>	<i>Special Aid</i>	<i>School Lunch</i>	<i>Capital Projects</i>	<i>Debt Service</i>	<i>Library</i>	<i>Miscellaneous Special Revenue</i>	<i>Total Governmental Funds</i>
<b>ASSETS</b>								
Cash and cash equivalents - unrestricted	\$ 34,888,846	\$ 708,162	\$ 562,137	\$ 1,671,233	\$ -	\$ 933,673	\$ 237,300	\$ 39,001,351
Cash and cash equivalents - restricted	55,744,358	-	-	11,702,249	1,607,825	-	368,051	69,422,483
Investments	-	-	-	-	-	-	15,448	15,448
Taxes receivable	3,648,716	-	-	-	-	-	-	3,648,716
Accounts receivable	1,578,262	1,014	44,699	-	-	-	-	1,623,975
Lease receivable	4,040,230	-	-	-	-	-	-	4,040,230
Due from other funds	3,967,373	-	3,843,363	-	58,788	3,214,916	-	11,084,440
State and federal aid receivable	10,921,246	10,311,310	1,703,281	1,285,969	-	-	-	24,221,806
Prepaid expenditures	250,000	-	-	-	-	-	-	250,000
Inventory	-	-	256,984	-	-	-	-	256,984
<b>Total assets</b>	<b>\$ 115,039,031</b>	<b>\$ 11,020,486</b>	<b>\$ 6,410,464</b>	<b>\$ 14,659,451</b>	<b>\$ 1,666,613</b>	<b>\$ 4,148,589</b>	<b>\$ 620,799</b>	<b>\$ 153,565,433</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
<b>LIABILITIES:</b>								
Accounts payable and accrued expenses	\$ 8,289,711	\$ 7,012,217	\$ 280,327	\$ 1,100,962	\$ -	\$ 342,836	\$ 20,097	\$ 17,046,150
Due to other funds	7,061,434	2,684,141	-	1,338,865	-	-	-	11,084,440
Due to other governments	1,542,499	16,832	-	-	-	-	-	1,559,331
Due to Teachers' Retirement System	13,427,986	-	-	-	-	-	-	13,427,986
Due to Employees' Retirement System	702,673	-	-	-	-	-	-	702,673
Unearned revenue	-	1,307,296	-	-	-	-	-	1,307,296
<b>Total liabilities</b>	<b>31,024,303</b>	<b>11,020,486</b>	<b>280,327</b>	<b>2,439,827</b>	<b>-</b>	<b>342,836</b>	<b>20,097</b>	<b>45,127,876</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Deferred taxes	2,916,079	-	-	-	-	-	-	2,916,079
Deferred revenue -state aid	7,102,175	-	-	-	-	-	-	7,102,175
Deferred revenue - leases	3,948,996	-	-	-	-	-	-	3,948,996
<b>Total deferred inflows of resources</b>	<b>13,967,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,967,250</b>

The accompanying notes are an integral part of these statements.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**

**JUNE 30, 2022**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Library</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
Nonspendable								
Prepaid expenditures	250,000	-	-	-	-	-	-	250,000
Inventory	-	-	256,984	-	-	-	-	256,984
Total nonspendable fund balance	<u>250,000</u>	<u>-</u>	<u>256,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,984</u>
Restricted for:								
Unemployment insurance	1,022,087	-	-	-	-	-	-	1,022,087
Workers' compensation reserve	8,368,169	-	-	-	-	-	-	8,368,169
Retirement	7,714,365	-	-	-	-	-	-	7,714,365
Tax certiorari	3,321,180	-	-	-	-	-	-	3,321,180
Capital projects	26,307,369	-	-	11,702,249	-	-	-	38,009,618
Employee benefits accrued liability	3,184,867	-	-	-	-	-	-	3,184,867
Insurance	1,153,098	-	-	-	-	-	-	1,153,098
Repairs	1,667,503	-	-	-	-	-	-	1,667,503
Liability reserve	3,005,720	-	-	-	-	-	-	3,005,720
Other	-	-	-	-	1,666,613	-	600,702	2,267,315
Total restricted fund balance	<u>55,744,358</u>	<u>-</u>	<u>-</u>	<u>11,702,249</u>	<u>1,666,613</u>	<u>-</u>	<u>600,702</u>	<u>69,713,922</u>
Assigned								
Unappropriated	1,355,121	-	5,873,153	-	-	3,805,753	-	11,034,027
Appropriated for subsequent year expenditures	500,000	-	-	-	-	-	-	500,000
Total assigned fund balance	<u>1,855,121</u>	<u>-</u>	<u>5,873,153</u>	<u>-</u>	<u>-</u>	<u>3,805,753</u>	<u>-</u>	<u>11,534,027</u>
Unassigned	<u>12,197,999</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,197,999</u>
Total fund balance	<u>70,047,478</u>	<u>-</u>	<u>6,130,137</u>	<u>11,702,249</u>	<u>1,666,613</u>	<u>3,805,753</u>	<u>600,702</u>	<u>93,952,932</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 115,039,031</u>	<u>\$ 11,020,486</u>	<u>\$ 6,410,464</u>	<u>\$ 14,142,076</u>	<u>\$ 1,666,613</u>	<u>\$ 4,148,589</u>	<u>\$ 620,799</u>	<u>\$ 153,048,058</u>

The accompanying notes are an integral part of these statements.

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2022

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Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	\$ 93,952,932
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	160,979,979
Revenue related to the tax levy and deferred state aid is recognized when earned in the statement of activities, but deferred in the fund statements if collection is anticipated to exceed sixty days after year-end.	10,018,254
Deferred outflows/inflows of resources related to pensions and OPEB and deferred gains and losses on refundings are applicable to future periods and; therefore, are not reported in the funds:	
Deferred outflows - ERS/TRS	80,335,574
Deferred inflows - ERS/TRS	(153,531,179)
Deferred outflows - Refunding	293,075
Deferred outflows - OPEB	150,667,284
Deferred inflows - OPEB	(143,761,138)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.	
Net pension asset - ERS	5,845,617
Net pension asset - TRS	119,048,279
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds payable, net of unamortized premium	(37,751,310)
Lease payable	(1,102,233)
Energy performance contract debt	(23,021,590)
Judgment and claims	(8,929,541)
Compensated absences	(3,982,144)
Total other postemployment benefits liability	(763,280,887)
Accrued interest	<u>(559,311)</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (514,778,339)</u></b>

The accompanying notes are an integral part of these statements.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Library</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
<b>REVENUE:</b>								
Real property taxes	\$ 102,003,190	\$ -	\$ -	\$ -	\$ -	\$ 5,462,744	\$ -	\$ 107,465,934
Other tax items	15,166,775	-	-	-	-	-	-	15,166,775
Charges for services	417,645	-	-	-	-	2,285	-	419,930
Use of money and property	247,397	-	58	-	11,902	5,008	119,041	383,406
Sale of property and compensation for loss	1,441,539	-	-	-	-	-	-	1,441,539
Miscellaneous	1,785,551	92,668	-	-	-	39,064	63,919	1,981,202
State sources	167,090,584	9,936,557	189,582	-	-	57,620	-	177,274,343
Medicaid reimbursement	534,278	-	-	-	-	-	-	534,278
Federal sources	804,229	15,513,788	10,470,066	-	-	-	-	26,788,083
Sales - school lunch	-	-	276,371	-	-	-	-	276,371
<b>Total revenue</b>	<b>289,491,188</b>	<b>25,543,013</b>	<b>10,936,077</b>	<b>-</b>	<b>11,902</b>	<b>5,566,721</b>	<b>182,960</b>	<b>331,731,861</b>
<b>EXPENDITURES:</b>								
General support	27,613,948	3,374,033	-	-	506,260	3,509,802	185,327	35,189,370
Instruction	151,327,000	18,084,492	-	-	-	-	-	169,411,492
Pupil transportation	14,808,236	1,871,323	-	-	-	-	-	16,679,559
Employee benefits	78,748,659	3,767,635	1,834,729	-	-	1,484,348	-	85,835,371
Debt service - principal	1,044,647	-	-	-	9,881,220	-	-	10,925,867
Debt service - interest	7,617	-	-	-	2,192,325	-	-	2,199,942
Cost of sales	-	-	7,907,743	-	-	-	-	7,907,743
Capital outlay	-	-	-	7,532,190	-	-	-	7,532,190
<b>Total expenditures</b>	<b>273,550,107</b>	<b>27,097,483</b>	<b>9,742,472</b>	<b>7,532,190</b>	<b>12,579,805</b>	<b>4,994,150</b>	<b>185,327</b>	<b>335,681,534</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>15,941,081</b>	<b>(1,554,470)</b>	<b>1,193,605</b>	<b>(7,532,190)</b>	<b>(12,567,903)</b>	<b>572,571</b>	<b>(2,367)</b>	<b>(3,949,673)</b>
<b>OTHER SOURCES AND (USES):</b>								
Proceeds from issuance of leases	88,479	-	-	-	-	-	-	88,479
Proceeds from EPC	-	-	-	-	25,819,214	-	-	25,819,214
Payment of EPC refinanced	-	-	-	-	(25,819,214)	-	-	(25,819,214)
Operating transfers in	575,051	2,016,717	-	495,000	12,579,805	-	-	15,666,573
Operating transfers (out)	(15,091,521)	(462,247)	-	-	-	(112,805)	-	(15,666,573)
<b>Total other sources (uses)</b>	<b>(14,427,991)</b>	<b>1,554,470</b>	<b>-</b>	<b>495,000</b>	<b>12,579,805</b>	<b>(112,805)</b>	<b>-</b>	<b>88,479</b>
<b>EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>1,513,090</b>	<b>-</b>	<b>1,193,605</b>	<b>(7,037,190)</b>	<b>11,902</b>	<b>459,766</b>	<b>(2,367)</b>	<b>(3,861,194)</b>
<b>FUND BALANCE - beginning of year</b>	<b>68,534,388</b>	<b>-</b>	<b>4,936,532</b>	<b>18,739,439</b>	<b>1,654,711</b>	<b>3,345,987</b>	<b>603,069</b>	<b>97,814,126</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 70,047,478</b>	<b>\$ -</b>	<b>\$ 6,130,137</b>	<b>\$ 11,702,249</b>	<b>\$ 1,666,613</b>	<b>\$ 3,805,753</b>	<b>\$ 600,702</b>	<b>\$ 93,952,932</b>

The accompanying notes are an integral part of these statements.

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

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Net changes in fund balance - total governmental funds	\$ (3,861,194)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	8,755,762
Capital leases are expenditures in governmental funds, net disposals, but are capitalized in the statement of net position.	2,198,671
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(7,568,687)
Amortization is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(904,168)
Deferred tax revenues and State Aid are recorded on the modified accrual basis, but are not reported in the government-wide financial statement.	472,403
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	9,881,220
Repayments of long-term lease liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	1,044,647
Amortization of premiums associated with long-term debt are not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	515,566
Amortization of the deferred gain on bond refunding is not recorded as a revenue in the governmental funds, but is recorded in the statement of activities.	(135,266)
Issuance on long-term lease liabilities are recorded as revenues in the governmental funds, but are recorded as a liability in the statement of net position.	(2,198,671)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of district pension contributions is reported as pension expense;	
ERS Pension Expense	2,889,699
TRS Pension Expense	17,829,951
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	79,107
Change in compensated absences	(331,429)
Change in judgment and claims	(122,805)
Change in other postemployment benefits	<u>(36,858,322)</u>
Change in net position - governmental activities	\$ <u>(8,313,516)</u>

The accompanying notes are an integral part of these statements.

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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### 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Newburgh Enlarged City School District (School District) provides K-12 public education to students living within its geographic boundaries.

The financial statements of Newburgh Enlarged City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District are described below:

#### **Reporting Entity**

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. The President of the Board of Education 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 School District. The Board of Education has the authority to make decisions, power to appoint management, and primarily accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). 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 School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an activity included in the School District's reporting entity:

#### Extraclassroom Activity Funds

The extraclassroom activity funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. Separate audited cash basis financial statements of the extraclassroom activity funds can be obtained at the School District's business office. The School District accounts for the assets held as an agent for various student organizations in the Miscellaneous Special Revenue Fund.

#### Public Library

The public library jointly shares the services of the School District Treasurer, appoints trustees for library purposes, and has title to real property used by the library.



## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of Presentation**

The School District's financial statements consist of School District-wide financial statements, including a statement of net position and a statement of activities and change in net position, and fund level financial statements which provide more detailed information. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

### Government-Wide Statements

The statement of net position and the statement of activities and changes in net position present financial information about the School District's governmental activities and are included on the statement of net position. 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 revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital), grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

### Fund Financial Statements

The School District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The fund financial statements provide information about the School District's 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.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of Presentation (Continued)

The accounts of the School District are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types used by the School District are as follows:

#### Governmental Fund Types

Governmental funds are those in which most governmental functions of the School District are reported. The acquisition, use, and balances of the School District's expendable financial resources and the related liabilities are accounted for through the governmental funds. The measurement focus is upon determination of the changes in financial position rather than upon determination of net income. The following are the School District's major governmental funds:

- **General Fund:** This is the School District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Special Aid Fund:** Used to account for special operating projects or programs supported in whole, or in part, with federal funds or state or local grants.
- **School Lunch Fund:** Used to account for transactions of the lunch and breakfast programs.
- **Library Fund:** Used to account for operations of the public library.
- **Capital Projects Fund:** These funds are 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.
- **Miscellaneous Special Revenue Fund:** This fund accounts for proceeds from various funding sources, which may be restricted by donor or designated by the School District for specific purposes. The transactions of the Extraclassroom Activities Funds are included in this fund as well as scholarships.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, potential contingent liabilities, net pension assets and liabilities and useful lives of long-lived assets.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenue is collected within ninety 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.

### **Cash and Cash Equivalents**

Cash and investments consist of funds deposited in demand deposit accounts and amounts with the New York Cooperative Liquid Assets Securities System (NYCLASS). The School District's deposit and investment policies are governed by State statutes. The School District has adopted its own written investment policy, which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include NYCLASS, obligations of the U.S. Treasury, U.S. Agencies and obligations of New York State or its political subdivisions and accordingly, The School District's policy provides for no credit risk on investments.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by FDIC insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and School District subdivisions.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Restricted Cash**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

**Accounts Receivable**

Accounts receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**Inventory and Prepaid Expenditures**

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates fair value. Purchases of inventoriable 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 School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the government-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.

**Interfund Transactions**

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School 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 expenditures and revenue to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types. Eliminations have been made for all interfund receivables and payables between the 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 School District's practice to settle these amounts at a net balance based upon the right of legal offset.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Capital Assets, Net**

Capital assets, net are reflected in the government-wide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals, net of accumulated depreciation. Donated assets are reported at estimated fair value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land improvements	\$5,000	SL	50
Buildings and improvements	\$5,000	SL	50
Furniture and equipment	\$5,000	SL	5-15
Vehicles	\$5,000	SL	5

Capital assets also include leased assets with a term greater than one year. The School District does not implement a capitalization threshold for leased assets. Leased assets are amortized on a straight-line basis over the term of the lease.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of net position presents 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 (expenses/expenditure) until then.

In addition to liabilities, the statement of net position presents 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 and so will not be recognized as an inflow of resources (revenue) until then.

The School District also reports deferred outflows of resources and deferred inflows of resources in relation to its pension and OPEB obligations. These amounts are detailed in the discussion of the School District's pension and OPEB plans in Note 8.

**Vested Employee Benefits**

Compensated Absences

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

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

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

The liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the government-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the governmental funds 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.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Vested Employee Benefits (Continued)**

Net Pension Liability/Asset

The net pension liability/asset represents the School District's proportionate share of the net pension liability or asset of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Total Other Postemployment Benefits Liability

In addition to providing the pension benefits through the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System, the School District provides post-employment health insurance coverage (OPEB) to its retired employees and their survivors. The School District has retained an actuary to determine the School District's total OPEB liability in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The disclosures relating to the School District's total OPEB liability are reflected in Note 8.

**Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to March 31.

The City of Newburgh (City) and County of Orange (County) in which the School District is located enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City and the County to the School District within two years from the return of unpaid taxes to both the City and the County. 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 inflows of resources offset real property taxes receivable.

**Unearned Revenue**

Unearned revenue is reported when potential revenue does meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded. Unearned revenue recorded in governmental funds is generally not recorded in the government-wide financial statements.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Accrued Liabilities and Long-Term Obligations**

Payables accrued liabilities and long-term obligations are reported in the government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Judgements and claims, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund 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 School District's future obligations or future economic outflows. The liabilities are reported as due within one year (current) or due within more than one year (non-current) in the statement of net position.

**Short-Term Debt**

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

The School 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 School District did not issue any budget notes during the year ended June 30, 2022.

The School District may issue Bond Anticipation Notes (BANs), 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 be converted to long-term financing within five years after the original issue date.

The School 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 in 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.

**Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the School 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.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Net Position and Fund Balance Classifications**

Government-wide Statements

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

*Net investment in capital assets* - consists of net capital assets, (cost less accumulated depreciation) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

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

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

Governmental 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 are required to be maintained intact. Non-spendable fund balance includes prepaid expenses and the inventory recorded in the school lunch fund.

Restricted fund balance – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has available the following restricted fund balances:

Capital

Capital reserve (Education Law §3651) is 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. Expenditures 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 capital fund under restricted fund balance.

Repair

Repair services (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.



1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Net Position and Fund Balance Classifications (Continued)**  
Governmental Fund Statements (Continued)

Workers' Compensation

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

Unemployment Insurance

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

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. The reserve is accounted for in the debt service fund under restricted fund balance.

Insurance

Insurance reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by the board of education action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the insurance reserve however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund under restricted fund balance.

Liability Claims and Property Loss

Property loss reserve and liability reserve (Education Law §1709(8)(c)) are used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000 whichever is greater. This type of reserve fund may be utilized only by School Districts, except city School Districts with a population greater than 125,000. These reserves are accounted for in the general fund under restricted fund balance.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

**Net Position and Fund Balance Classifications (Continued)**  
Governmental Fund Statements (Continued)

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is 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 which 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 under restricted fund balance.

Employee Benefit Accrued Liability

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

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance at June 30, 2022 consists of:

Unemployment insurance	\$ 1,022,087
Retirement contributions	7,714,365
Workers compensation	8,368,169
Tax certiorari	3,321,180
Capital projects	38,009,618
Employee benefits accrued liability	3,184,867
Insurance	1,153,098
Repairs	1,667,503
Liability reserve	3,005,720
Other	2,267,315
Total restricted fund balance	<u>\$ 69,713,922</u>

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

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

Assigned fund balance – Includes amounts that are constrained by the School District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. As of June 30, 2022, the School District’s encumbrances were classified as follows:

General Support	\$ 1,091,520
Instruction	247,731
Transportation	<u>15,870</u>
	<u>\$ 1,355,121</u>

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

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

Order of Fund Balance Spending Policy

The School District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The School District considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**Explanation of Certain Differences between Governmental Fund Statements and Government-Wide Statements**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-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.

**Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balances of the School 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.

**Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities**

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenue only when it is considered available, whereas the statement of activities reports revenue when earned. Differences in long-term, available expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

## 1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

### 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 as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

### Pension Differences

Pension differences occur as a result of changes in the School District's proportion of the collection net pension asset/liability and differences between the School District's contributions and its proportionate share of the total contributions to the pensions system.

### OPEB Differences

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

### **Stewardship, Compliance, and Accountability**

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

The voters of the School District approved the proposed appropriation budget for the general fund and library 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 by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Budgets are established and used for individual capital project funds for expenditures as approved by a special referendum of the School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

## 2. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financing institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name.

The School District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby the School District holds a portion of the investments in cooperation with other participants. At June 30, 2022, the School District held \$37,377,856 in NYCLASS consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' from Standard & Poor's Global Ratings. Amounts held with NYCLASS are highly liquid and the amount held represents the amortized cost of the investment pool shares, which are considered to approximate fair value. Additional information concerning NYCLASS, including the annual report, can be found on its website [www.newyorkclass.org](http://www.newyorkclass.org).

The School District's aggregate bank balances, including balances not covered by depository insurance at year-end are collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 78,381,705	\$ 71,030,530
Cash equivalents, including trust funds	<u>37,408,752</u>	<u>37,408,752</u>
	<u>\$115,790,457</u>	<u>\$108,439,282</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 77,036,637	
Covered by FDIC insurance	<u>1,345,068</u>	
Total	<u>\$ 78,381,705</u>	

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 June 30, 2022 includes \$69,437,931 within the governmental funds.

General Fund:	
Unemployment insurance	\$ 1,022,087
Workers' compensation reserve	8,368,169
Retirement	7,714,365
Tax certiorari	3,321,180
Capital projects	26,307,369
Employee benefits accrued liability	3,184,867
Insurance	1,153,098
Repairs	1,667,503
Liability reserve	<u>3,005,720</u>
Total restricted cash - General Fund	<u>55,744,358</u>
Capital Projects Fund	<u>11,702,249</u>
Debt Service Fund	<u>1,607,825</u>
Miscellaneous Special Revenue Fund:	
Cash on deposit for extraclassroom activity funds and scholarships	<u>368,051</u>
Total restricted cash	<u>\$ 69,422,483</u>

### 3. INVESTMENTS

The School District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments which consist of equity securities are carried at the fair value of \$15,448.

### 4. CAPITAL ASSETS, NET

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

	(Restated) July 1, 2021 <u>Balance</u>	Additions/ <u>Adjustments</u>	Deletions/ <u>Adjustments</u>	June 30, 2022 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 1,949,269	\$ -	\$ -	\$ 1,949,269
Construction in progress	33,975,511	7,532,190	(4,448,745)	37,058,956
Total non-depreciable capital assets	<u>35,924,780</u>	<u>7,532,190</u>	<u>(4,448,745)</u>	<u>39,008,225</u>
Capital assets that are depreciated:				
Buildings and improvements	266,903,500	4,898,522	(312,221)	271,489,801
Machinery and equipment	13,265,081	972,247	(49,832)	14,187,496
Vehicles	1,422,188	77,471	-	1,499,659
Total depreciable capital assets	<u>281,590,769</u>	<u>5,948,240</u>	<u>(362,053)</u>	<u>287,176,956</u>
Less accumulated depreciation:	<u>(159,017,148)</u>	<u>(7,568,687)</u>	<u>86,130</u>	<u>(166,499,705)</u>
Total capital assets, net	<u>158,498,401</u>	<u>5,911,743</u>	<u>(4,724,668)</u>	<u>159,685,476</u>
Leased assets, being amortized				
Building	-	88,479	-	88,479
Equipment	2,110,192	-	-	2,110,192
Total amortizable capital assets	<u>2,110,192</u>	<u>88,479</u>	<u>-</u>	<u>2,198,671</u>
Less accumulated amortization for:				
Building	-	(32,598)	-	(32,598)
Equipment	-	(871,570)	-	(871,570)
Total amortized capital assets	<u>-</u>	<u>(904,168)</u>	<u>-</u>	<u>(904,168)</u>
Total leased assets, being amortized, net	<u>2,110,192</u>	<u>(815,689)</u>	<u>-</u>	<u>1,294,503</u>
Total governmental activities, capital assets	<u>\$160,608,593</u>	<u>\$ 5,096,054</u>	<u>\$ (4,724,668)</u>	<u>\$160,979,979</u>

Depreciation and amortization expense for the year ended June 30, 2022, was allocated to specific functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General government support	\$ 560,840	\$ -
Instruction	6,848,905	904,168
Pupil transportation	145,319	-
Cost of sales	13,623	-
Total	<u>\$7,568,687</u>	<u>\$ 904,168</u>

## 5. LONG-TERM LIABILITIES

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

	(Restated) Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>	Long-term <u>Portion</u>
Government activities:						
Bonds and notes payable:						
Bond payable	\$ 42,345,000	\$ -	\$ 8,605,000	\$ 33,740,000	\$ 7,445,000	\$ 26,295,000
Unamortized bond premium	<u>2,607,656</u>	<u>-</u>	<u>515,566</u>	<u>2,092,090</u>	<u>-</u>	<u>2,092,090</u>
Total bonds payable, net	<u>44,952,656</u>	<u>-</u>	<u>9,120,566</u>	<u>35,832,090</u>	<u>7,445,000</u>	<u>28,387,090</u>
Other long-term liabilities:						
Energy performance contract	26,217,030	25,819,214	27,095,434	24,940,810	1,919,220	23,021,590
Lease liability	2,058,401	88,479	1,044,647	1,102,233	1,051,762	50,471
Judgments and claims	8,806,736	1,259,824	1,137,019	8,929,541	-	8,929,541
Net pension liability - ERS	73,851	-	73,851	-	-	-
Net pension liability - TRS	19,545,619	-	19,545,619	-	-	-
Compensated absences	3,650,715	331,429	-	3,982,144	-	3,982,144
Total other postemployment benefits	<u>853,599,802</u>	<u>56,151,945</u>	<u>146,470,860</u>	<u>763,280,887</u>	<u>-</u>	<u>763,280,887</u>
Total long-term liabilities	<u>\$958,904,810</u>	<u>\$ 83,650,891</u>	<u>\$204,487,996</u>	<u>\$838,067,705</u>	<u>\$ 10,415,982</u>	<u>\$827,651,723</u>

Issue dates, maturities, and interest rates on outstanding debt are as follows at June 30, 2022:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial Bonds	2011	2024	Varies	\$ 840,000
Serial Bonds	2011	2024	Varies	1,000,000
Serial Bonds	2011	2025	Varies	8,285,000
Serial Bonds	2012	2026	Varies	7,010,000
Serial Bonds	2014	2026	Varies	4,630,000
Serial Bonds	2021	2041	Varies	<u>11,975,000</u>
				<u>\$ 33,740,000</u>

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 7,445,000	\$ 1,261,316	\$ 8,706,316
2024	7,645,000	897,411	8,542,411
2025	5,285,000	598,894	5,883,894
2026	3,720,000	406,644	4,126,644
2027	500,000	266,206	766,206
2028 - 2032	2,895,000	952,231	3,847,231
2033 - 2037	3,335,000	503,581	3,838,581
2038 - 2041	<u>2,915,000</u>	<u>153,606</u>	<u>3,068,606</u>
Total	<u>\$ 33,740,000</u>	<u>\$ 5,039,889</u>	<u>\$ 38,779,889</u>

## 5. LONG-TERM LIABILITIES (Continued)

In fiscal year 2021-2022, the School District refinanced two EPC agreements for \$23,078,999 and \$1,861,811. Upon refinancing, the prior EPC agreements were paid in full. The agreement carries interest rates of 1.4339% and 1.4062%, respectively and matures in 2034. The following is a summary of the scheduled principal and interest payments of energy performance agreement:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,919,220	\$ 350,454	\$ 2,269,674
2024	1,946,797	322,676	2,269,473
2025	1,974,771	294,703	2,269,474
2026	2,003,146	66,327	2,069,473
2027	2,031,930	237,544	2,269,474
2028 - 2032	8,423,915	653,979	9,077,894
2033 - 2035	<u>6,641,031</u>	<u>167,389</u>	<u>6,808,420</u>
Total	<u>\$ 24,940,810</u>	<u>\$ 2,093,072</u>	<u>\$ 27,033,882</u>

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

Interest paid	\$ 2,199,942
Less : interest accrued in the prior year	(638,418)
Plus : interest accrued in the current year	559,311
Amortization of debt premiums	(515,566)
Amortization of deferred gains and losses on refunding	<u>135,266</u>
Total expense	<u>\$ 1,740,535</u>

## 6. LEASES AGREEMENTS

### Lease Liabilities

The School District leases various equipment and machines, primarily from Dell. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 12-60 months. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>
Konica Minolta - Machines	2.16%	172,863
Dell - Equipment	2.75%	487,506
Dell - Equipment	3.51%	383,385
Sacred Heart	2.16%	<u>58,479</u>
		<u>1,102,233</u>



**6. LEASES AGREEMENTS (Continued)**

Activity of lease liabilities for the year ended June 30, 2022, is summarized as follows:

<u>Restated</u> <u>Beginning Balance</u>	<u>Additions</u>	<u>Deletion</u>	<u>Ending Balance</u>	<u>Amount Due</u> <u>With One Year</u>
\$ 2,058,401	\$ 88,479	\$ 1,044,647	\$ 1,102,233	\$ 1,051,762

Annual requirements to amortize long-term obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	1,051,762	30,502	1,082,264
2024	50,471	273	50,744
Total Future Payments	\$ 1,102,233	\$ 30,775	\$ 1,133,008

Lease Receivables

The School District is lessor of various equipment and properties. The leases do not contain renewal options. Lease agreements are summarized as follows:

<u>Description</u>	<u>Interest Rate/ Discount Rate</u>	<u>Total Future Receipts</u>
NFA Sprint Tower Nextel - Equipment	2.16%	\$ 2,700,000
NFA Phone Tower ATT - Land	2.16%	2,751,855
Total		\$ 5,451,855

Activity of lease inflows for the year ended June 30, 2022 is summarized as follows:

<u>Lease-related Revenue</u>	<u>Year Ending June 30, 2022</u>
Lease Revenue	
Land	\$ 36,762
Equipment	147,260
Total Lease Revenue	184,022
Interest Revenue	81,821
Variable & Other Revenue	-
Total	\$ 265,843

**6. LEASE AGREEMENTS (Continued)**

Future minimum lease payments due to the School District are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 116,852	\$ 86,118	\$ 202,970
2024	120,350	83,559	203,909
2025	123,943	80,925	204,868
2026	127,634	78,211	205,845
2027	131,425	75,417	206,842
2028-2032	844,285	325,589	1,169,874
2033-2037	1,096,690	221,274	1,317,964
2038-2042	178,239	150,737	328,976
2043-2047	234,638	128,577	363,215
2048-2052	301,221	99,799	401,020
2053-2057	379,537	63,221	442,758
2058-2062	385,416	18,198	403,614
	<u>\$ 4,040,230</u>	<u>\$ 1,411,625</u>	<u>\$ 5,451,855</u>

**7. INTERFUND BALANCES AND ACTIVITY**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 3,967,373	\$ 7,061,434	\$ 575,051	\$ 15,091,521
Special aid fund	-	2,684,141	2,016,717	462,247
School lunch fund	3,843,363	-	-	-
Capital fund	-	1,338,865	495,000	-
Debt service fund	58,788	-	12,579,805	-
Library fund	3,214,916	-	-	112,805
Total	<u>\$ 11,084,440</u>	<u>\$ 11,084,440</u>	<u>\$ 15,666,573</u>	<u>\$ 15,666,573</u>

Interfund receivables and payables, other than between governmental activities, are eliminated on the statement of net position.

The School District typically advances 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.

## 8. PENSION PLANS

### New York State and Local Employee Retirement System (ERS)

The School District participates in the New York State and Local Employees' Retirement System (ERS). ERS is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). Once an employer elects to participate in ERS, 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 School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS is noncontributory except for employees who joined ERS after July 27, 1976, who contribute 3.0% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% of their salary for their entire length of service.

Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during ERS's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2022	\$ 2,809,020
2021	\$ 3,887,319
2020	\$ 3,290,587

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

At June 30, 2022, the School District reported a net pension asset of \$5,845,617 for its proportionate share of the ERS net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the School District's proportion was .0715096% which was an decrease of .0026573% from its proportionate share measured at June 30, 2021.

## 8. PENSION PLANS (Continued)

### New York State and Local Employee Retirement System (ERS) (Continued)

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

For the year ended June 30, 2022, the School District recognized pension expense of \$672,645. At June 30, 2022, the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 442,697	\$ 574,203
Changes of assumptions	9,755,680	164,616
Net difference between projected and actual earnings on pension plan investments	-	19,141,948
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,054,669	256,715
Contributions subsequent to the measurement date	702,673	-
	<u>\$ 11,955,719</u>	<u>\$ 20,137,482</u>

The School District recognized \$702,673 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

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

ERS's Year Ended March 31:	
2023	\$ (1,163,439)
2024	(1,897,670)
2025	(4,850,129)
2026	(973,198)
2027	-
Thereafter	-
	<u>\$ (8,884,436)</u>

## 8. PENSION PLANS (Continued)

### New York State and Local Employee Retirement System (ERS) (Continued)

#### **Actuarial Assumptions**

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary Increases	4.4%, indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2015 through March 31, 2020
Mortality Improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations</u>	<u>Long-Term expected real rate of return</u>
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS portfolio	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.80%
Fixed Income	23%	0.00%
Cash	1%	-1.00%
	<u>100%</u>	

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 5.9%. 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 Plan'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.

## 8. PENSION PLANS (Continued)

### New York State and Local Employee Retirement System (ERS) (Continued)

#### **Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate**

The following presents the School District's proportionate share of the net pension asset calculated using the discount rate of 5.90%, as well as what the School District's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1% lower (4.90%) or 1% higher (6.90%) than the current rate:

	1 % Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of Net Pension Liability (Asset)	\$ 15,046,556	\$ (5,845,617)	\$ (23,320,912)

#### **Pension Plan Fiduciary Net Position**

The components of the current-year net pension asset of ERS as of March 31, 2022, were as follows (in thousands):

	Pension Plan's Fiduciary Net Position
Total pension liability	\$ 223,874,888
Net position	<u>(232,049,473)</u>
Net pension liability (asset)	<u>\$ (8,174,585)</u>
Fiduciary net position as a percentage of total pension liability	103.65%

### New York State Teachers' Retirement System (TRS)

The School District participates in the New York State Teachers' Retirement System (TRS). TRS is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the TRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in NYSTRS more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (TRS) (Continued)

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The School District is required to contribute at an actuarially determined rate. The School District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions made in the current year and two preceding years were:

2022	\$ 12,035,338
2021	\$ 11,112,336
2020	\$ 10,636,512

### **Pension Liabilities/Assets, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2022, the School District reported net pension asset of \$119,048,279 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as June 30, 2020. The School District's proportion of the net pension asset was based on a projection of the School Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021 the School District's proportionate share was 0.6869870%, which was an decrease of 0.0203490% from its proportionate share measured at June 30, 2021.

For the year ended June 30, 2022, the School District recognized pension income of \$6,924,941. At June 30, 2022 the School District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,409,542	\$ 618,507
Changes of assumptions	39,157,467	6,934,211
Net difference between projected and actual earnings on pension plan investments	-	124,596,342
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	777,508	1,244,637
Contributions subsequent to the measurement date	12,035,338	-
	<u>\$ 68,379,855</u>	<u>\$133,393,697</u>

The School District recognized \$12,035,338 as a deferred outflow of resources related to pensions resulting from the School District's contributions subsequent to the measurement date June 30, 2021, which will be recognized as a reduction of the net pension asset in the year ended June 30, 2023.

## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (TRS) (Continued)

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

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

TRS's Year Ended June 30:

2022	\$(15,467,636)
2023	(18,254,820)
2024	(22,916,158)
2025	(30,094,546)
2026	5,642,842
Thereafter	<u>4,041,138</u>
	<u>\$ (77,049,180)</u>

#### **Actuarial Assumptions**

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
Projected Salary Increases	Rates of increase differ based on service They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>195.00%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	195.00%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	195.00%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.										

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2020, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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



## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (TRS) (Continued)

#### Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations</u>	<u>Long-Term expected real rate of return</u>
Domestic Equity	33%	6.8%
International Equity	16%	7.6%
Global Equity	4%	7.1%
Real Estate Equity	11%	6.5%
Private Equity	8%	10.0%
Domestic Fixed Income	16%	1.3%
Global Bonds	2%	0.8%
High-yield Bonds	1%	3.8%
Private Debt	1%	5.9%
Real Estate Debt	7%	3.3%
Cash Equivalents	1%	-0.2%
	<u>100%</u>	

#### Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from School Districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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.

#### Sensitivity of the Proportionate Share of the Net Pension (Asset) to the Discount Rate

The following presents the net pension liability (asset) of the School District calculated using the discount rate of 6.95 percent, as well as what the School Districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (5.95 percent) or 1% higher (7.95 percent) than the current rate:

	<u>1 % Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
Proportionate Share of Net Pension Liability (Asset)	\$ (12,492,381)	\$ (119,048,279)	\$ (208,600,779)

## 8. PENSION PLANS (Continued)

### New York State Teachers' Retirement System (TRS) (Continued)

#### **Pension Plan Fiduciary Net Position**

The components of the current year net pension asset of NYSTRS as of June 30, 2021, were as follows (in thousands):

	<u>Pension Plan's Fiduciary Net Position</u>
Total pension liability	\$130,819,415,417
Net position	<u>(148,148,457,363)</u>
Net pension liability (asset)	<u>\$ (17,329,041,946)</u>
Fiduciary net position as a percentage of total pension liability	113.2%

## 9. TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY

### **Plan Description**

The School District's single employer defined benefit OPEB plan, which is administered by the School District, provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits and eligibility requirements determined by the employment contracts negotiated between the School District and its employee groups. All employees are eligible if they retire at or after the age of 55 and have 10 years of service with the School District. Medical benefits, including pharmaceutical costs, are provided through plans whose premiums are based on the benefits paid during the year. The School District pays 100% of the cost of premiums with surviving spouses contributing 100% of premiums.

Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. The plan does not accumulate assets to meet its future obligation and the plan is not administered through a trust or an equivalent arrangement that meets the criteria of GASB 75, paragraph 4. The OPEB plan does not issue a stand-alone financial report.

In the governmental funds, the School District recognizes the cost of providing health care insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the general fund in the year paid. Total contributions to the plan to cover the School District's share of insurance premiums for the year ended June 30, 2022 was \$17,345,215.

At June 30, 2022, the number of employees covered by the School District's OPEB plan was:

Inactive employees or beneficiaries	
currently receiving benefits	1,640
Active employees	<u>1,990</u>
Total participants	<u><u>3,630</u></u>

## 9. TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

### Total OPEB Liability

The School District's total OPEB liability of \$763,280,887 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2021. The July 1, 2021 total OPEB liability was increased by service cost and interest, decreased by benefits payments and adjusted to reflect any material plan changes to arrive at the total OPEB liability at the measurement date. The changes in the OPEB liability are as follows:

Balance at June 30, 2021	<u>\$853,599,802</u>
Changes for the Year	
Service cost	36,531,706
Interest	19,482,470
Changes of benefit terms	137,769
Changes in assumptions or other inputs	(124,722,295)
Differences between expected and actual experience	(4,510,730)
Benefit payments	<u>(17,237,835)</u>
Net changes	<u>(90,318,915)</u>
Balance at June 30, 2022	<u><u>\$763,280,887</u></u>

### Actuarial Assumptions and Other Inputs

The total OPEB liability per the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- The actuarial method used is the entry age normal -level percentage of payroll.
- The discount rate of 2.16% was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
- Mortality rates used were PUB-2010 Headcount Weighted Mortality Table, Teachers and General Classification projected generationally with MP-2021.

Health care costs are assumed to increase at the following rates:

Year	Pre-65	Post-65	EGWP	Rx
2021	5.75%	5.00%	3.00%	7.00%
2022	5.60%	4.90%	3.00%	6.00%
2023	5.50%	4.80%	3.00%	5.50%
2024	5.25%	4.80%	3.00%	5.25%
2025	5.00%	4.75%	3.00%	5.00%
2026	5.00%	4.70%	3.00%	5.00%
2027	4.75%	4.60%	3.00%	4.75%
2028	4.50%	4.50%	3.00%	4.50%

**9. TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)**

**Actuarial Assumptions and Other Inputs (Continued)**

Changes in the actuarial methods and assumption since the prior measurement period are as follows:

- The discount rate was updated from 2.21% to 2.16% to be consistent with the Bond Buyer 20 GO Bond Index
- Mortality assumption has been updated from RP-2014 Headcount Weighted Mortality Table projected generationally with scale MP 2021 from the central year to PUB-2010 Headcount Weighted Mortality Table projected generationally with scale MP 2021 varying based on Bargaining Unit Classification.
- Salary Scale was updated to service-based tables from ERS and TRS to be consistent with GASB 75 requirements
- Healthcare Cost Trend Rate was 5.75% in 2021, decreasing 0.25% per year to an ultimate rate of 4.5% for 2028.

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (2.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 915,045,448	\$763,280,887	\$ 644,294,005

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

The following presents the total OPEB liability of the School District Post-Retirement Health Care Plan, as well as what the School District total OPEB liability of the Post-Retirement Health Care Plan 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 (4.75%)	Current Healthcare (5.75%)	1% Increase (6.75%)
Total OPEB Liability	\$629,145,526	\$763,280,887	\$ 940,774,189

**9. TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)**

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$54,203,537. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 27,383,986	\$ 5,241,402
Assumption changes	105,938,083	138,519,736
Benefit payments subsequent to measurement date	<u>17,345,215</u>	<u>-</u>
Total	<u>\$ 150,667,284</u>	<u>\$ 143,761,138</u>

The School District recognized \$17,345,215 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of June 30, 2021, which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (1,948,408)
2024	(143,132)
2025	3,424,245
2026	4,901,442
2027	1,389,655
Thereafter	<u>(18,062,871)</u>
	<u>\$ (10,439,069)</u>

**10. RISK MANAGEMENT**

General Insurance - The School 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.

Consortiums and Self Insured Plans – For the year ended June 30, 2022, the 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 School District’s workers compensation program administrator is responsible for the approval, processing and payment of claims, after which they bill the School District for reimbursement. The School District performs an actuarial study of its workers compensation plan on a biannual basis, the last actuarial study was conducted during the fiscal year ended June 30, 2017. At year end, the School District estimated its liability at \$8,929,541 which represents reported and unreported claims which were incurred on or before year end, but which were not paid by the School District as of that date.

As of June 30, 2022, the School District’s reserves provide coverage for up to a maximum of \$650,000 for each workers’ compensation claim with annual cash flow endorsements, \$50,000 for each property claim and \$10,000 for School Board liability. The School District purchases commercial insurance for claims in excess of coverage provided by the fund for all other risks of loss.

The School District’s claims experience for the past 2 years for workers’ compensation is as follows:

<u>Reported Claims</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Unpaid Claims, beginning of fiscal year	\$ 8,806,736	\$ 9,036,471
Plus: Incurred Claims	1,259,824	1,259,824
Less: Claims Payments	<u>(1,137,019)</u>	<u>(1,489,559)</u>
Unpaid Claims, end of fiscal year	<u>\$ 8,929,541</u>	<u>\$ 8,806,736</u>

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

**11. TAX ABATEMENTS**

All real property in New York State is subject to taxation unless specific legal provision grant it exempt status. Real property exemptions are granted on the basis of many different criteria, including the use to which the property is put, the owner’s ability to pay taxes, the desire of the state and local governments to encourage certain economic or social activities, and other considerations. Most exemptions are granted under Article 4 of the Real Property Tax Law, but others are authorized by a wide variety of statutes ranging from Article 18-A of the Real Property Tax Law, the Agriculture and Markets Law and the Transportation Law. Certain exemptions provide full relief from taxation (wholly exempt property) and others reduce the taxes which would otherwise be payable by varying degrees (partially exempt property). Some exemptions apply to taxes levied for county, city/town, and school purposes, whereas other pertain only to certain of these purposes. Some tax exemptions are mandated by State law, others are subject to local option and/or local determination of eligibility criteria.

## 11. TAX ABATEMENTS (Continued)

The School District has 29 real property tax abatement agreements that are entered into by the Orange County Industrial Development Agency (OCIDA), the Town of Newburgh, the Town of New Windsor and the City of Newburgh Industrial Development Agency (NIDA). These agreements provide for abatement of real property taxes in exchange for payment in lieu of taxes (PILOT) in accordance with the OCIDA's, NIDA's or the Towns' Tax Exemption Policy.

PILOTs are granted in accordance with various activities such as new affordable housing construction, purchase of an existing facility, development of a new facility, or the improvement or expansion of an existing facility to promote job creation or retention. There are no policies for recapture of PILOTs should the applicant not meet certain criteria.

The following are the aggregated PILOT agreements by purpose and the amount of real property tax that has been abated for the year ended June 30, 2022.

<u>Purpose</u>	<u>Assessed Taxable Value</u>	<u>Tax Value</u>	<u>PILOT Received</u>	<u>2021-2022 Amount of Tax Abated</u>	<u>Prior Year Payments Received</u>	<u>Total Tax Abatement</u>
<b>Town of Newburgh</b>						
Promote affordable housing	\$ 1,336,300	\$ 100,216	\$ 15,299	\$ 84,917	-	\$ 84,917
Promote job retention and growth	3,374,400	253,063	26,728	226,335	2,414	223,921
<b>Town of New Windsor:</b>						
Promote job retention and growth	3,014,100	440,696	401,219	39,477	4,259	35,218
<b>Orange County Industrial Development Agency:</b>						
Promote economic growth	23,677,676	1,927,871	1,272,104	655,767	(17,022)	672,789
<b>City of Newburgh Industrial Development Agency:</b>						
Promote affordable housing	60,883,900	1,289,882	125,287	1,164,595	873,484	291,111
Promote job retention and growth	681,100	14,430	6,162	8,268	19,096	(10,828)
<b>Total</b>		<u>\$ 4,026,158</u>	<u>\$ 1,846,799</u>	<u>\$ 2,179,359</u>	<u>\$ 882,231</u>	<u>\$ 1,297,128</u>

## 12. CONTINGENCIES AND COMMITMENTS

### Grants

The School District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial. The School District has tax certiorari pending with certain property owners. While the outcome of these matters is uncertain, the School District intends to vigorously defend its position.

### Litigation

The School District has been named as a defendant in multiple lawsuits for alleged sexual abuse brought under the Child Victims Act, a New York State statute that revived previously time-barred claims arising from alleged sexual abuse of a child. The plaintiffs are seeking substantial compensatory and punitive damages from the School District. The School District intends to vigorously defend the cases. At this time, in the opinion of the School District's legal counsel, it is premature to opine on the outcome of the cases or estimate the potential losses. Additionally, the School District is defending several Special Education Impartial Hearing cases alleging the School District did not properly evaluate and/or implement an appropriate education program for various students. The School District is defending its position in each case. In the opinion of legal counsel any potential award of damages would not be material to the School District's financial position. The School District has tax certiorari pending with certain property owners. While the outcome of these matters is uncertain, the School District intends to vigorously defend its position.

### 13. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's financial statements and had an effect on the beginning net position of the governmental activities and the beginning fund balance of General Fund.

	<u>Net Position</u>
Balance at June 30, 2021, as originally stated	\$ (506,516,614)
Restatement of beginning balance - Adoption of GASB Statement No. 87	
Adjustments:	
Net book value leased assets	2,110,192
Lease liability	<u>(2,058,401)</u>
Balance at July 1, 2021, as restated	<u>\$ (506,464,823)</u>

	<u>General Fund Fund Balance</u>
Balance at June 30, 2021, as originally stated	\$ 68,534,388
Restatement of beginning balance - Adoption of GASB Statement No. 87	
Adjustments:	
Lease receivable	4,133,018
Deferred revenue	<u>(4,133,018)</u>
Balance at July 1, 2021, as restated	<u>\$ 68,534,388</u>

### 14. DONOR-RESTRICTED ENDOWMENTS

The School District administers endowment funds within the private purpose trust, which are restricted by the donor for the purpose of student scholarships and awards.

The School District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the School District.



**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Final Budget Variance with Budgetary Actual
<b>REVENUE</b>					
Local sources:					
Real property taxes	\$ 101,987,520	\$ 101,987,520	\$ 102,003,190	\$ -	\$ 15,670
Other tax items	13,536,007	13,536,007	15,166,775	-	1,630,768
Charges for services	350,000	350,000	417,645	-	67,645
Use of money and property	90,000	90,000	247,397	-	157,397
Sale of property and compensation for loss	150,000	150,000	1,441,539	-	1,291,539
Miscellaneous	<u>1,352,000</u>	<u>4,876,297</u>	<u>1,785,551</u>	-	<u>(3,090,746)</u>
Total local sources	117,465,527	120,989,824	121,062,097	-	72,273
State sources	171,842,157	171,842,157	167,090,584	-	(4,751,573)
Medicaid reimbursement	150,000	150,000	534,278	-	384,278
Federal sources	<u>3,150,000</u>	<u>3,455,842</u>	<u>804,229</u>	-	<u>(2,651,613)</u>
Total revenue	<u>292,607,684</u>	<u>296,437,823</u>	<u>289,491,188</u>	-	<u>(6,946,635)</u>

(Continued)

See the accompanying independent auditor's report.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED) (Continued)  
FOR THE YEAR ENDED JUNE 30, 2022**

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Variance with Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	\$ 186,496	\$ 218,788	\$ 183,793	\$ 18,731	\$ 16,264
Central administration	917,442	1,050,591	1,038,828	-	11,763
Finance	1,322,415	1,495,371	1,373,663	51,837	69,871
Staff	1,614,133	1,566,012	1,446,837	17,895	101,280
Central services	21,178,713	24,178,777	22,229,606	1,003,057	946,114
Special items	<u>1,202,554</u>	<u>1,310,111</u>	<u>1,341,221</u>	<u>-</u>	<u>(31,110)</u>
Total general support	<u>26,421,753</u>	<u>29,819,650</u>	<u>27,613,948</u>	<u>1,091,520</u>	<u>1,114,182</u>
INSTRUCTION:					
Instruction, administration, and improvement	12,378,847	12,572,429	12,387,364	-	185,065
Teaching - regular school	76,524,302	77,737,814	76,980,088	124,507	633,219
Programs for children with handicapping conditions	41,639,415	42,627,164	42,527,625	91,137	8,402
Teaching - special school	220,000	91,302	83,391	-	7,911
Occupational education	4,953,288	4,949,571	4,941,217	-	8,354
Instructional media	3,455,173	4,007,065	3,029,996	837	976,232
Pupil services	<u>10,302,559</u>	<u>11,497,601</u>	<u>11,377,319</u>	<u>31,250</u>	<u>89,032</u>
Total instruction	149,473,584	153,482,946	151,327,000	247,731	1,908,215
Pupil transportation	16,657,262	16,235,388	14,808,236	15,870	1,411,282
Employee benefits	86,179,187	82,549,665	78,748,659	-	3,801,006
Debt service - principal	-	-	1,044,647	-	(1,044,647)
Debt service - interest	<u>-</u>	<u>-</u>	<u>7,617</u>	<u>-</u>	<u>(7,617)</u>
Total expenditures	278,731,786	282,087,649	273,550,107	1,355,121	7,182,421
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of capital leases	-	-	88,479	-	88,479
Transfers (in) other funds	<u>600,000</u>	<u>600,000</u>	<u>575,051</u>	<u>-</u>	<u>(24,949)</u>
Transfers (to) other funds	<u>(14,475,898)</u>	<u>(14,950,174)</u>	<u>(15,091,521)</u>	<u>-</u>	<u>(141,347)</u>
Total other financing sources (uses)	<u>(13,875,898)</u>	<u>(14,350,174)</u>	<u>(14,427,991)</u>	<u>-</u>	<u>(77,817)</u>
Total expenditures and other financing sources (uses)	<u>292,607,684</u>	<u>296,437,823</u>	<u>287,978,098</u>	<u>1,355,121</u>	<u>7,104,604</u>
NET CHANGE IN FUND BALANCE	-	-	1,513,090	(1,355,121)	157,969
FUND BALANCE - beginning of year	<u>68,534,388</u>	<u>68,534,388</u>	<u>68,534,388</u>	<u>-</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 68,534,388</u>	<u>\$ 68,534,388</u>	<u>\$ 70,047,478</u>	<u>\$ (1,355,121)</u>	<u>\$ 157,969</u>

See the accompanying independent auditor's report.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>										
Proportion of the net pension liability (asset)	0.0715096%	0.0741669%	0.0749118%	0.0706551%	0.0710096%	0.0707294%	0.0740374%	0.0770621%		
Proportionate share of the net pension liability (asset)	\$ (5,845,617)	\$ 73,851	\$ 19,837,087	\$ 5,006,132	\$ 2,291,797	\$ 6,645,894	\$ 11,883,210	\$ 2,603,348		
Covered-employee payroll	25,333,678	25,172,529	23,285,661	20,882,636	21,254,678	20,746,383	21,051,468	21,403,963		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-23.07%	0.29%	85.19%	23.97%	10.78%	32.03%	56.45%	12.16%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.00%	96.27%	98.00%	95.00%	90.70%	97.95%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available

	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>										
Proportion of the net pension liability (asset)	0.6869870%	0.7073360%	0.6950810%	0.6871900%	0.6792090%	0.6715710%	0.6834970%	0.6842190%		
Proportionate share of the net pension liability (asset)	\$ (119,048,279)	\$ 19,545,619	\$ (18,058,262)	\$ (12,426,204)	\$ (5,162,661)	\$ 7,192,810	\$ (70,993,580)	\$ (76,217,689)		
Covered-employee payroll	122,809,571	116,603,736	120,050,929	111,935,510	107,632,218	103,630,226	102,670,559	101,069,742		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-96.94%	16.76%	-15.04%	-11.10%	-4.80%	6.94%	-69.15%	-75.41%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	113.2%	97.8%	101.5%	101.5%	101.0%	99.0%	110.5%	111.5%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available

\* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 2,809,020	\$ 3,887,319	\$ 3,290,587	\$ 3,043,822	\$ 3,214,618	\$ 3,204,154	\$ 3,881,960	\$ 4,520,397		
Contributions in relation to the contractually required contribution	<u>2,809,020</u>	<u>3,887,319</u>	<u>3,290,587</u>	<u>3,043,822</u>	<u>3,214,618</u>	<u>3,204,154</u>	<u>3,881,960</u>	<u>4,520,397</u>		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	25,333,678	\$ 25,172,529	\$ 23,285,661	\$ 20,882,636	\$ 20,882,636	\$ 21,254,678	\$ 20,746,383	\$ 21,051,468		
Contributions as a percentage of covered-employee payroll	11.09%	15.44%	14.13%	14.58%	15.39%	15.08%	18.71%	21.47%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Plan Fiscal Years (Dollar amounts displayed in thousands)*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 12,035,338	\$ 11,112,336	\$ 10,636,512	\$ 10,969,680	\$ 12,614,496	\$ 13,741,368	\$ 17,998,149	\$ 16,423,833		
Contributions in relation to the contractually required contribution	<u>12,035,338</u>	<u>11,112,336</u>	<u>10,636,512</u>	<u>10,969,680</u>	<u>12,614,496</u>	<u>13,741,368</u>	<u>17,998,149</u>	<u>16,423,833</u>		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered-employee payroll	\$ 122,809,571	\$ 116,603,736	\$ 120,050,929	\$ 111,935,510	\$ 107,632,218	\$ 103,630,226	\$ 102,670,559	\$ 101,069,742		
Contributions as a percentage of covered-employee payroll	9.80%	9.53%	8.86%	9.80%	11.72%	13.26%	17.53%	16.25%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available

\* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

	Last Ten Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Total OPEB Liability - Post-Retirement Health Care Plan</b>										
Service cost	\$ 36,531,706	\$ 25,558,647	\$ 22,504,303	\$ 20,183,805	\$ 21,319,845					
Interest	19,482,470	24,509,769	24,606,506	22,478,124	18,116,285					
Changes of benefit terms	137,769	-	(1,151,558)	-	-					
Differences between expected and actual experience	(4,510,730)	(1,890,010)	21,504,331	(20,514)	63,090,036					
Changes in assumptions	(124,722,295)	140,989,583	8,345,884	(20,927,950)	(93,687,165)					
Benefit payments	(17,237,835)	(16,445,248)	(16,354,979)	(15,836,050)	(15,159,717)					
<b>Total change in total OPEB liability</b>	<b>(90,318,915)</b>	<b>172,722,741</b>	<b>59,454,487</b>	<b>5,877,415</b>	<b>(6,320,716)</b>					
<b>OPEB Plan Fiduciary Net Position</b>										
<b>Total OPEB liability - beginning</b>	<b>853,599,802</b>	<b>680,877,061</b>	<b>621,422,574</b>	<b>615,545,159</b>	<b>621,865,875</b>					
<b>Total OPEB liability - ending</b>	<b>\$ 763,280,887</b>	<b>\$ 853,599,802</b>	<b>\$ 680,877,061</b>	<b>\$ 621,422,574</b>	<b>\$ 615,545,159</b>					
<b>Covered-employee payroll</b>	<b>\$ 145,891,058</b>	<b>\$ 145,891,058</b>	<b>\$ 150,483,916</b>	<b>\$ 145,299,977</b>	<b>\$ 138,885,552</b>					
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	<b>523.19%</b>	<b>585.09%</b>	<b>452.46%</b>	<b>427.68%</b>	<b>443.20%</b>					

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available

**Notes to schedule:**

**Change in significant assumptions:**

	2022	2021	2020	2019	2018
Discount rate	2.16%	2.21%	3.51%	3.87%	3.58%

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available

\* This Schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

**Plan Assets.** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:  
 - Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.  
 - Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.  
 - Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

**OTHER INFORMATION (UNAUDITED)**

**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET  
AND SECTION 1318 OF THE REAL PROPERTY TAX LIMIT (Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2022**

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**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget	\$ 292,607,684
Add: Prior year's encumbrances	<u>3,527,784</u>
Original budget	296,135,468
Budget revisions	
General support	2,192,015
Instruction	1,687,460
Pupil transportation	(421,874)
Employee benefits	(3,629,522)
Transfer to other funds	<u>474,276</u>
Total budget revisions	<u>302,355</u>
Final budget	<u>\$ 296,437,823</u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2022-23 voter-approved expenditure budget	\$ 304,950,018	
Maximum allowed (4% of 2022-23 budget)		12,198,001
General fund, fund balance subject to section 1318 of real property tax law*:		
Unrestricted fund balance:		
Assigned fund balance		1,855,121
Unassigned fund balance		<u>12,197,999</u>
Total unrestricted fund balance		<u>\$ 14,053,120</u>
Less:		
Encumbrances included in committed and assigned fund balance	1,355,121	
Appropriated fund balance	<u>500,000</u>	
Total adjustments	<u>1,855,121</u>	
General fund, fund balance subject to section 1318 of real property tax law		<u>\$ 12,197,999</u>
Actual percentage		4.00%

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



**NEWBURGH ENLARGED CITY SCHOOL DISTRICT**

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (Unaudited)  
FOR THE YEAR ENDED JUNE 30, 2022**

<i>PROJECT TITLE</i>	<b>Expenditures</b>					<i>Unexpended Balance</i>	<b>Methods of Financing</b>			<i>Fund Balance June 30, 2022</i>	
	<i>Original Appropriation</i>	<i>Revised Appropriation</i>	<i>Prior Years</i>	<i>Current Year</i>	<i>Total</i>		<i>Proceeds of Obligations</i>	<i>State Aid</i>	<i>Local Sources</i>		<i>Total</i>
Smart Schools Bond Act	\$ 12,831,056	\$ 12,831,056	\$ 8,188,503	\$ -	\$ 8,188,503	\$ 4,642,553	\$ -	\$ 7,681,362	\$ -	\$ 7,681,362	\$ (507,141)
Security - District Wide	1,114,451	1,122,879	1,122,879	-	1,122,879	-	-	-	1,122,879	1,122,879	-
HOH Reconstruction	250,000	250,000	118,003	-	118,003	131,997	-	-	118,003	118,003	-
	495,000	495,000	-	433,502	433,502	61,498	-	-	495,000	495,000	61,498
Energy Performance Contract	26,135,748	28,133,926	24,111,452	2,561,527	26,672,979	1,460,947	28,133,926	-	-	28,133,926	1,460,948
Projects District Wide	257,000,000	257,000,000	9,779,899	4,537,161	14,317,060	242,682,940	15,004,004	-	10,000,000	25,004,004	10,686,944
District Wide Renovations	49,950,222	49,434,228	49,434,228	-	49,434,228	-	49,434,228	-	-	49,434,228	-
District Wide Improvements	68,000,000	68,259,843	68,259,843	-	68,259,843	-	57,413,343	9,483,351	1,363,149	68,259,843	-
Athletic Field Improvements	8,500,000	8,637,429	8,637,429	-	8,637,429	-	8,637,429	-	-	8,637,429	-
<b>Total</b>	<b>\$ 424,276,477</b>	<b>\$ 426,164,361</b>	<b>\$ 169,652,236</b>	<b>\$ 7,532,190</b>	<b>\$ 177,184,426</b>	<b>\$ 248,979,935</b>	<b>\$ 158,622,930</b>	<b>\$ 17,164,713</b>	<b>\$ 13,099,031</b>	<b>\$ 188,886,674</b>	<b>\$ 11,702,249</b>

# NEWBURGH ENLARGED CITY SCHOOL DISTRICT

## SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (Unaudited) FOR THE YEAR ENDED JUNE 30, 2022

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Capital assets, net	\$ 160,979,979
Add:	
Unspent energy performance contract proceeds	1,671,233
Deferred loss on refunding	<u>293,075</u>
	<u>1,964,308</u>
Deduct:	
Short-term portion of bonds payable and energy performance contract	9,364,220
Long-term portion of bonds payable, including unamortized premium and energy performance contract	51,408,680
Short-term portion of lease payable	1,051,762
Long-term portion of lease payable	<u>50,471</u>
	<u>61,875,133</u>
Net investment in capital assets	<u>\$ 101,069,154</u>

See the accompanying independent auditor's report.

**REQUIRED REPORTS UNDER UNIFORM GUIDANCE**

**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**

October 10, 2022

To the Board of Education of  
Newburgh Enlarged City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Newburgh Enlarged City School District (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 10, 2022.

**Report on Internal Control over Financial Reporting**

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

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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***

**(Continued)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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.