



**PORT JEFFERSON  
UNION FREE SCHOOL DISTRICT**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2023

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

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	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Required Supplementary Information</b>	
Management's Discussion and Analysis (MD&A)	4
<b>Financial Statements:</b>	
Statement of Net Position	18
Statement of Activities	19
Balance Sheet – Governmental Funds	20
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
Statement of Fiduciary Net Position – Fiduciary Fund	24
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	24
Notes to Financial Statements	25
<b>Required Supplementary Information Other than MD&amp;A:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	54
Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)	56
Schedule of District Pension Contributions	57
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	58
<b>Other Information:</b>	
Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund	59
Schedule of Project Expenditures and Financing Resources – Capital Projects Fund	60
Schedule of Net Investment in Capital Assets	61
<b>Federal Grant Compliance Audit:</b>	
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 <i>Government Auditing Standards</i>	62

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Port Jefferson Union Free School District

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Jefferson Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information on pages 54 through 58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

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

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 12, 2023

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The Port Jefferson Union Free School District's (District) discussion and analysis of the financial performance provides an overall review of the District's financial activities for the year ended June 30, 2023 in comparison with the year ended June 30, 2022, with emphasis on the current year. This should be read in conjunction with the financial statements, notes to financial statements, and required supplementary information, which immediately follow this section.

**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2023 are as follows:

- The District's total net position (deficit), as reflected in the district-wide financial statements, increased by \$508,754 or 0.76% to \$67,289,174. This was due to an excess of expenses over revenues using the accrual basis of accounting.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$48,534,285. Of this amount, \$1,908,657 was offset by program charges for services, and operating grants and contributions. General revenues of \$46,116,874 amount to 96% of total revenues, and were not adequate to cover the balance of program expenses.
- The District's general fund fund balance, as reflected in the fund financial statements was \$23,831,994 at June 30, 2023. This balance represents a \$598,853 increase (2.58%) over the prior year due to an excess of revenues over expenditures and other financing uses using the current financial resources measurement focus and the modified accrual basis of accounting, as follows:
  - Nonspendable fund balance increased by \$101,850, which represents the inclusion of long-term receivables.
  - Restricted fund balances increased by \$130,846, mainly due to the funding of reserves and interest allocated to the reserves, offset by the use of reserves.
  - Assigned fund balance increased by \$412,101, due to an increase in outstanding encumbrances.
  - Unassigned fund balance decreased by \$45,944 to \$1,638,531.
- The District's 2023 property tax levy of \$38,543,814 was a 1.74% increase over the 2022 tax levy, which was less than the property tax cap of 2.01%.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management's discussion and analysis (MD&A), the financial statements, required supplementary information, and other information. The financial statements consist of district-wide financial statements, fund financial statements, and notes to financial statements. A graphic display of the relationship of these statements follows:

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**A. District-Wide Financial Statements**

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District, as a whole, in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the economic resources measurement focus and the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position:

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of the District's school buildings and other capital assets.

The Statement of Activities:

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenues are recognized in the period when they are earned and expenses are recognized in the period when the liability is incurred. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary fund.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Governmental Funds

These statements utilize the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period when they become measurable and available. It recognizes expenditures in the period when the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs, and other postemployment benefits (OPEB), which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds: general fund, special aid fund, school food service fund, capital projects fund, extraclassroom activity funds, and scholarships fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary fund

The District reports its fiduciary activities in the fiduciary fund – custodial fund. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments, and utilizes the economic resources measurement focus and the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position deficit increased by \$508,754 between fiscal year 2023 and 2022. The increase is due to expenses in excess of revenues using the economic resources measurement focus and the accrual basis of accounting. A summary of the District's Statements of Net Position follows:



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	2023	2022	Increase (Decrease)	Percentage Change
<b>Assets</b>				
Current and Other Assets	\$ 32,339,829	\$ 31,081,864	\$ 1,257,965	4.05 %
Capital Assets, Net	19,664,774	19,110,558	554,216	2.90 %
Net Pension Assets -				
Proportionate Share	-	18,174,543	(18,174,543)	(100.00)%
Total Assets	<u>52,004,603</u>	<u>68,366,965</u>	<u>(16,362,362)</u>	(23.93)%
<b>Deferred Outflows of Resources</b>	<u>38,923,289</u>	<u>37,714,379</u>	<u>1,208,910</u>	3.21 %
<b>Liabilities</b>				
Current and Other Liabilities	2,786,649	3,630,446	(843,797)	(23.24)%
Long-Term Liabilities	5,912,507	6,696,351	(783,844)	(11.71)%
Net Pension Liabilities -				
Proportionate Share	4,040,666	-	4,040,666	N/A
Total OPEB Liability	<u>108,205,500</u>	<u>101,576,716</u>	<u>6,628,784</u>	6.53 %
Total Liabilities	<u>120,945,322</u>	<u>111,903,513</u>	<u>9,041,809</u>	8.08 %
<b>Deferred Inflows of Resources</b>	<u>37,271,744</u>	<u>60,958,251</u>	<u>(23,686,507)</u>	(38.86)%
<b>Net Position (Deficit)</b>				
Net Investment in Capital Assets	18,108,029	17,052,347	1,055,682	6.19 %
Restricted	22,728,497	21,548,137	1,180,360	5.48 %
Unrestricted (Deficit)	<u>(108,125,700)</u>	<u>(105,380,904)</u>	<u>(2,744,796)</u>	(2.60)%
Total Net Position (Deficit)	<u>\$ (67,289,174)</u>	<u>\$ (66,780,420)</u>	<u>\$ (508,754)</u>	(0.76)%

Current and other assets increased, primarily due to increases in cash and accounts receivable, offset by the decrease in the lease receivable.

The increase in capital assets, net is due to capital asset additions in excess of depreciation expense. The accompanying Notes to Financial Statements, Note 11 "Capital Assets" provides additional information.

Net pension assets – proportionate share represents the District's share of the New York State Teachers' Retirement System's (TRS) and the New York State and Local Employee's Retirement System's (ERS) collective net pension assets, at the measurement date of the respective year. In the current year, the District's proportionate shares shifted from assets to liabilities. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

Deferred outflows of resources represents contributions to the pension plans subsequent to the measurement dates, and actuarial adjustments of the pension and OPEB plans that will be amortized in future years.

The decrease in current and other liabilities is mainly the result of decreases in accounts payable and accrued liabilities, offset by an increase in amounts due to the TRS.

The decrease in long-term liabilities is due to principal payments on outstanding debt, and decreases in the compensated absences payable and the workers' compensation liabilities.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

Net pension liabilities – proportionate share represents the District's share of the TRS' and the ERS' collective net pension liabilities, at the measurement date of the respective year. The increase is due to the shift from net pension assets in the prior year, to net pension liabilities in the current year. The accompanying Notes to Financial Statements, Note 13 "Pension Plans – New York State" provides additional information.

Total OPEB liability increased, based on the actuarial valuation for the plan. The accompanying Notes to Financial Statements, Note 15 "Postemployment Healthcare Benefits", provides additional information.

Deferred inflows of resources represents actuarial adjustments of the pension and OPEB plans that will be amortized in future years, as well as the amount of long-term lease receivable that will be amortized as lease revenues over the term of the lease.

The net investment in capital assets, relates to the investment in capital assets at cost, net of accumulated depreciation and related outstanding debt. The accompanying Other Information, Schedule of Net Investment in Capital Assets provides additional information.

The restricted amount relates to the District's reserves, as well as amounts restricted for scholarships, which increased over the prior year, mainly due to funding of the restricted reserves.

The unrestricted (deficit) amount relates to the balance of the District's net position. This balance does not include the District's reserves and amounts restricted for scholarships, which are classified as restricted. Additionally, certain unfunded liabilities will have the effect of reducing the District's unrestricted net position. One such unfunded liability is the total OPEB liability. In accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

**B. Changes in Net Position**

The results of operations, as a whole, are reported in the Statement of Activities in a programmatic format. In the accompanying financial statements school tax relief (STAR) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$ 993,457	\$ 879,746	\$ 113,711	12.93 %
Operating Grants & Contributions	915,200	1,137,321	(222,121)	(19.53)%
General Revenues				
Property Taxes and STAR	38,543,836	37,886,222	657,614	1.74 %
State Sources	3,986,546	3,854,158	132,388	3.43 %
Other	3,586,492	2,367,015	1,219,477	51.52 %
Total Revenues	48,025,531	46,124,462	1,901,069	4.12 %

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b>Expenses</b>				
General Support	\$ 8,282,613	\$ 7,444,768	\$ 837,845	11.25 %
Instruction	37,182,494	33,503,286	3,679,208	10.98 %
Pupil Transportation	2,645,317	2,350,041	295,276	12.56 %
Debt Service - Interest	48,127	56,162	(8,035)	(14.31)%
Food Service Program	375,734	431,547	(55,813)	(12.93)%
Total Expenses	<u>48,534,285</u>	<u>43,785,804</u>	<u>4,748,481</u>	10.84 %
 Increase/(Decrease) in Net Position	 <u>\$ (508,754)</u>	 <u>\$ 2,338,658</u>	 <u>\$ (2,847,412)</u>	 (121.75)%

The District's net position decreased by \$508,754 and increased by \$2,338,658 for the years ended June 30, 2023 and June 30, 2022, respectively.

The District's revenues increased when compared to the prior year, primarily due to the following major changes:

- Other revenue increased mainly due to earning additional interest on District funds, as a result of higher interest rates, as well as increases in miscellaneous revenue.
- Real property taxes and STAR were increased to fund additional appropriations in the voter-approved 2022-2023 budget.
- Operating grants and contributions decreased mainly due to the free lunch program that was offered through the federal government in response to the coronavirus pandemic being no longer being available.

The District's expenses increased when compared to the prior year, primarily due to the following major changes:

- General support and instruction increased based on the impact of allocations of the net change in actuarially determined pension expenses for TRS and ERS, and OPEB costs.
- Pupil transportation increased due to the rise in contractual and fuel costs.

As indicated on the graphs that follow, real property taxes and STAR is the largest component of revenues recognized (i.e., 80.3% and 82.1% of the total for the years ended June 30, 2023 and 2022, respectively). Instruction expenses is the largest category of expenses incurred (76.5% of the total for both years ended June 30, 2023 and 2022).

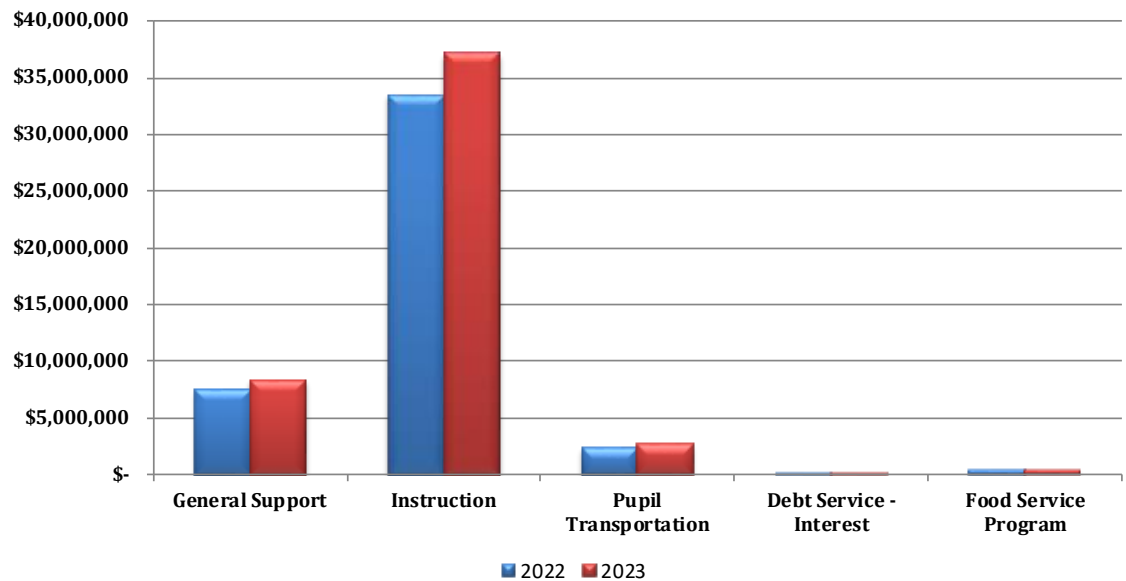
**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

A graphic display of the distribution of revenues for the two years follows:



	Charges for Services	Operating Grants & Contributions	Property Taxes and STAR	State Sources	Other
2022	1.9%	2.5%	82.1%	8.4%	5.1%
2023	2.1%	1.9%	80.3%	8.3%	7.4%

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2022	17.0%	76.5%	5.4%	0.1%	1.0%
2023	17.1%	76.5%	5.5%	0.1%	0.8%

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$28,611,487, which is an increase of \$2,336,873 over the prior year. This increase is due to an excess of revenues and other financing sources over expenditures and other financing uses, using the current financial resources measurement focus and the modified accrual basis of accounting. A summary of the change in the components of fund balance by fund is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
<b>General Fund</b>				
Nonspendable:				
Prepays	\$ 518,858	\$ 518,858	\$ -	0.00 %
Long-term receivables	101,850	-	101,850	N/A
Restricted:				
Workers' compensation	4,413,799	4,113,799	300,000	7.29 %
Unemployment insurance	2,356,220	2,356,220	-	0.00 %
Retirement contribution				
Teachers' retirement system	1,601,723	1,270,370	331,353	26.08 %
Employees' retirement system	4,230,375	3,913,375	317,000	8.10 %
Employee benefit accrued liability	4,240,992	4,274,944	(33,952)	(0.79)%
Capital	3,123,184	3,906,739	(783,555)	(20.06)%
Assigned:				
Appropriated fund balance	140,000	140,000	-	0.00 %
Unappropriated fund balance	1,466,462	1,054,361	412,101	39.09 %
Unassigned: Fund balance	1,638,531	1,684,475	(45,944)	(2.73)%
	<u>23,831,994</u>	<u>23,233,141</u>	<u>598,853</u>	2.58 %
<b>School Food Service Fund</b>				
Nonspendable: Inventory	5,165	1,158	4,007	346.03 %
Assigned: Unappropriated fund balance	<u>110,092</u>	<u>77,744</u>	<u>32,348</u>	41.61 %
	<u>115,257</u>	<u>78,902</u>	<u>36,355</u>	46.08 %
<b>Capital Projects Fund</b>				
Restricted: Capital	2,746,724	1,705,013	1,041,711	61.10 %
Assigned: Unappropriated fund balance	<u>1,808,752</u>	<u>1,161,150</u>	<u>647,602</u>	55.77 %
	<u>4,555,476</u>	<u>2,866,163</u>	<u>1,689,313</u>	58.94 %
<b>Extraclassroom Activity Funds</b>				
Assigned: Unappropriated fund balance	<u>93,280</u>	<u>88,731</u>	<u>4,549</u>	5.13 %
<b>Scholarships Fund</b>				
Restricted: Scholarships	<u>15,480</u>	<u>7,677</u>	<u>7,803</u>	101.64 %
 Total Fund Balance	 <u>\$ 28,611,487</u>	 <u>\$ 26,274,614</u>	 <u>\$ 2,336,873</u>	 8.89 %

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**A. General Fund**

The general fund fund balance is a net increase of \$598,853 or 2.58% compared to a net increase of \$2,945,781 or 14.52% in 2022. This resulted from revenues in excess of expenditures and financing uses.

The following is a summary of the major changes that resulted in revenues increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
Real Property Taxes & STAR	\$ 38,543,836	\$ 37,886,222	\$ 657,614	1.74 %
Other Local Sources	4,181,849	3,033,442	1,148,407	37.86 %
State Sources	3,986,546	3,854,158	132,388	3.43 %
Other Financing Sources	-	998,541	(998,541)	(100.00)%
	<u>\$ 46,712,231</u>	<u>\$ 45,772,363</u>	<u>\$ 939,868</u>	2.05 %

- The increase in other local sources is predominantly due to the District earning additional interest in the current year, as a result of higher interest rates, and more in miscellaneous revenue.
- Property taxes and STAR increased due to a rise in the tax levy in accordance with the 2022-2023 voter-approved budget.
- Other financing sources decreased due to the District, in the prior year, making a one-time transfer of unspent funds from the capital projects fund.

The following is a summary of the major changes that resulted in expenditures and other financing uses increasing over the prior year:

	2023	2022	Increase (Decrease)	Percentage Change
General Support	\$ 6,022,307	\$ 5,718,786	\$ 303,521	5.31 %
Instruction	22,269,661	21,664,296	605,365	2.79 %
Pupil Transportation	2,482,412	2,185,347	297,065	13.59 %
Employee Benefits	11,193,143	10,639,656	553,487	5.20 %
Debt Service	550,327	567,127	(16,800)	(2.96)%
Other Financing Uses	3,595,528	2,051,370	1,544,158	75.27 %
	<u>\$ 46,113,378</u>	<u>\$ 42,826,582</u>	<u>\$ 3,286,796</u>	7.67 %

- Other financing uses increased as, in the prior year, the District transferred less to the capital projects fund to fund capital projects than it did in the current year.
- Instruction increased due to routine salary and step increases, as well as additional contractual and other costs.
- Employee benefits increased due to higher health insurance premiums and higher contributions to the TRS, offset by decreased ERS contributions and decreased workers' compensation costs.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

The following is a summary of the District's general fund restricted fund balance activity:

	Balance @ June 30, 2022	Use of Reserves	Interest	Funding	Balance @ June 30, 2023
Workers' compensation	\$ 4,113,799	\$	\$	\$ 300,000	\$ 4,413,799
Unemployment insurance	2,356,220				2,356,220
Retirement contribution					
TRS	1,270,370		39,653	291,700	1,601,723
ERS	3,913,375	(375,000)		692,000	4,230,375
EBALR	4,274,944	(125,000)		91,048	4,240,992
Capital	3,906,739	(2,335,000)	51,445	1,500,000	3,123,184
	<u>\$ 19,835,447</u>	<u>\$ (2,835,000)</u>	<u>\$ 91,098</u>	<u>\$ 2,874,748</u>	<u>\$ 19,966,293</u>

Additional detail regarding the capital reserve can be found in Note 19 "Restricted for Capital Reserve".

**B. School Food Service Fund**

The school food service fund - fund balance net increase can be attributed to revenues exceeding expenditures. Revenues and other financing sources decreased by \$67,310 or 14.2% when compared to the prior year. This is mainly due to a decrease in federal aid provided in response to the coronavirus pandemic, offset by increases in school lunch sales and the general fund transfer to subsidize the program. Expenditures decreased by \$55,903 or 13.1% when compared to the prior year, due to the District incurring less in school food service management company fees in the current year.

**C. Capital Projects Fund**

The capital projects fund - fund balance net increase is the result of expenditures related to ongoing capital improvement projects, offset by an operating transfer in from the general fund.

The following is a summary of the District's capital projects fund restricted fund balance activity:

	Balance @ June 30, 2022	Use of Reserves	Funding	Balance @ June 30, 2023
May 2017	<u>\$ 1,705,013</u>	<u>\$ (1,293,289)</u>	<u>\$ 2,335,000</u>	<u>\$ 2,746,724</u>

**D. Extraclassroom Activity Funds**

The extraclassroom activity funds - fund balance net increase is attributable to cash receipts from fundraising and collections for student clubs activities exceeding disbursements related to those activities.

**E. Scholarships Fund**

The scholarships fund - fund balance net increase is the result of scholarship donations exceeding scholarships awarded.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2022-2023 Budget**

The District's general fund adopted budget for the year ended June 30, 2023 was \$48,449,331. This amount was increased by encumbrances carried forward from the prior year in the amount of \$1,054,361 for a total final budget of \$49,503,692.

The final budget was funded through a combination of estimated revenues. The majority of this funding source was \$38,543,814 in estimated property taxes and STAR.

**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

The general fund's unassigned fund balance is the component of total fund balance that is the residual of current and prior years' excess revenues and other financing sources over expenditures and other financing uses, net of transfers to reserves, appropriations to fund the subsequent year's budget, encumbrances, and amounts classified as nonspendable. The change in this balance demonstrated through a comparison of the actual revenues and expenditures and other financing uses for the year compared to budget follows:

Opening Unassigned Fund Balance	\$ 1,684,475
Revenues Over Budget	1,237,900
Expenditures, Other Financing Uses, and Encumbrances Under Budget	1,923,852
Net Change in Nonspendable Fund Balance	(101,850)
Transfers to Reserves, Including Interest Allocated	(2,965,846)
Appropriated for the 2023-2024 Budget	<u>(140,000)</u>
Closing Unassigned Fund Balance	<u><u>\$ 1,638,531</u></u>

**Opening, Unassigned Fund Balance**

The \$1,684,475 shown in the table is the portion of the District's June 30, 2022 fund balance that was retained as unassigned.

**Revenues Over Budget**

The 2022-2023 final budget for revenues was \$45,474,331. Actual revenues recognized for the year were \$46,712,231. The excess of actual revenues over actual revenues was \$1,237,900, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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Expenditures, Other Financing Uses, and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses, including prior year open encumbrances, as of June 30, 2022, was \$49,503,692. Actual expenditures and other financing uses as of June 30, 2023 were \$46,113,378 and outstanding encumbrances were \$1,466,462. The final budget variance was \$1,923,852, which contributes directly to the change to the general fund unassigned fund balance from June 30, 2022 to June 30, 2023. The accompanying Required Supplementary Information, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, provides additional information.

Net Change in Nonspendable Fund Balance

Nonspendable fund balance consists of various prepaid insurance premiums and the long-term receivable. The resulting balance sheet asset cannot be spent because it is not in spendable form, meaning it will not be converted to cash. Accordingly, an equal amount of fund balance is classified as nonspendable. The increase in nonspendable fund balance reduces unassigned fund balance.

Allocation to Reserves

Monies transferred into authorized reserves do not affect the total fund balance unless, and until these monies are actually expended. The transfers do, however, reduce the District's discretion regarding the use of these transferred monies, and thus, reduce the unassigned fund balance by the amount of the transfers. The table in §4.A. of this MD&A details the allocation of interest earnings and funding transfers to the reserves.

Appropriated Fund Balance

The District has chosen to use \$140,000 of the available June 30, 2023 unassigned fund balance to partially fund the 2023-2024 approved operating budget. As such, the June 30, 2023 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the unassigned fund balance at June 30, 2023 was \$1,638,531. This amount equals 3.48% of the 2023-2024 voter approved budget.

**6. CAPITAL ASSETS, DEBT ADMINISTRATION, AND OTHER LONG-TERM LIABILITIES**

**A. Capital Assets**

At June 30, 2023, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions of \$1,933,206 exceeding depreciation expense of \$1,378,990 for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2023 and 2022 is as follows:

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

	2023	2022	Increase (Decrease)
Land	\$ 171,241	\$ 171,241	\$ -
Construction work in progress	3,596,914	7,218,621	(3,621,707)
Buildings and improvements	14,787,102	10,507,860	4,279,242
Outdoor improvements	481,634	523,441	(41,807)
Furniture and equipment	552,894	595,437	(42,543)
Licensed vehicles	74,989	93,958	(18,969)
Capital assets, net	<u>\$ 19,664,774</u>	<u>\$ 19,110,558</u>	<u>\$ 554,216</u>

**B. Debt Administration**

At June 30, 2023, the District had combined total debt of \$1,556,745. The decreases in outstanding debt represent principal payments made throughout the year. A summary of the outstanding debt at June 30, 2023 and 2022 is as follows:

Issue Date	Interest Rate	2023	2022	Increase (Decrease)
<b>Bonds Payable</b>				
2016	2% - 5%	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ (330,000)</u>
<b>Energy Performance Contract Payable</b>				
12/15/2016	2.599%	<u>\$ 1,556,745</u>	<u>\$ 1,726,692</u>	<u>\$ (169,947)</u>

**C. Other Long-Term Liabilities**

Included in the District's long-term liabilities are the estimated amounts due for compensated absences, which are based on employment contracts, and workers' compensation liabilities, net pension liabilities – proportionate share, and total OPEB liability, which are based on actuarial valuations. A summary of the outstanding other long-term liabilities at June 30, 2023 and 2022 is as follows:

	2023	2022	Increase/ (Decrease)
Compensated absences payable	\$ 4,241,092	\$ 4,278,555	\$ (37,463)
Workers' compensation liabilities	114,670	357,912	(243,242)
Net pension liabilities - proportionate share	4,040,666	-	4,040,666
Total OPEB liability	<u>108,205,500</u>	<u>101,576,716</u>	<u>6,628,784</u>
	<u>\$ 116,601,928</u>	<u>\$ 106,213,183</u>	<u>\$ 10,388,745</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

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**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

**A. Subsequent Year's Budget**

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on May 16, 2023, for the year ending June 30, 2024, is \$47,066,909, which is an increase of \$952,578 or 2.07% over the prior year's budget.

The District budgeted revenues other than property taxes and STAR at a \$148,465 increase over the prior year's estimate. The assigned, appropriated fund balance applied to the budget in the amount of \$140,000 remained the same as the previous year. Additionally, the District elected to appropriate \$540,308 of reserves towards the next year's budget, which is an increase of \$40,308 over the previous year. A property tax increase of \$763,805 (1.98%), levy-to-levy, was needed to meet the funding shortfall and cover the increase in appropriations.

**B. Future Budgets**

Dwindling state and federal support of initiatives established during the pandemic, the continued need for additional resources to close learning gaps, fluctuating rates in this inflationary environment, and increases in charges of fuel, goods, and borrowing costs may impact the District's future budgets.

**C. Tax Cap**

New York State law limits the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. Based on the law, the District's tax levy cap for the 2023-2024 year is 1.99%. The District's 2023-2024 property tax increase of 1.98% was less than the tax cap and did not require an override vote.

**8. CONTACTING THE DISTRICT**

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Mr. Sean Leister  
Deputy Superintendent  
Port Jefferson Union Free School District  
550 Scraggy Hill Road  
Port Jefferson, New York 11777

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2023

**ASSETS**

Cash	
Unrestricted	\$ 8,532,138
Restricted	21,084,510
Receivables	
Accounts receivable	163,363
Due from state and federal	966,433
Due from other governments	24,133
Lease receivable	1,045,229
Prepays	518,858
Inventory	5,165
Capital assets:	
Not being depreciated	3,768,155
Being depreciated, net of accumulated depreciation	<u>15,896,619</u>
Total Assets	<u>52,004,603</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	11,613,951
Other postemployment benefits	<u>27,309,338</u>
Total Deferred Outflows of Resources	<u>38,923,289</u>

**LIABILITIES**

Payables	
Accounts payable	121,571
Accrued liabilities	375,897
Accrued interest on energy performance contract payable	1,686
Due to other governments	181
Due to teachers' retirement system	1,950,364
Due to employees' retirement system	113,022
Compensated absences payable	129,771
Other liabilities	18,511
Unearned credits	
Collections in advance	75,646
Long-term liabilities	
Due and payable within one year	
Energy performance contract payable	174,393
Compensated absences payable	100,000
Due and payable after one year	
Energy performance contract payable	1,382,352
Compensated absences payable	4,141,092
Workers' compensation liabilities	114,670
Net pension liabilities - proportionate share	4,040,666
Total other postemployment benefits liability	<u>108,205,500</u>
Total Liabilities	<u>120,945,322</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred leases	943,379
Pensions	1,103,996
Other postemployment benefits	<u>35,224,369</u>
Total Deferred Inflows of Resources	<u>37,271,744</u>

**NET POSITION (DEFICIT)**

Net investment in capital assets	<u>18,108,029</u>
Restricted	
Workers' compensation	4,413,799
Unemployment insurance	2,356,220
Retirement contribution	
Teachers' retirement system	1,601,723
Employees' retirement system	4,230,375
Employee benefit accrued liability	4,240,992
Capital	5,869,908
Scholarships	<u>15,480</u>
	<u>22,728,497</u>
Unrestricted (deficit)	<u>(108,125,700)</u>
Total Net Position (Deficit)	<u>\$ (67,289,174)</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT****Statement of Activities**

For the Year Ended June 30, 2023

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
	Expenses	Services	& Contributions	Changes in
				Net Position
<b>FUNCTIONS/PROGRAMS</b>				
General support	\$ 8,282,613	\$	\$	\$ (8,282,613)
Instruction	37,182,494	724,446	807,026	(35,651,022)
Pupil transportation	2,645,317			(2,645,317)
Debt service - interest	48,127			(48,127)
Food service program	375,734	269,011	108,174	1,451
Total Functions and Programs	<u>\$ 48,534,285</u>	<u>\$ 993,457</u>	<u>\$ 915,200</u>	<u>(46,625,628)</u>
<b>GENERAL REVENUES</b>				
Real property taxes				37,739,922
Other tax items				2,581,129
Use of money and property				1,330,244
Sale of property and compensation for loss				96,323
Forfeitures				190
Miscellaneous				382,520
State sources				<u>3,986,546</u>
Total General Revenues				<u>46,116,874</u>
Change in Net Position				(508,754)
Total Net Position (Deficit) - Beginning of Year				<u>(66,780,420)</u>
Total Net Position (Deficit) - End of Year				<u>\$ (67,289,174)</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Balance Sheet - Governmental Funds**  
June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
<b>ASSETS</b>							
Cash							
Unrestricted	\$ 8,164,872	\$ 114,657	\$ 159,329	\$	\$ 93,280	\$	\$ 8,532,138
Restricted	19,966,293			1,103,045		15,172	21,084,510
Receivables							
Accounts receivable	163,363						163,363
Due from other funds	1,891,909			3,452,431		308	5,344,648
Due from state and federal	451,318	509,057	6,058				966,433
Due from other governments	24,133						24,133
Lease receivable	1,045,229						1,045,229
Prepays	518,858						518,858
Inventory			5,165				5,165
Total Assets	<u>\$ 32,225,975</u>	<u>\$ 623,714</u>	<u>\$ 170,552</u>	<u>\$ 4,555,476</u>	<u>\$ 93,280</u>	<u>\$ 15,480</u>	<u>\$ 37,684,477</u>
<b>LIABILITIES</b>							
Payables							
Accounts payable	\$ 114,433	\$ 6,639	\$ 499	\$	\$	\$	\$ 121,571
Accrued liabilities	375,897						375,897
Due to other funds	4,725,474	617,075	2,099				5,344,648
Due to other governments			181				181
Due to teachers' retirement system	1,950,364						1,950,364
Due to employees' retirement system	113,022						113,022
Compensated absences payable	129,771						129,771
Other liabilities	18,511						18,511
Unearned credits							
Collections in advance	23,130		52,516				75,646
Total Liabilities	<u>7,450,602</u>	<u>623,714</u>	<u>55,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,129,611</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred leases	943,379						943,379
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Prepays	518,858						518,858
Long-term receivables	101,850						101,850
Inventory			5,165				5,165
<b>Restricted:</b>							
Workers' compensation	4,413,799						4,413,799
Unemployment insurance	2,356,220						2,356,220
Retirement contribution							
Teachers' retirement system	1,601,723						1,601,723
Employees' retirement system	4,230,375						4,230,375
Employee benefit accrued liability	4,240,992						4,240,992
Capital	3,123,184			2,746,724			5,869,908
Scholarships						15,480	15,480
<b>Assigned:</b>							
Appropriated fund balance	140,000						140,000
Unappropriated fund balance	1,466,462		110,092	1,808,752	93,280		3,478,586
Unassigned: Fund balance	1,638,531						1,638,531
Total Fund Balances	<u>23,831,994</u>	<u>-</u>	<u>115,257</u>	<u>4,555,476</u>	<u>93,280</u>	<u>15,480</u>	<u>28,611,487</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 32,225,975</u>	<u>\$ 623,714</u>	<u>\$ 170,552</u>	<u>\$ 4,555,476</u>	<u>\$ 93,280</u>	<u>\$ 15,480</u>	<u>\$ 37,684,477</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
June 30, 2023

Total Governmental Fund Balances \$ 28,611,487

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

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

Original cost of capital assets	\$ 53,230,532	
Less: Accumulated depreciation	<u>(33,565,758)</u>	
		19,664,774

Proportionate share of long-term liabilities, as well as deferred outflows and inflows associated with participation in the state retirement systems are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	11,613,951	
Net pension liability - teachers' retirement system	(1,823,812)	
Net pension liability - employees' retirement system	(2,216,854)	
Deferred inflows of resources	<u>(1,103,996)</u>	
		6,469,289

Total other postemployment benefits liability, as well as deferred outflows and inflows related to providing benefits in retirement are not current financial resources or liabilities and are not reported in the funds.

Deferred outflows of resources	27,309,338	
Total other postemployment benefits liability	(108,205,500)	
Deferred inflows of resources	<u>(35,224,369)</u>	
		(116,120,531)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Accrued interest on debt	(1,686)	
Energy performance contract payable	(1,556,745)	
Compensated absences payable	(4,241,092)	
Workers' compensation liabilities	<u>(114,670)</u>	
		<u>(5,914,193)</u>

Total Net Position (Deficit)		<u><u>\$ (67,289,174)</u></u>
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**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances - Governmental Funds**  
For the Year Ended June 30, 2023

	General	Special Aid	School Food Service	Capital Projects	Extraclassroom Activity	Scholarships	Total Governmental Funds
<b>REVENUES</b>							
Real property taxes	\$ 37,739,922	\$	\$	\$	\$	\$	\$ 37,739,922
Other tax items	2,581,129						2,581,129
Charges for services	595,357						595,357
Use of money and property	1,330,244						1,330,244
Sale of property and compensation for loss	96,323						96,323
Forfeitures	190						190
Miscellaneous	382,520				129,089	18,803	530,412
State sources	3,986,546	295,854	3,407				4,285,807
Federal sources		492,369	104,767				597,136
Sales			269,011				269,011
<b>Total Revenues</b>	<b>46,712,231</b>	<b>788,223</b>	<b>377,185</b>	<b>-</b>	<b>129,089</b>	<b>18,803</b>	<b>48,025,531</b>
<b>EXPENDITURES</b>							
General support	6,022,307	116,028					6,138,335
Instruction	22,269,661	626,619			124,540	11,000	23,031,820
Pupil transportation	2,482,412	76,106					2,558,518
Employee benefits	11,193,143						11,193,143
Debt service							
Principal	499,947						499,947
Interest	50,380						50,380
Food service program			370,830				370,830
Capital outlay				1,845,685			1,845,685
<b>Total Expenditures</b>	<b>42,517,850</b>	<b>818,753</b>	<b>370,830</b>	<b>1,845,685</b>	<b>124,540</b>	<b>11,000</b>	<b>45,688,658</b>
Excess (Deficiency) of Revenues Over Expenditures	4,194,381	(30,530)	6,355	(1,845,685)	4,549	7,803	2,336,873
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Operating transfers in		30,530	30,000	3,534,998			3,595,528
Operating transfers (out)	(3,595,528)						(3,595,528)
<b>Total Other Financing Sources and Uses</b>	<b>(3,595,528)</b>	<b>30,530</b>	<b>30,000</b>	<b>3,534,998</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>598,853</b>	<b>-</b>	<b>36,355</b>	<b>1,689,313</b>	<b>4,549</b>	<b>7,803</b>	<b>2,336,873</b>
<b>Fund Balances - Beginning of Year</b>	<b>23,233,141</b>	<b>-</b>	<b>78,902</b>	<b>2,866,163</b>	<b>88,731</b>	<b>7,677</b>	<b>26,274,614</b>
<b>End of Year</b>	<b>\$ 23,831,994</b>	<b>\$ -</b>	<b>\$ 115,257</b>	<b>\$ 4,555,476</b>	<b>\$ 93,280</b>	<b>\$ 15,480</b>	<b>\$ 28,611,487</b>



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
For the Year Ended June 30, 2023

Net Change in Fund Balances \$ 2,336,873

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

Long-Term Revenue and Expense Differences

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Decrease in compensated absences payable	\$ 37,463	
Decrease in workers' compensation claims liability	243,242	
		280,705

Capital Related Differences

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

Capital outlays and other additions	1,933,206	
Depreciation expense	(1,378,990)	
		554,216

Long-Term Debt Transactions Differences

The amortization of the deferred premium, net of the amortization of the deferred charges on the advance refunding of bonds, decreases interest expense in the Statement of Activities.	1,519	
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Bonds payable	330,000	
Energy performance contract payable	169,947	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2022 to June 30, 2023.

	734	502,200
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Pension and Other Postemployment Benefits Differences

The change in the proportionate share of the collective pension expense of the state retirement plans and the change in other postemployment benefits expense reported in the Statement of Activities did not affect current financial resources and, therefore, are not reported in the governmental funds.

Teachers' retirement system	(535,876)	
Employees' retirement system	(482,869)	
Other postemployment benefits	(3,164,003)	
		(4,182,748)

Change in Net Deficit of Governmental Activities	\$ (508,754)	
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**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Statement of Fiduciary Net Position - Fiduciary Fund**  
June 30, 2023

	<u>Custodial</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
	<u><u>          </u></u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	\$ -
	<u><u>          </u></u>

**Statement of Changes in Fiduciary Net Position - Fiduciary Fund**  
For the Year Ended June 30, 2023

	<u>Custodial</u>
<b>ADDITIONS</b>	
Real property taxes and PILOT collected for the Library	\$ 3,457,516
<b>DEDUCTIONS</b>	
Disbursements of real property taxes and PILOT to the Library	<u>3,457,516</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Port Jefferson Union Free School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

**A. Reporting Entity**

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

The financial reporting entity is based on criteria set forth by 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 District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

**B. Joint Venture**

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the General Municipal Law (GML). A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, §1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**C. Basis of Presentation**

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants and contributions, while capital grants reflect capital-specific grants, if applicable.

The Statement of Net Position presents the financial position of the District at year end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including real property taxes and state aid, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

***Governmental Funds*** - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

***General Fund*** - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

***Special Aid Fund*** - is used to account for the proceeds of specific revenue sources such as federal and state grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

***School Food Service Fund*** - is used to account for the activities of the food service program.

***Capital Projects Fund*** - is used to account for the financial resources used for the acquisition, construction, renovation, or major repair of capital facilities and other capital assets.

***Extraclassroom Activity Funds*** - is used to account for the funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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***Scholarships Fund*** – is used to account for funds collected that benefit annual third-party awards and scholarships for students.

***Fiduciary Funds*** – are used to account for activities in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used to finance District operations. The following is the District's fiduciary fund:

***Custodial Fund*** – is used to account for real property taxes and PILOT collected on behalf of other governments and disbursed to those governments.

**D. Measurement Focus and Basis of Accounting**

Measurement focus describes what type of information is reported, and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available financial resources (e.g., compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized, and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

The governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pension costs, and OPEB, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**E. Real Property Taxes and Other Tax Items**

Calendar

Real property taxes are levied annually by the Board no later than November 1<sup>st</sup> and become a lien on December 1<sup>st</sup>. Taxes are collected by the Town of Brookhaven and remitted to the District from December to June.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County in June.

School Tax Relief (STAR) Aid

New York State implemented the STAR program with the enactment of Chapter 389 of the Laws of 1997 to reduce the school property tax burden on residential homeowners. A school district's annual property tax levy as adopted is reduced by the total amount of the STAR exemptions granted to homeowners. School districts are reimbursed for this loss in property tax revenues by the state with STAR aid, which is reported as other tax items revenues.

**F. Payments in Lieu of Taxes (PILOT)**

The District reports PILOT revenues in the general fund as part of other tax items revenues. These PILOT revenues are often the result of tax abatements granted by industrial development agencies of the Town and/or the County to help promote local economic development. Property owners make PILOT payments to the government agencies, which in turn remit the collected payments to the District.

PILOT payments collected on behalf of the Library are remitted to the Library. These pass-through amounts are not included in the District's other tax items revenues.

The District's PILOT revenues also include payments from the Long Island Power Authority (LIPA) remitted by Suffolk County. These LIPA PILOT payments are not the result of tax abatement agreements as defined by GASB Statement No. 77, *Tax Abatement Disclosures*, under which an entity receiving a reduction in tax revenues promises to take specific action that contributes to economic development or otherwise benefits the governments or residents of the governments. The District received \$1,644,329 in LIPA PILOT revenue during the 2022-2023 fiscal year.

**G. Restricted Resources**

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

**H. Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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one year. Permanent transfers of funds include transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the district-wide statements, eliminations have been made for all interfund receivables and payables among the funds.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in, and transfers out activity is provided subsequently in these Notes to Financial Statements.

**I. 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingencies at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including revenue availability, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, and useful lives of capital assets.

**J. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, bank deposits, and investments with a maturity date of three months or less from date of acquisition.

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

**K. Receivables**

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

**L. Lease Receivable**

The District leases a building to a third party. A lease receivable is measured and recorded at the present value of lease payments expected to be received by the District during the lease term using an implicit discount rate, net of any provision for estimated uncollectible amounts. As lease payments are received from the lessee, they are first allocated to the amortization of the discount on the lease receivable and recognized as interest revenue, and then to lease receivable.

**M. Inventories and Prepaid Items**

Inventories of food in the school food service fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. These inventories are accounted for on the consumption method.

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Prepaid items represent payments made by the District for which benefits expend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as assets using the consumption method.

Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

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

**N. Capital Assets**

Capital assets are reflected in the district-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at acquisition value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 15,000	30 years
Outdoor improvements	15,000	30 years
Furniture and equipment	2,000	5-20 years
Licensed vehicles	2,000	8 years

**O. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net assets that applies to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has two items that qualify for reporting in this category. First is related to pensions and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense and the District's contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The second item is related to OPEB and represents the change in the total OPEB liability not included in OPEB expense.

**P. Collections in Advance**

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advance from payers prior to the services being rendered by the District, such as summer program fees in the general fund, and prepaid lunch amounts in the school food service fund. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenues are recognized in subsequent periods when the District has legal claim to the resources.



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**Q. Employee Benefits – Compensated Absences**

Compensated absences consist of unpaid accumulated sick leave and vacation leave.

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

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

In the fund financial statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30<sup>th</sup>.

**R. Other Benefits**

Eligible District employees participate in the TRS or the ERS.

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage for eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the district-wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**S. Long-Term Debt**

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

**T. Deferred Inflows of Resources**

Deferred inflows of resources represents an acquisition of net assets that applies to a future reporting period and so will not be recognized as an inflow of resources (revenue/expense credit) until that time. The District has three items that qualify for reporting in this category. The first item is related to the long-term lease receivable for properties that the District leases to a third party. Revenues will be recognized systematically over the term of the lease agreement. The second item is related to pensions reported in the district-wide Statement of Net Position and consists of the District's proportionate share of changes in the collective net pension assets or liabilities not included in collective pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position and represents the change in the total OPEB liability not included in OPEB expense.

**U. Equity Classifications**

District-Wide Statements

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

*Net investment in capital assets* – Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, and improvements of those assets.

*Restricted* – Reports net position when constraints placed on the 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* – Reports the balance of net position that does not meet the definition of the above two classifications.

Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

*Nonspendable* – Consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventories, which are recorded in the school food service fund, and prepaids and long-term receivables, which are recorded in the general fund.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*Restricted* – Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

*Workers' Compensation Reserve*

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.

*Unemployment Insurance Reserve*

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 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. The reserve is accounted for in the general fund.

*Retirement Contribution Reserve*

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the ERS and TRS. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenues that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. Contributions to the TRS sub-fund are limited to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The TRS sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the general fund.

*Employee Benefit Accrued Liability Reserve*

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefits primarily based on unused and unpaid sick leave, personal leave, holiday leave, or vacation leave due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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*Capital Reserve*

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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. These reserves are accounted for in the general fund and the capital projects fund.

*Restricted for Scholarships*

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

*Assigned* – Consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual, positive amount of fund balance. Assigned fund balance could include an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

*Unassigned* – Represents the residual classification for the District's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending of available resources. NYS Real Property Tax Law §1318, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board.

The Board shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned, or unassigned), the expenditure is to be spent first from the restricted fund balance to the extent appropriated by the budget or any Board approved budget revision, then from the assigned fund balance to the extent appropriated by the Board, and then from the unassigned fund balance.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**2. FUTURE ACCOUNTING STANDARDS**

The GASB Statements are issued to set GAAP for state and local governments. The following is not an all-inclusive list of GASB statements issued, but statements that the District feels may have a future impact on these financial statements. The District will evaluate the impact of these pronouncements and implement them, as applicable, if material.

<b>Effective for the Year Ending</b>	<b>Statement</b>
June 30, 2024	GASB No. 99 – <i>Omnibus 2022</i>
June 30, 2025	GASB No. 101 – <i>Compensated Absences</i>

GASB Statement No. 99 provides guidance to enhance comparability in accounting and financial reporting to improve consistency of previously issued literature.

GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and amending previously required disclosures.

**3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE DISTRICT-WIDE STATEMENTS AND THE GOVERNMENTAL FUND STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the district-wide statements and the governmental fund statements, certain financial transactions are treated differently. The financial statements contain a full reconciliation of these items.

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

**B. Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities**

Differences between the Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into any of four broad categories.

Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement focus and the accrual basis of accounting is used on the Statement of Activities, thereby affecting expenses such as compensated absences.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the 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 the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

Pension and Other Postemployment Benefits Differences

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

**4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgets**

The District's administration prepares a proposed budget for approval by the Board for the general fund, the only fund with a legally adopted budget.

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

Appropriations are established by the adoption of the budget, are recorded at the program line item level, and constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriation of fund balances. 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. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Budgets are established and used for individual capital projects based on authorized funding. The maximum project amount authorized is based upon the estimated cost of the project. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

**B. Encumbrances**

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

**C. Over Expenditures of Certain Appropriations**

The pupil services appropriation in the general fund was over expended; however, the general fund in total was not over expended.

**5. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits, and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities. Investments are stated at fair value.

Custodial credit risk is the risk that in the event of a bank failure, the District may be unable to recover deposits or collateral securities that are in possession of an outside agency. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

The District's aggregate bank balances were covered by FDIC insurance or fully collateralized by an irrevocable letter of credit and securities pledged on the District's behalf at year end.

The District did not have any investments at year end or during the year. Consequently, the District was not exposed to any material interest rate risk or foreign currency risk.

**Investment Pool:**

The District participates in the New York Liquid Asset Fund (NYLAF), a multi-municipal cooperative investment pool agreement pursuant to GML Article 3-A and 5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYLAF investment and collateral policies are in accordance with GML §10 and 11.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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The District's investments in NYLAF consisted of repurchase agreements, U.S. Treasury Securities, and collateralized bank deposits, with various interest rates and due dates. These investments are included in cash of the general fund with a carrying amount of \$21,137,106.

NYLAF reports investments at amortized cost, consistent with GASB standards. Amortized costs involves valuing a security at its original date of purchase, and, thereafter, amortizing any premium or accreting any discount on a straight-line basis to maturity. The lead agent of NYLAF is the Red Hook Central School District. Additional information concerning NYLAF, including the annual report, can be found on its website at [www.nylaf.org](http://www.nylaf.org).

**6. PARTICIPATION IN BOCES**

During the year ended June 30, 2023, the District was billed \$1,877,485 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$301,187. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

**7. DUE FROM STATE AND FEDERAL**

Due from state and federal at June 30, 2023 consisted of:

General Fund	
New York State - general aid	\$ 66,120
New York State - excess cost aid	84,011
BOCES aid	<u>301,187</u>
	451,318
Special Aid Fund	
Federal and state grants	509,057
School Food Service Fund	
Federal & state food service program reimbursements	<u>6,058</u>
	<u>\$ 966,433</u>

District management expects these amounts to be fully collectible.

**8. DUE FROM OTHER GOVERNMENTS**

Due from other governments at June 30, 2023 consisted of:

General Fund	
PILOT payments	<u>\$ 24,133</u>

District management expects these amounts to be fully collectible.



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**9. INTERFUND TRANSACTIONS**

Interfund balances and activities at June 30, 2023, are as follows:

	Interfund			
	Receivable	Payable	Transfers In	Transfers Out
General Fund	\$ 1,891,909	\$ 4,725,474	\$	\$ 3,595,528
Special Aid Fund		617,075	30,530	
School Food Service Fund		2,099	30,000	
Capital Projects Fund	3,452,431		3,534,998	
Scholarships fund	308			
	<u>\$ 5,344,648</u>	<u>\$ 5,344,648</u>	<u>\$ 3,595,528</u>	<u>\$ 3,595,528</u>

The District typically transfers from the general fund to the school food service fund, special aid fund and the capital projects fund in accordance with the general fund budget and voter approvals. The transfer to the special aid fund was for the District's share of the costs the summer program for students with disabilities. The transfer to the school food service fund was to provide support to the program per the approved budget. Included in the \$3,534,998 transfer to the capital project fund was \$2,335,000 from the capital reserve, which was approved by the voters in a separate proposition.

**10. LEASE RECEIVABLE**

The District entered into an agreement to lease a building at Spring Street to Eastern Suffolk BOCES. Under the agreement, the District receives 12 equal monthly installments in each fiscal year covered by the agreement (July to June). As of June 30, 2023, the present value of the lease receivable was \$1,045,229 and the corresponding deferred inflows of resources, measured using an implicit interest rate of 3.00% was \$943,379.

The following is the amortization schedule for the lease receivable:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 142,076	\$ 354,338	\$ 496,414
2025	202,566	293,848	496,414
2026	288,811	207,603	496,414
2027	411,776	84,638	496,414
Total	<u>\$ 1,045,229</u>	<u>\$ 940,427</u>	<u>\$ 1,985,656</u>

The following is the amortization schedule for the deferred inflows of resources:

Year Ending June 30,	Amount
2024	\$ 235,845
2025	235,845
2026	235,845
2027	235,844
Total	<u>\$ 943,379</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**11. CAPITAL ASSETS**

**A. Changes**

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 171,241	\$	\$	\$ 171,241
Construction work in progress	7,218,621	1,845,685	(5,467,392)	3,596,914
Total capital assets not being depreciated	7,389,862	1,845,685	(5,467,392)	3,768,155
Capital assets being depreciated				
Buildings and improvements	39,911,727	5,467,392		45,379,119
Outdoor improvements	1,945,557			1,945,557
Furniture and equipment	1,791,028	87,521	(14,044)	1,864,505
Licensed vehicles	295,113		(21,917)	273,196
Total capital assets being depreciated	43,943,425	5,554,913	(35,961)	49,462,377
Less accumulated depreciation for:				
Buildings and improvements	29,403,867	1,188,150		30,592,017
Outdoor improvements	1,422,116	41,807		1,463,923
Furniture and equipment	1,195,591	130,064	(14,044)	1,311,611
Licensed vehicles	201,155	18,969	(21,917)	198,207
Total accumulated depreciation	32,222,729	1,378,990	(35,961)	33,565,758
Total capital assets, being depreciated, net	11,720,696	4,175,923	-	15,896,619
Capital assets, net	<u>\$ 19,110,558</u>	<u>\$ 6,021,608</u>	<u>\$ (5,467,392)</u>	<u>\$ 19,664,774</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 33,239
Instruction	1,340,847
Food service program	4,904
Total depreciation expense	<u>\$ 1,378,990</u>

**B. Impairment Losses**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**12. LONG-TERM LIABILITIES**

**A. Changes**

Long-term liability balances and activity, excluding pension and OPEB liabilities, for the year are summarized below:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Long-term debt:					
Bonds payable	\$ 330,000	\$	\$ (330,000)	\$ -	\$
Add: Premium on refunding	3,192		(3,192)	-	
	<u>333,192</u>	<u>-</u>	<u>(333,192)</u>		
Energy performance contract	1,726,692		(169,947)	1,556,745	174,393
Other long-term liabilities:					
Compensated absences	4,278,555		(37,463)	4,241,092	100,000
Workers' compensation	<u>357,912</u>	<u>810,528</u>	<u>(1,053,770)</u>	<u>114,670</u>	
	<u>\$ 6,696,351</u>	<u>\$ 810,528</u>	<u>\$ (1,594,372)</u>	<u>\$ 5,912,507</u>	<u>\$ 274,393</u>

The general fund has typically been used to liquidate other long-term liabilities.

Additions and reductions to compensated absences are shown net since it is impractical to separately determine these amounts. The maturity of compensated absences is not determinable.

**B. Energy Performance Contract**

The energy performance contract payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2023
Energy performance contract	12/15/2016	12/15/2031	2.599%	<u>\$ 1,556,745</u>

The following is a summary of energy performance contract payable requirements:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 174,393	\$ 39,334	\$ 213,727
2025	178,955	34,772	213,727
2026	183,636	30,091	213,727
2027	188,439	25,287	213,726
2028	193,369	20,358	213,727
2029-2032	<u>637,953</u>	<u>30,541</u>	<u>668,494</u>
Total	<u>\$ 1,556,745</u>	<u>\$ 180,383</u>	<u>\$ 1,737,128</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**C. Interest Expense**

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

Interest paid	\$ 50,380
Less interest accrued in the prior year	(2,420)
Plus interest accrued in the current year	1,686
Less amortization of deferred amounts from bond refunding	<u>(1,519)</u>
Total interest expense on long-term debt	<u>\$ 48,127</u>

**13. PENSION PLANS – NEW YORK STATE**

**A. General Information**

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer, defined benefit, public employee retirement systems. The systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

**B. Provisions and Administration**

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. The TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law of the State of New York (NYSRSSL). The system is governed by a 10 member board of trustees. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in the TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the TRS may be found by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the TRS website 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.

Employees' Retirement System

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The 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 Employees' Retirement System, 110 State Street, Albany, NY 12244.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**C. Funding Policies**

Plan members who joined the systems before July 27, 1976, are not required to make contributions. Those joining on or after July 27, 1976, and before January 1, 2010, with less than ten years of credited services are required to contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012, are required to contribute 3% of their salary to ERS or 3.5% of their salary to TRS throughout active membership. Those joining on or after April 1, 2012, are required to contribute between 3% and 6% dependent on their salary throughout active membership. Employers are required to contribute at an actuarially determined rate based on covered salaries paid. For the TRS, the employers' contribution rate is established annually by the New York State Teachers' Retirement Board for the TRS' fiscal year ended June 30<sup>th</sup>, and employer and employee contributions are deducted from state aid in the subsequent months of September, October, and November, with the balance to be paid by the District, if necessary. For the ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31<sup>st</sup>, and employer contributions are either paid by the prior December 15<sup>th</sup> less a 1% discount or by the prior February 1<sup>st</sup>. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year. The District's contribution rate was 9.80% of covered payroll for the TRS' fiscal year ended June 30, 2022. The District's average contribution rate was 11.27% of covered payroll for the ERS' fiscal year ended March 31, 2023.

The District's share of the required contributions, based on covered payroll for the District's year ended June 30, 2023 was \$1,814,897 for TRS at the contribution rate of 10.29% and \$342,191 for ERS at an average contribution rate of 9.96%.

**D. Pension Asset/(Liability), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
District's proportionate share of the net pension liability	\$ (1,823,812)	\$ (2,216,854)
District's portion of the Plan's total pension liability	0.095045%	0.0103379%
Change in proportion since the prior measurement date	(0.004923)	(0.0000727)

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

For the year ended June 30, 2023, the District recognized a pension expense (credit) of \$2,349,972 for TRS and \$825,062 for ERS. At June 30, 2023, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 1,911,124	\$ 236,112	\$ 36,546	\$ 62,258
Changes of assumptions	3,537,887	1,076,647	734,683	11,899
Net difference between projected and actual earnings on pension plan investments	2,356,538			13,024
Changes in proportion and differences between the District's contributions and proportionate share of contributions	393,169	174,555	202,992	42,594
District contributions subsequent to the measurement date	<u>1,814,897</u>	<u>113,022</u>		
Total	<u>\$ 10,013,615</u>	<u>\$ 1,600,336</u>	<u>\$ 974,221</u>	<u>\$ 129,775</u>

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

Year Ending June 30,	TRS	ERS
2024	\$ 1,379,555	\$ 341,075
2025	741,692	(81,995)
2026	(268,087)	491,363
2027	4,687,996	607,096
2028	627,883	
Thereafter	<u>55,458</u>	
	<u>\$ 7,224,497</u>	<u>\$ 1,357,539</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Actuarial Assumptions

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

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Inflation	2.40%	2.90%
Salary increases	1.95-5.18%	4.40%
Investment rate of return (net of investment expense, including inflation)	6.95%	5.90%
Cost of living adjustments	1.30%	1.50%

For TRS, annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021 for June 30, 2022 and MP-2020 for June 30, 2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 system experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. The previous actuarial valuation as of April 1, 2020 used the same assumptions for the measurement of total pension liability.

For TRS, the June 30, 2022 demographic actuarial assumptions and salary scale were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions 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.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment 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.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

	TRS		ERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Measurement date		June 30, 2022		March 31, 2023
Asset class				
Domestic equity	33.0%	6.50%	32.0%	4.30%
International equity	16.0%	7.20%	15.0%	6.85%
Global equity	4.0%	6.90%		
Real estate equity	11.0%	6.20%	9.0%	4.60%
Private equity	8.0%	9.90%	10.0%	7.50%
Real assets			3.0%	5.84%
Opportunistic/ARS portfolio			3.0%	5.38%
Credit			4.0%	5.43%
Domestic fixed income	16.0%	1.10%		
Global bonds	2.0%	0.60%		
High-yield bonds	1.0%	3.30%		
Fixed income			23.0%	1.50%
Private debt	2.0%	5.30%		
Real estate debt	6.0%	2.40%		
Cash equivalents	1.0%	(0.30)%		
Cash			1.0%	0.00 %
	100.0%		100.0%	

Real rates of return are net of a long-term inflation assumption of 2.4% for TRS and 2.5% for ERS.

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for TRS and 5.90% for ERS. 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 determined. Based upon the assumptions, the systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (16,816,404)</u>	<u>\$ (1,823,812)</u>	<u>\$ 10,784,859</u>
	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
District's proportionate share of the net pension asset/(liability)	<u>\$ (5,357,185)</u>	<u>\$ (2,216,854)</u>	<u>\$ 407,258</u>

**Pension Plan Fiduciary Net Position**

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

	TRS	ERS
	<i>(Dollars in Thousands)</i>	
Measurement date	June 30, 2022	March 31, 2023
Employers' total pension liability	\$ (133,883,474)	\$ (232,627,259)
Plan fiduciary net position	<u>131,964,582</u>	<u>211,183,223</u>
Employers' net pension liability	<u>\$ (1,918,892)</u>	<u>\$ (21,444,036)</u>
Ratio of plan fiduciary net position to the employers' net pension liability	98.57%	90.78%

**Payables to the Pension Plan**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023, are paid to the system in September, October, and November 2023 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2023, represent employer and employee contributions for the fiscal year ended June 30, 2023, based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS. Accrued retirement contributions as of June 30, 2023 amounted to \$1,814,897 of employer contributions and \$135,467 of employee contributions.

For ERS, employer contributions are paid annually based on the system's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$113,022 of employer contributions. Employee contributions are remitted monthly.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**14. PENSION PLANS - OTHER**

**A. Tax Sheltered Annuities**

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain compensated absence payments based on collectively bargained agreements. Contributions made by employees for the year ended June 30, 2023, totaled \$1,123,495.

**B. Deferred Compensation Plan**

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2023 totaled \$208,452, which includes Roth contributions of \$4,200.

**15. POSTEMPLOYMENT HEALTHCARE BENEFITS**

**A. General Information about the OPEB Plan**

*Plan Description* –The District provides OPEB for eligible retired employees of the District. The benefits provided to employees upon retirement are based on provisions in the various contracts that the District has in place with different classifications of employees. The plan is a single-employer defined benefit OPEB plan administered through the New York State Health Insurance Program – Empire Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

*Benefits Provided* – The District provides healthcare benefits and Medicare Part B coverage for eligible retirees. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms* – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	244
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>221</u>
	<u><u>465</u></u>

**B. Total OPEB Liability**

The District's total OPEB liability of \$108,205,500 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

*Actuarial Assumptions and Other Inputs* – The total OPEB liability, as of the measurement date, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%	
Salary increases	various	varies by pension retirement system membership
Discount rate	4.13%	
Healthcare cost trend rates	6.50%	decreasing to an ultimate rate of 4.14% by 2076
Retirees' share of benefit-related costs	16-18%	of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyers General Obligation 20 Year Municipal Bond Index.

Mortality rates were based on the Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

**C. Changes in the Total OPEB Liability**

Balance at June 30, 2022	<u>\$101,576,716</u>
Changes for the year	
Service cost	4,014,491
Interest on total OPEB liability	3,681,672
Changes of benefit terms	(129,902)
Differences between expected and actual experience	10,577,712
Changes in assumptions or other inputs	(8,308,983)
Benefit payments	<u>(3,206,206)</u>
	<u>6,628,784</u>
Balance at June 30, 2023	<u><u>\$108,205,500</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2022 to 4.13% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

OPEB	1% Decrease 3.13%	Discount Rate 4.13%	1% Increase 5.13%
Total OPEB liability	<u><u>\$(126,185,300)</u></u>	<u><u>\$(108,205,500)</u></u>	<u><u>\$ (93,745,383)</u></u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.50% decreasing to 3.14%) or 1 percentage point higher (7.50% decreasing to 5.14%) than the current healthcare cost trend rate:

	1% Decrease 5.50% decreasing to 3.14%	Healthcare Cost Trend Rates 6.50% decreasing to 4.14%	1% Increase 7.50% decreasing to 5.14%
<u>OPEB</u>			
Total OPEB liability	<u>\$ (91,255,212)</u>	<u>\$(108,205,500)</u>	<u>\$(130,027,817)</u>

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$6,370,209. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred	
	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 11,224,172	\$ 9,739,831
Changes of assumptions or other inputs	<u>16,085,166</u>	<u>25,484,538</u>
Total	<u>\$ 27,309,338</u>	<u>\$ 35,224,369</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (1,196,051)
2025	(982,067)
2026	(2,230,261)
2027	(3,884,775)
2028	<u>378,123</u>
	<u>\$ (7,915,031)</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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**16. RISK MANAGEMENT**

**A. General Information**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. These risks are covered by a combination of self-insurance reserves and commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage as compared to the prior year, and settled claims from these risks have not exceeded available reserves and commercial insurance coverage for the past three years.

**B. Risk Retention**

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unreported claims which were incurred on or before year end but not reported (IBNR). Claims activity is summarized below:

	<u>2022</u>	<u>2023</u>
Unpaid claims at beginning of year	\$ 318,059	\$ 357,912
Incurred claims and claim adjustment expenses	829,014	810,528
Claim payments	<u>(789,161)</u>	<u>(1,053,770)</u>
Unpaid claims at year end	<u>\$ 357,912</u>	<u>\$ 114,670</u>

At June 30, 2023, the District had \$4,413,799 of funds in the workers' compensation reserve.

**C. Public Entity Risk Pool**

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

**17. RESTRICTED FUND BALANCE – APPROPRIATED RESERVES**

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

Workers' compensation	\$ 40,308
Retirement contributions - ERS	375,000
Employee benefit accrued liability	<u>125,000</u>
	<u>\$ 540,308</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**18. ASSIGNED: APPROPRIATED FUND BALANCE**

The amount of \$140,000 has been appropriated to reduce taxes for the year ending June 30, 2024.

**19. RESTRICTED FOR CAPITAL RESERVE**

The following is a summary of the District's restricted capital reserve activity:

Date Created	<u>May 2017</u>	<u>May 2021</u>	
Number of Years to Fund	7	7	
Maximum Funding	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	
Maximum Annual Funding	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	
			<u>Total</u>
<b>General Fund</b>			
Funding Provided	\$ 9,550,000	\$ 4,045,000	\$ 13,595,000
Interest Earnings	115,964	53,032	168,996
Use of Reserve	<u>(9,665,964)</u>	<u>(974,848)</u>	<u>(10,640,812)</u>
Total General Fund	<u>-</u>	<u>3,123,184</u>	<u>3,123,184</u>
<b>Capital Projects Fund</b>			
Funding Provided	9,665,964	974,848	10,640,812
Use of Reserve	<u>(7,894,088)</u>	<u>-</u>	<u>(7,894,088)</u>
Total Capital Projects Fund	<u>1,771,876</u>	<u>974,848</u>	<u>2,746,724</u>
Balance as of June 30, 2023	<u>\$ 1,771,876</u>	<u>\$ 4,098,032</u>	<u>\$ 5,869,908</u>

**20. TAX ABATEMENTS**

The Town of Brookhaven Industrial Development Agency, enters into various property tax abatement programs for the purpose of economic development. The District received PILOT payments totaling \$132,887. The amount of the District's property tax reduction was not available.

**21. COMMITMENTS AND CONTINGENCIES**

**A. Encumbrances**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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Assigned: Unappropriated Fund Balance:

General Fund

General support \$ 1,300,993

Instruction 151,491

Pupil transportation 13,978

1,466,462

School Food Service Fund

School food service 14,506

Capital Projects Fund

Capital projects 193,525

\$ 1,674,493

**B. Grants**

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

**C. Litigation**

The District is involved in lawsuits arising from the normal conduct of its affairs. The District believes that the outcome of any matters will not have a material effect on the financial statements.

**22. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through the date of the auditor's report, which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Final Budget Variance with Actual
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 37,618,814	\$ 37,618,814	\$ 37,739,922	\$ 121,108
Other tax items	2,620,544	2,620,544	2,581,129	(39,415)
Charges for services	721,700	721,700	595,357	(126,343)
Use of money and property	540,000	540,000	1,330,244	790,244
Sale of property and compensation for loss	10,000	10,000	96,323	86,323
Forfeitures			190	190
Miscellaneous	120,000	120,000	382,520	262,520
Total Local Sources	41,631,058	41,631,058	42,725,685	1,094,627
State Sources	3,843,273	3,843,273	3,986,546	143,273
Total Revenues	45,474,331	45,474,331	46,712,231	\$ 1,237,900
<b>APPROPRIATED FUND BALANCE</b>				
Prior Years' Surplus	140,000	140,000		
Prior Year's Encumbrances	1,054,361	1,054,361		
Appropriated Reserves	2,835,000	2,835,000		
Total Appropriated Fund Balance	4,029,361	4,029,361		
Total Revenues and Appropriated Fund Balance	\$ 49,503,692	\$ 49,503,692		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.



**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund (Continued)**  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Year End Encumbrances	Final Budget Variance with Actual & Encumbrances
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 35,075	\$ 35,075	\$ 29,275	\$ 260	\$ 5,540
Central administration	375,891	375,891	362,331		13,560
Finance	854,034	873,534	804,966	9,390	59,178
Staff	474,240	674,240	365,654	265,052	43,534
Central services	4,076,721	5,200,130	3,942,666	1,023,535	233,929
Special items	533,767	548,667	517,415	2,756	28,496
Total General Support	6,349,728	7,707,537	6,022,307	1,300,993	384,237
Instruction					
Administration & improvement	2,020,839	2,009,941	1,858,289	3,608	148,044
Teaching - regular school	11,508,543	11,324,029	11,205,469	17,432	101,128
Programs for students with disabilities	5,688,401	5,661,222	5,251,218		410,004
Occupational education	176,280	176,280	175,416		864
Instructional media	1,191,892	1,340,392	1,130,929	107,284	102,179
Pupil services	2,567,780	2,694,798	2,648,340	23,167	23,291
Total Instruction	23,153,735	23,206,662	22,269,661	151,491	785,510
Pupil Transportation	2,582,950	2,618,829	2,482,412	13,978	122,439
Employee Benefits	13,131,951	11,818,687	11,193,143		625,544
Debt Service					
Principal	499,948	499,948	499,947		1
Interest	185,380	52,029	50,380		1,649
Total Debt Service	685,328	551,977	550,327	-	1,650
Total Expenditures	45,903,692	45,903,692	42,517,850	1,466,462	1,919,380
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	3,600,000	3,600,000	3,595,528		4,472
Total Expenditures and Other Uses	<u>\$ 49,503,692</u>	<u>\$ 49,503,692</u>	46,113,378	<u>\$ 1,466,462</u>	<u>\$ 1,923,852</u>
Net Change in Fund Balances			598,853		
Fund Balance - Beginning of Year			23,233,141		
Fund Balance - End of Year			<u>\$ 23,831,994</u>		

**Note to Required Supplementary Information**

**Budget Basis of Accounting**

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of the District's Proportionate Share of the Net Pension Asset/(Liability)**  
Last Ten Fiscal Years

	<b><i>Teachers' Retirement System</i></b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.095045%	0.099968%	0.096206%	0.099396%	0.096772%	0.097936%	0.096741%	0.098867%	0.096654%	0.094922%
District's proportionate share of the net pension asset/(liability)	\$ (1,823,812)	\$ 17,323,520	\$ (2,658,419)	\$ 2,582,304	\$ 1,749,884	\$ 744,407	\$ (1,036,138)	\$ 10,269,101	\$ 10,766,658	\$ 624,830
District's covered payroll	\$ 16,837,496	\$ 16,500,316	\$ 16,967,796	\$ 16,590,734	\$ 15,762,990	\$ 15,519,556	\$ 15,372,816	\$ 15,696,052	\$ 15,055,528	\$ 14,882,547
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	10.83 %	104.99 %	15.67 %	15.56 %	11.10 %	4.80 %	6.74 %	65.42 %	71.51 %	4.20 %
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
Discount rate	6.95%	6.95%	7.10%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

	<b><i>Employees' Retirement System</i></b>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.0103379%	0.0104106%	0.0093692%	0.0102439%	0.0102462%	0.0112775%	0.0105772%	0.0106930%	0.0109275%	0.0109275%
District's proportionate share of the net pension asset/(liability)	\$ (2,216,854)	\$ 851,023	\$ (9,329)	\$ (2,712,633)	\$ (725,973)	\$ (363,974)	\$ (993,860)	\$ (1,716,255)	\$ (369,157)	\$ (493,797)
District's covered payroll	\$ 3,235,822	\$ 3,396,694	\$ 3,326,603	\$ 3,196,548	\$ 3,320,770	\$ 3,235,997	\$ 3,237,518	\$ 2,874,263	\$ 3,311,043	\$ 3,243,925
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	68.51 %	25.05 %	0.28 %	84.86 %	21.86 %	11.25 %	30.70 %	59.71 %	11.15 %	15.22 %
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%
Discount rate	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%	7.50%

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of District Pension Contributions**  
Last Ten Fiscal Years

***Teachers' Retirement System***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,814,897	\$ 1,650,075	\$ 1,617,031	\$ 1,446,761	\$ 1,761,936	\$ 1,544,773	\$ 1,818,892	\$ 1,979,471	\$ 2,607,335	\$ 2,313,223
Contributions in relation to the contractually required contribution	<u>1,814,897</u>	<u>1,650,075</u>	<u>1,617,031</u>	<u>1,446,761</u>	<u>1,761,936</u>	<u>1,544,773</u>	<u>1,818,892</u>	<u>1,979,471</u>	<u>2,607,335</u>	<u>2,313,223</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	17,637,483	16,837,496	16,500,316	16,967,796	16,590,734	15,762,990	15,519,556	15,372,816	15,696,052	15,055,528
Contributions as a percentage of covered payroll	10%	10%	10%	9%	11%	10%	12%	13%	17%	15%

***Employees' Retirement System***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 342,191	\$ 533,278	\$ 465,810	\$ 480,359	\$ 447,787	\$ 470,687	\$ 445,275	\$ 474,183	\$ 535,302	\$ 545,222
Contributions in relation to the contractually required contribution	<u>342,191</u>	<u>533,278</u>	<u>465,810</u>	<u>480,359</u>	<u>447,787</u>	<u>470,687</u>	<u>445,275</u>	<u>474,183</u>	<u>535,302</u>	<u>545,222</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	3,435,474	3,233,283	3,397,901	3,329,865	3,321,919	3,215,584	3,186,677	3,203,475	3,282,751	3,211,679
Contributions as a percentage of covered payroll	10%	16%	14%	14%	13%	15%	14%	15%	16%	17%

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Liability and Related Ratios**  
Last Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 4,014,491	\$ 5,695,824	\$ 5,438,309	\$ 4,141,835	\$ 2,481,813	\$ 2,573,451
Interest on total OPEB liability	3,681,672	2,722,022	2,757,842	3,820,656	3,390,774	3,101,407
Changes in benefit terms	(129,902)	-	(1,539,839)	-	-	-
Differences between expected and actual experience	10,577,712	855,303	(10,059,949)	(14,109,224)	4,904,561	-
Changes of assumptions or other inputs	(8,308,983)	(26,432,654)	7,498,072	23,792,633	11,747,339	(4,396,416)
Benefit payments	<u>(3,206,206)</u>	<u>(3,158,080)</u>	<u>(3,085,209)</u>	<u>(2,914,049)</u>	<u>(2,984,363)</u>	<u>(2,593,658)</u>
Net change in total OPEB liability	6,628,784	(20,317,585)	1,009,226	14,731,851	19,540,124	(1,315,216)
Total OPEB liability, beginning	<u>101,576,716</u>	<u>121,894,301</u>	<u>120,885,075</u>	<u>106,153,224</u>	<u>86,613,100</u>	<u>87,928,316</u>
Total OPEB liability, ending	<u><u>\$ 108,205,500</u></u>	<u><u>\$ 101,576,716</u></u>	<u><u>\$ 121,894,301</u></u>	<u><u>\$ 120,885,075</u></u>	<u><u>\$ 106,153,224</u></u>	<u><u>\$ 86,613,100</u></u>
Covered employee payroll	\$ 20,615,727	\$ 20,955,801	\$ 18,368,959	\$ 18,730,411	\$ 17,601,933	\$ 18,077,259
Total OPEB liability as a percentage of covered employee payroll	524.87%	484.72%	663.59%	645.39%	603.08%	479.13%
Discount rate	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%
Healthcare trend rates	6.50% decreasing to an ultimate rate of 4.14% by 2076	5.1% decreasing to an ultimate rate of 4.04% by 2075	5.4% decreasing to an ultimate rate of 4.04% by 2075	5.3% decreasing to an ultimate rate of 3.84% by 2075	5.5% decreasing to an ultimate rate of 3.84% by 2075	5.5% decreasing to an ultimate rate of 3.84% by 2078

*An additional year of historical information will be added each year subsequent to the year of implementation, until 10 years of historical data is available.*

**Note to Required Supplementary Information**

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

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedules of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit - General Fund**  
For the Year Ended June 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 48,449,331
Additions:	
Prior year's encumbrances	<u>1,054,361</u>
Original Budget	49,503,692
Budget revisions	<u>-</u>
Final Budget	<u><u>\$ 49,503,692</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023-2024 voter-approved expenditure budget	<u><u>\$ 47,066,909</u></u>
Maximum allowed (4% of 2023-2024 budget)	<u><u>\$ 1,882,676</u></u>

General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:

Unrestricted fund balance:		
Assigned fund balance	\$ 1,606,462	
Unassigned fund balance	<u>1,638,531</u>	
		\$ 3,244,993
Less:		
Appropriated fund balance	140,000	
Encumbrances	<u>1,466,462</u>	
Total adjustments		<u>1,606,462</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:		<u><u>\$ 1,638,531</u></u>

Actual Percentage	3.48%
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**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Project Expenditures and Financing Resources - Capital Projects Fund**  
For the Year Ended June 30, 2023

PROJECT TITLE	Budget		Expenditures			Unexpended Balance	Methods of Financing			Fund Balance	
	June 30, 2022	June 30, 2023	Prior Years	Current Year	Total		State Aid	General Fund Appropriation	Capital Reserve	Total	June 30, 2023
MS Heat/Ret Wall	\$ 1,800,000	\$ 1,800,000	\$ 1,489,510	\$ 331	\$ 1,489,841	\$ 310,159	\$	\$ 800,000	\$ 1,000,000	\$ 1,800,000	\$ 310,159
ES Roof Replacement - Phase IV	2,000,000	2,000,000	1,294,987	504,109	1,799,096	200,904			2,000,000	2,000,000	200,904
ES Roof Replacement - Phase V	1,195,000	1,195,000	38,495	664,149	702,644	492,356		195,000	1,000,000	1,195,000	492,356
HS Bathroom/Baseball Field/HVAC	805,000	805,000	110,845	576,994	687,839	117,161		805,000		805,000	117,161
MS Drainage/HS Bleachers/HS Roof		3,001,387		86,536	86,536	2,914,851		666,387	2,335,000	3,001,387	2,914,851
ES Pool		533,611		13,566	13,566	520,045		533,611		533,611	520,045
	<u>\$ 5,800,000</u>	<u>\$ 9,334,998</u>	<u>\$ 2,933,837</u>	<u>\$ 1,845,685</u>	<u>\$ 4,779,522</u>	<u>\$ 4,555,476</u>	<u>\$ -</u>	<u>\$ 2,999,998</u>	<u>\$ 6,335,000</u>	<u>\$ 9,334,998</u>	<u>\$ 4,555,476</u>

**PORT JEFFERSON UNION FREE SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital Assets**  
June 30, 2023

Capital assets, net	<u>\$ 19,664,774</u>
Deduct:	
Short-term portion of energy performance contract payable	174,393
Long-term portion of energy performance contract payable	<u>1,382,352</u>
	<u>1,556,745</u>
Net investment in capital assets	<u><u>\$ 18,108,029</u></u>

INDEPENDENT AUDITORS' 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

The Board of Education  
Port Jefferson Union Free School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Port Jefferson Union Free School District (the District), as of and for the year ended June 30, 2023, and the related notes to the basic financial statements which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.



### Report on Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 12, 2023