

POUGHKEEPSIE CITY  
SCHOOL DISTRICT

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

JUNE 30, 2021

POUGHKEEPSIE CITY SCHOOL DISTRICT

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JUNE 30, 2021

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POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

- Commencing in 2018, the District implemented GASB Statement No. 75 *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The District reported Other Post-Employment Benefits (OPEB) liabilities related to OPEB in the amount of \$413,595,750 and a Deferred Inflow of \$14,178,093.
- Commencing in 2015, with the adoption of GASB 68, the negative impact of this liability is tempered by the positive overall impact of the Deferred Outflow in excess of Pension Liabilities inclusive of the corresponding Deferred Outflows and Inflows in the amount of \$10.48 million.
- Delinquent Taxes. After the normal tax collection period is elapsed, the City of Poughkeepsie is given the delinquent and unpaid tax roll in accordance with the RPTL section 1332. The City is responsible for the collection of taxes after this period. As tax receipts are collected by the City, they are to be turned over to the District on a monthly basis. Also, the City is required to remit the balance of the unpaid taxes to the School District 2 years after receiving the delinquent tax roll. Total overdue taxes as of year-end were \$2,532,695.
- The District's financing for the 2005 \$27 million construction project is financed through 2033 and the State-aid to support these payments will end in 2020. This will present a financial challenge to the District. As a result, on December 27, 2017, the District refunded these bonds to offset this burden to the taxpayers when the building aid runs out in 2020-2021. The aggregate budgetary savings for the refunding is \$3,064,587.64.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

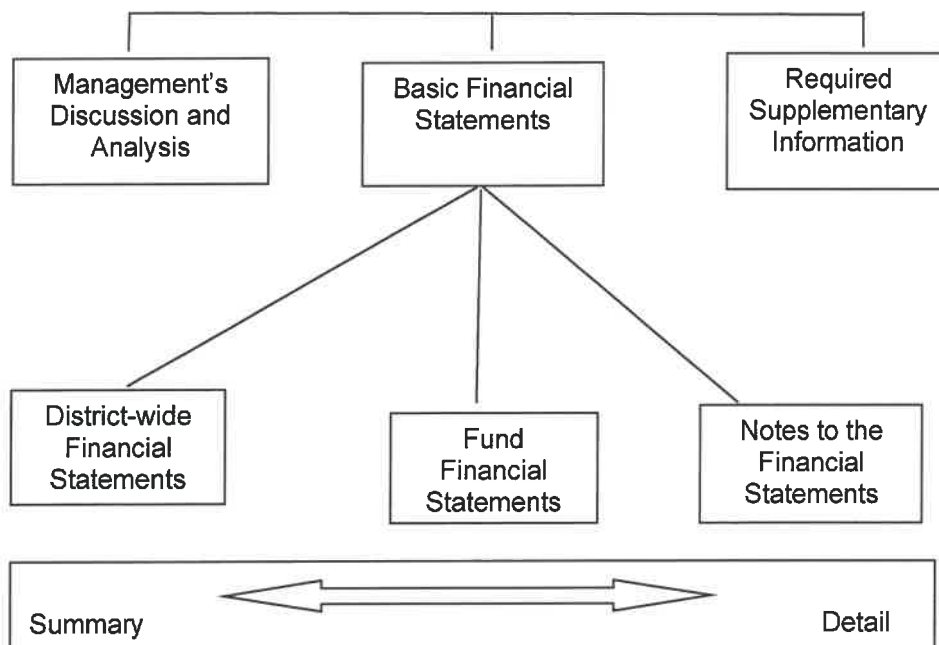
**Overview of the Financial Statements**

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

- The first two statements are ***District-Wide Financial Statements*** that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are ***Fund Financial Statements*** that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *Governmental Funds Statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary Funds Statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

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

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



POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

<b>Figure A-2 Major Features of the District-Wide and Fund Financial Statements</b>			
	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education, cafeteria and transportation expenses.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/ liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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***District-Wide Statements***

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

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

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

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

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

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

***Fund Financial Statements***

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as a fund for scholarship monies) or to show that it is properly using certain revenues (such as federal grants).

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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The District has two kinds of funds:

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



POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Financial Analysis of the District as a Whole**

***Net Assets***

The following schedule shows the Net Position for the School District as of June 30, 2021:

Figure A-3

***Condensed Statement of Net Position (In Millions of Dollars)***

	Governmental and Total School District Activities		
	2021	2020	% Change
<i>Assets</i>			
Current and Other Assets	\$ 17.61	\$ 8.66	103.3%
Receivables, Inventory	19.37	15.36	26.1%
Capital Assets	36.20	37.28	-2.9%
Net Pension Asset-Proportionate Share	-	6.39	100.00%
Total Assets	73.18	67.69	8.1%
Deferred Outflows of Resources	32.96	28.26	16.63%
Total Assets and Deferred Outflows of Resources	106.14	95.95	10.6%
<i>Liabilities</i>			
Current Liabilities	5.69	5.80	1.9%
Long-Term Debt	448.36	429.15	-4.5%
Total Liabilities	454.05	434.95	-4.4%
Deferred Inflows of Resources	1.93	0.01	-19200.0%
Total Liabilities and Deferred Inflows of Resources	455.98	434.96	-4.8%
<i>Net Position</i>			
Invested in Capital Assets, Net of Related Debt	13.24	12.17	-8.8%
Restricted	7.99	1.34	-496.3%
Unrestricted	(371.07)	(352.57)	-5.2%
Total Net Position	\$ (349.84)	\$ (339.06)	-3.2%

Note: Assets - Liabilities = Net Position

*Note: Totals may not add due to rounding.*

- Investment in capital assets increased primarily due to decrease in bonds payable.
- The decrease in unrestricted net position is primarily due to the increase in other post-employment liability (OPEB) of \$21,069,848.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Governmental Activities/*Changes in Net Position***

Figure A-4

<b>Change in Net Position from Operating Results (In Millions of Dollars)</b>			
	<b>Governmental and Total School District Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>% Change</b>
<i>Revenues</i>			
Program Revenue:			
Charges for Services	\$ 0.03	\$ 0.12	100.0%
Operating Grants and Contributions	10.07	11.72	-14.1%
General Revenue:			
Property Taxes & Tax Items	32.91	31.00	6.2%
Use of Money & Property	-	0.08	-100.0%
State Formula Aid	71.17	69.34	2.6%
Medicaid Reimbursement	-	0.44	-100.0%
Food Sales & Surplus	-	-	-
Other	3.07	1.79	71.5%
Total Revenues	<u>117.25</u>	<u>114.49</u>	2.4%
<i>Expenses</i>			
General Support	16.55	9.15	80.9%
Instruction	104.25	73.21	42.4%
Pupil Transportation	5.41	4.05	33.6%
Debt Service	0.87	0.92	-5.4%
Other Expenses	-	-	0.0%
Community Service	-	0.03	0.0%
School Lunch Program	0.97	2.01	-51.7%
Total Expenses	<u>128.05</u>	<u>89.37</u>	43.3%
Excess (Deficiency) of Revenues Over Expense			
Increase (Decrease) in Net Position	<u>\$ (10.80)</u>	<u>\$ 25.12</u>	-143.0%

**Changes in Net Position**

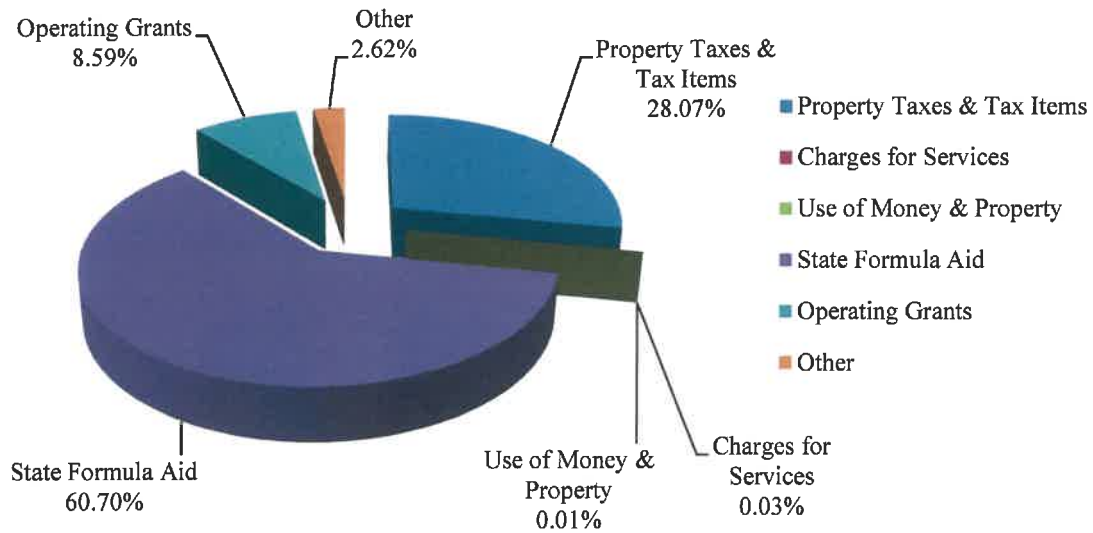
The School District's 2021 revenue was \$117,259,839 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 26.67% and 60.70%, respectively, of the total revenue raised (see Figure A-5). The remainder of revenue came from charges for services, operating grants and contributions, nonproperty taxes, other tax items, federal sources, and other miscellaneous sources.

The total cost of all programs and services totaled \$128,050,574. For these expenses, (91%) are predominately for the education; supervision, school lunch program, and transportation of students (see Figure A-6). The School District's administrative and business activities, including debt service accounted for 9% of total costs.

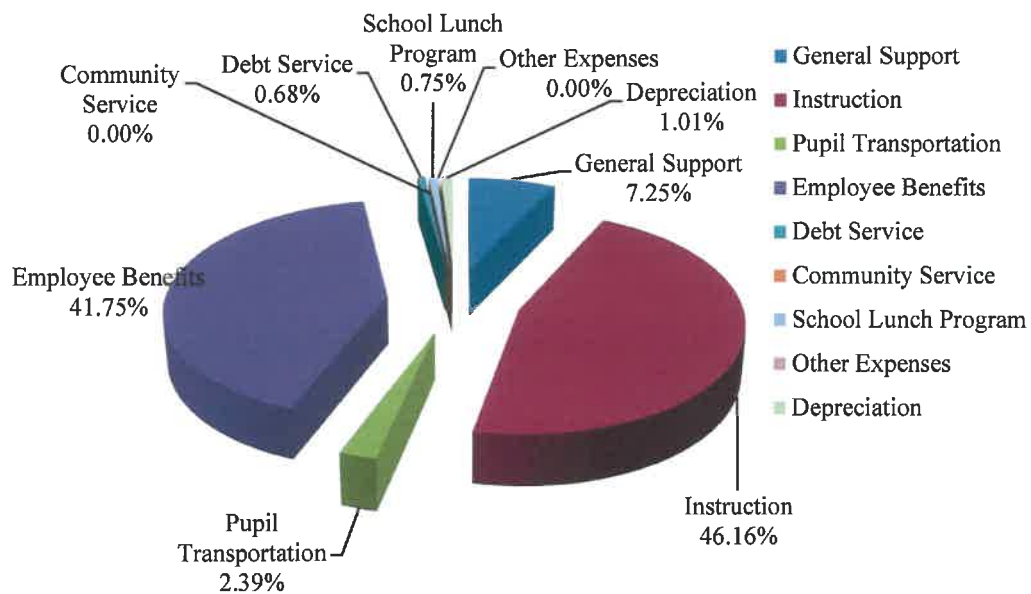
Net position decreased during the year by \$10,790,735.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Figure A-5 - Sources of Revenues for Fiscal Year 2021**



**Figure A-6 – Expenses for the Fiscal Year 2021**



POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The table below presents the cost of eight major District activities: general support, instruction, pupil transportation, community service, employee benefits, debt service, other expense, and School Lunch Program. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**  
**Net Cost of Governmental Activities (In Millions of Dollars):**

Program Expenses	Total Cost of Services		% Change	Net Cost of Services	
	2021	2020		2021	2020
General Support	\$ 9.3	\$ 8.0	16.3%	\$ 16.6	\$ 9.1
Instruction	59.1	64.9	-8.9%	94.9	64.1
Pupil Transportation	3.1	3.6	-15.0%	5.4	3.8
Community Service	-	-	-	-	-
Employee Benefits	53.5	8.5	528.9%	-	-
Debt Service - Interest	0.9	0.9	0.0%	0.9	0.9
Other Expenses	-	-	-	-	-
Depreciation	1.3	1.5	100.0%	-	-
School Lunch Program	1.0	2.0	-51.5%	-	(0.5)
Total	<u>\$ 128.1</u>	<u>\$ 89.4</u>	43.3%	<u>\$ 117.8</u>	<u>\$ 77.4</u>

*Note: Totals may not add due to rounding*

#### **Governmental Activities**

Revenue for the School District's governmental activities totaled \$117,037,551 while total expenses were \$103,857,302. Accordingly, net position increased by \$13,185,885. The increase was primarily the result of the current year increase in state aid.

- The cost of all governmental activities for the year was \$103,857,302.
- The users of the School District's programs financed \$33,015 of the costs.
- The federal and state government financed \$81,243,070 of the costs.
- The majority of the net costs were financed by the School District's taxpayers and unallocated NYS aid.

#### **Financial Analysis of the District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$24.89 million; a \$13.18 million increase from last year's ending fund balances of \$11.69 million.

#### **Governmental Funds Highlights**

The following is a brief description of the activity in the governmental funds for 2021:

- General Fund – The District revenues increased due to an increase in Property and Other Taxes of \$1.9 million, along with increases in State Aid and Miscellaneous Revenues of \$1.83 and \$0.76 million respectively.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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- Special Aid Fund – The District Special Aid Fund revenues decreased by \$2.2 million due to an decrease in revenues from Federal Sources of \$1.6.
- School Lunch Fund – The Food Service Fund is continuing to provide students a high-quality selection of food, albeit losing \$0.52 million in 2020-2021.
- Capital Projects Fund – The District started Phase 1A of the \$99 million major Capital Project to improve infrastructure and other physical upgrades.
- Debt Service Fund –The District made principle and interest payments totaling \$2.15 and \$0.85, respectively.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**General Fund Budgetary Highlights**

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

**Figure A-8**  
Results vs. Budget (In Millions of Dollars)

	Original Budget	Final Budget	Actual	Variance (Actual/Budget)
Revenue:				
Local Sources	\$ 34.63	\$ 34.63	\$ 35.76	\$ 1.13
State Sources	68.94	68.94	69.45	0.51
Federal Sources	0.30	2.54	2.24	(0.30)
Transfers In	0.09	0.09	0.05	(0.04)
Designated Fund Balance & Encumbrances	0.50	0.50	-	(0.50)
Total	104.46	106.70	107.50	0.80
Expenses				
General Support	7.69	10.13	9.29	(0.84)
Instruction	56.75	58.17	51.55	(6.62)
Pupil Transportation	4.37	3.27	3.05	(0.22)
Community Services	0.08	0.08	0.01	(0.07)
Employee Benefits	31.72	31.38	27.08	(4.30)
Debt Service	-	0.02	0.02	-
Transfers Out	3.85	3.65	3.54	(0.11)
Total	104.46	106.70	94.54	(12.16)
Revenue over (under) expenditures	\$ -	\$ -	\$ 12.96	\$ 12.96

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

- The General fund had an excess of revenue over expenditures in 2021 of \$12,965,268. As a result of this excess, the District's fund balance has increased by this amount. All reserves are within the legal limitations.

**Capital Assets and Debt Administration**

***Capital Assets, Net***

As of June 30, 2021, the School District had \$36,197,571 invested in buildings, computers, and other educational equipment.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The overall capital assets as of June 30, 2021, are given below in Figure A-9.

Figure A-9  
***Capital Assets (net of depreciation, in millions of dollars)***

	Capital Assets	
	2021	Restated 2020
Land	\$ 0.1	\$ 0.1
Construction	0.5	0.3
Buildings and Improvements	71.1	71.1
Vehicles	1.2	1.2
Furniture and Equipment, Restated	1.4	1.9
Total	<u>74.3</u>	<u>74.6</u>
Less: Accumulated Depreciation	<u>38.2</u>	<u>37.4</u>
Net Capital Assets	<u>\$ 36.1</u>	<u>\$ 37.2</u>

***Long-Term Debt***

As of June 30, 2021, the District had \$22,959,102 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the financial statements. The District, because of its status as a small city school, is limited to issuing debt of no greater than 5% of its full assessed value. Currently, the District is below its debt limit.

Figure A-10  
***Outstanding Long-Term Debt (in Millions of Dollars)***

	Total School District	
	2021	2020
General Obligation Bonds & Notes	\$ 20.73	\$ 22.56
Other Long Term Debt	<u>2.23</u>	<u>2.55</u>
Total	<u>\$ 22.96</u>	<u>\$ 25.11</u>

**Factors Bearing on the District's Future**

- This is the second consecutive fiscal year after restructuring the operational budget that the school district has generated a surplus from operations. In June of 2021, the District was able to increase its level of reserves by \$6.6 million. Management proactively plans for long-term impact items.
- The School District successfully passed a \$99 million capital improvement project on October 20, 2020 to make repairs and renovations to its existing facilities.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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- The District benefits greatly from many Grants that are awarded for improvements in our schools, most recently the American Recovery Act will benefit the District through the 2023-24 school year.
- The State University of New York Board of Trustees (the “SUNY Trustees”), in its capacity as a charter authorizer approved the Little Water Preparatory Charter School on June 15, 2021 within the city limits of Poughkeepsie. It will be a K-5 school and plans to grow its enrollment to 360 students over 5 years beginning in the fall of 2022. If successful in enrolling and maintaining students, the school will have a negative effect on the finances of the Poughkeepsie City School District. Additionally, it will impede the District’s ability to plan for enrollment and staffing levels on an annual basis.
- As is typical in a district this size, some challenges to property tax assessments are ongoing, which may require the issuance of future tax refunds. The amount of these potential refunds cannot be determined at the present time and are being addressed with the District’s legal counsel. They have intervened on the significant cases as necessary. The District has set aside a reserve in preparation for these types of refunds.
- The NYS legislature has imposed a real property tax cap on public school districts, which has failed to acknowledge the true cost of increases in unfunded mandates, employee benefits and rising energy costs. Unless these issues are recognized in any new legislation, school districts will be forced to reallocate funds from instruction to these other areas
- Poughkeepsie City School District is a high needs District with 80% of its enrolled students designated economically disadvantaged. This population requires additional supports as is typical with other urban school districts.

**Contacting the District’s Financial Management**

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

Poughkeepsie City School District  
Attn: William Hogan  
Assistant Superintendent for Finance and Operations  
11 College Avenue  
Poughkeepsie, NY 12603  
(845) 451-4960





Sickler, Torchia  
Allen & Churchill, CPA's, PC  
*Your Partner When It Counts*

Robert J. Allen, CPA  
Victor V. Churchill, CPA  
Edward J. Gower II, CPA  
Joseph J. Montalto, CPA  
Craig R. Sickler, CPA  
Michael A. Torchia, Jr., CPA, CVA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Poughkeepsie City School District  
Poughkeepsie, New York

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poughkeepsie City School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly in all material respects, the respective financial position of the government activities, each major fund, and the aggregate remaining fund information of the Poughkeepsie City School District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, revenues, expenditures – budget and actual, funding progress for other post-employment benefits, local government's proportionate share of net pension liability for New York State Employees' Retirement System, schedule of local government's contributions for the New York State Employees' Retirement System, schedule of local government's proportionate share of net pension liability for New York State Teachers' Retirement System and schedule of local government's contributions for the New York State Teachers' Retirement System as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Poughkeepsie City School District's basic financial statements. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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The Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Schedule of Project Expenditures – Capital Project Fund, and the Schedule of Investment in Capital Assets, Net of Related Debt have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A prior period adjustment was reflected with the adoption of GASB 84 and other various corrections, see Note 15.

*Change in Accounting Principle*

As discussed in Note 2 to the financial statement, in 2021 the District adopted new accounting guidance GASB No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

**Other Reporting by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2021, on our consideration of the Poughkeepsie City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Poughkeepsie City School District's internal control over financial reporting and compliance.

*Siehl, Torchia, Allen & Churchill, C.P.A. P.C.*

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Hudson, New York  
September 29, 2021

POUGHKEEPSIE CITY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021

**ASSETS**

Cash:		
Unrestricted	\$	9,261,328
Restricted		7,990,783
Investments:		
Unrestricted		-
Restricted		-
Receivables:		
Taxes		2,532,695
State and Federal Aid		14,544,677
Due from Other Governments		2,193,762
Due from Fiduciary Funds		-
Other		69,460
Inventories		34,560
Deferred Expenditures		-
Prepaid Expenditure		357,112
Capital Assets, Net		36,197,571
Net Pension Asset-Proportionate Share		-
Total Assets		<u>73,181,948</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows - OPEB	14,178,093
Deferred Outflows - Pension	14,952,343
Deferred Outflows - Contributions Post Measurement	3,833,448
Defeasance Loss	-
Total Deferred Outflows of Resources	<u>32,963,884</u>

**LIABILITIES**

Payables:		
Accounts Payable	\$	1,753,146
Accrued Liabilities		834,490
Due to Other Governments		2,910,096
Due to Fiduciary Funds		-
Bond Interest and Matured Bonds		86,943
Notes Payable:		
Tax Anticipation		-
Revenue Anticipation		-
Bond Anticipation		-
Deferred Credits:		
Overpayments and Collections in Advance		105,673
Deferred Revenues - Other		-
Deferred Revenues - Planned Balance		-
Long-Term Liabilities:		
Due and Payable Within One Year:		
Bonds Payable		2,199,636
Installment Purchase Debt Payable		-
Due to Teachers' Retirement System		3,555,589
Due to Employees' Retirement System		277,779
Compensated Absences Payable		-
Other Post Employment Benefits Payable		-
Judgments and Claims Payable		-
Other Liabilities		-
Due and Payable After One Year:		
Bonds Payable		20,759,466
BANs Refinanced on a Long-Term Basis		-
Installment Purchase Debt Payable		-
Due to Teachers' Retirement System		-
Due to Employees' Retirement System		-
Compensated Absences Payable		1,478,665
Other Post Employment Benefits Payable		413,595,750
Judgments and Claims Payable		-
Net Pension Liability-Proportionate Share		6,498,516
Other Liabilities		-
Total Liabilities		<u>454,055,749</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred Revenues - Other	127,406
Deferred Revenues - Pension	1,802,454
Sale of Future Revenues	-
Total Deferred Inflows of Resources	<u>1,929,860</u>

**NET POSITION**

Net Investment in Capital Assets	13,238,470
Restricted	
Debt Service	431,129
Capital	-
Other Legal Restrictions (Specify)	7,563,217
Unrestricted	<u>(371,072,593)</u>
Total Net Position	<u>\$ (349,839,777)</u>

Note: Totals may not add due to rounding.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Indirect Expenses Allocation	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS</b>					
General Support	\$ 9,288,016	\$ 7,264,452	\$ -	\$ -	\$ 16,552,468
Instruction	59,106,883	45,139,272	(68)	(9,343,000)	94,903,087
Pupil Transportation	3,059,225	2,348,275	-	(12,775)	5,394,725
Community Service	4,335	3,243	-	-	7,578
Employee Benefits	53,457,640	(53,457,640)	-	-	-
Debt Service	867,211	-	-	-	867,211
Other Expenses	3,132	-	-	-	3,132
Cafeteria Program	966,530	-	(33,015)	(715,893)	217,622
Depreciation	1,297,602	(1,297,602)	-	-	-
Total Functions and Programs	128,050,574	-	(33,083)	(10,071,668)	117,945,823
<b>GENERAL REVENUES</b>					
Real Property Taxes					28,185,522
Other Tax Items					3,087,844
Non Property Taxes					1,636,888
Use of Money and Property					6,402
Sale of Property and Compensation for Loss					(17,108)
Miscellaneous					3,081,756
Interfund Revenue					2,382
State Sources					71,171,402
Total General Revenues					107,155,088
Change in Net Position					(10,790,735)
Total Net Position - Beginning of Year					(339,059,901)
Prior Period Adjustment - See Note 15					10,859
Total Net Position - Beginning of Year, as Restated					(339,049,042)
Total Net Position - End of Year					\$ (349,839,777)

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021

	General	Special Aid	Non-Major	Governmental Funds
<b>ASSETS</b>				
Cash:				
Unrestricted	\$ 6,079,350	\$ 1,718,323	\$ 1,463,655	\$ 9,261,328
Restricted	7,563,217	-	427,566	7,990,783
Investments:				
Unrestricted	-	-	-	-
Restricted	-	-	-	-
Receivables:				
Taxes	2,532,695	-	-	2,532,695
Due from Other Funds	9,497,996	-	3,563	9,501,559
State and Federal Aid	5,174,901	7,470,010	1,899,766	14,544,677
Due from Other Governments	2,193,762	-	-	2,193,762
Other, Net of Allowance	69,460	-	-	69,460
Inventories	-	-	34,560	34,560
Deferred Expenditures	-	-	-	-
Prepaid Expenditures	357,112	-	-	357,112
Total Assets	<u>\$ 33,468,493</u>	<u>\$ 9,188,333</u>	<u>\$ 3,829,110</u>	<u>\$ 46,485,936</u>
<b>LIABILITIES</b>				
Payables:				
Accounts Payable	\$ 1,215,759	\$ 460,560	\$ 76,827	\$ 1,753,146
Accrued Liabilities	817,310	2,077	15,103	834,490
Due to Other Funds	3,563	8,494,054	1,003,942	9,501,559
Due to Other Governments	2,910,096	-	-	2,910,096
Retainage Payable	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-
Due to Teachers' Retirement System	3,456,135	99,454	-	3,555,589
Due to Employees' Retirement System	222,439	4,782	50,558	277,779
Compensated Absences Payable	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-
Judgments & Claims Payable	-	-	-	-
Other Liabilities	-	-	-	-
Notes Payable:				
Tax Anticipation	-	-	-	-
Revenue Anticipation	-	-	-	-
Bond Anticipation	-	-	-	-
Unearned Credits:				
Overpayments and Collections in Advance	105,673	-	-	105,673
Planned Balance	-	-	-	-
Total Liabilities	<u>8,730,975</u>	<u>9,060,927</u>	<u>1,146,430</u>	<u>18,938,332</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Revenue	2,532,695	127,406	-	2,660,101
Sale of Future Revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>2,532,695</u>	<u>127,406</u>	<u>-</u>	<u>2,660,101</u>
<b>FUND BALANCES</b>				
Non-Spendable				
Inventory	-	-	34,560	34,560
Prepaid Expenditures	357,112	-	-	357,112
Total Non-Spendable Fund Balance	<u>357,112</u>	<u>-</u>	<u>34,560</u>	<u>391,672</u>
Restricted				
Unemployment Insurance	222,784	-	-	222,784
Tax Certiorari	428,548	-	-	428,548
Retirement Contribution Reserve - ERS	1,000,000	-	-	1,000,000
Retirement Contribution Reserve - TRS	650,000	-	-	650,000
Property Loss and Liability Reserve	261,885	-	-	261,885
Capital Reserve	5,000,000	-	-	5,000,000
Debt Service	-	-	431,129	431,129
Total Restricted Fund Balance	<u>7,563,217</u>	<u>-</u>	<u>431,129</u>	<u>7,994,346</u>
Committed	-	-	-	-
Assigned				
Unappropriated	-	-	2,216,991	2,216,991
Encumbrances	1,683,540	-	-	1,683,540
Total Assigned Fund Balance	<u>1,683,540</u>	<u>-</u>	<u>2,216,991</u>	<u>3,900,531</u>
Unassigned	<u>12,600,954</u>	<u>-</u>	<u>-</u>	<u>12,600,954</u>
Total Fund Balance	<u>22,204,823</u>	<u>-</u>	<u>2,682,680</u>	<u>24,887,503</u>
Total Liabilities and Fund Balances	<u>\$ 33,468,493</u>	<u>\$ 9,188,333</u>	<u>\$ 3,829,110</u>	<u>\$ 46,485,936</u>

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	General	Special Aid	Non-Major	Governmental Funds
<b>REVENUES</b>				
Real Property Taxes	\$ 28,185,522	\$ -	\$ -	\$ 28,185,522
Other Tax Items	2,848,448	-	-	2,848,448
Nonproperty Taxes	1,636,888	-	-	1,636,888
Charges for Services	68	-	-	68
Use of Money and Property	5,977	-	425	6,402
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	3,078,108	-	3,648	3,081,756
Interfund Revenue	2,382	-	-	2,382
State Sources	69,447,130	2,521,323	1,759,857	73,728,310
Medicaid Reimbursement	-	-	-	-
Federal Sources	2,237,711	4,596,741	680,308	7,514,760
Surplus Food	-	-	-	-
Sales - School Lunch	-	-	33,015	33,015
Total Revenues	<u>107,442,234</u>	<u>7,118,064</u>	<u>2,477,253</u>	<u>117,037,551</u>
<b>EXPENDITURES</b>				
General Support	9,293,136	-	-	9,293,136
Instruction	51,546,761	6,567,931	-	58,114,692
Pupil Transportation	3,046,450	12,775	-	3,059,225
Community Service	4,335	-	-	4,335
Employee Benefits	27,078,006	787,925	302,261	28,168,192
Debt Service:				
Principal	-	-	2,152,903	2,152,903
Interest	27,157	-	850,155	877,312
Cost of Sales	-	-	966,530	966,530
Other Expenditures	3,132	-	-	3,132
Capital Outlay	-	-	1,217,845	1,217,845
Total Expenditures	<u>90,998,977</u>	<u>7,368,631</u>	<u>5,489,694</u>	<u>103,857,302</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>16,443,257</u>	<u>(250,567)</u>	<u>(3,012,441)</u>	<u>13,180,249</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds from Bond Issuance	-	-	-	-
Premium on Bond Anticipation Note Issuance	5,636	-	-	5,636
Bond Anticipation Note Redeemed from Appropriations	-	-	-	-
Operating Transfers In	55,379	305,946	3,233,058	3,594,383
Operating Transfers (Out)	(3,539,004)	(55,379)	-	(3,594,383)
Payment to Refunded Bond Escrow Agent	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-
Total Other Sources (Uses)	<u>(3,477,989)</u>	<u>250,567</u>	<u>3,233,058</u>	<u>5,636</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>12,965,268</u>	<u>-</u>	<u>220,617</u>	<u>13,185,885</u>
Fund Balances - Beginning of Year	<u>9,239,555</u>	<u>-</u>	<u>2,450,673</u>	<u>11,690,228</u>
Prior Period Adjustment - See Note 15	<u>-</u>	<u>-</u>	<u>11,390</u>	<u>11,390</u>
Fund Balances - Beginning of Year, as Restated	<u>9,239,555</u>	<u>-</u>	<u>2,462,063</u>	<u>11,701,618</u>
Fund Balances - End of Year	<u>\$ 22,204,823</u>	<u>\$ -</u>	<u>\$ 2,682,680</u>	<u>\$ 24,887,503</u>

Note: Totals may not add due to rounding.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Fund Balances (Deficit) - Total Governmental Funds \$ 24,887,503

Amounts reported for Governmental Activities in the Statement of Net Position are:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 74,377,727	
Less Accumulated Depreciation	<u>(38,180,156)</u>	36,197,571

The School District's proportionate share of the Teacher and Employee Retirement Systems' collective net pension (asset) or liability is not reported in the funds.

TRS Net Pension Liability - Proportionate share	\$ (6,479,530)	
ERS Net Pension Liability - Proportionate share	<u>(18,986)</u>	(6,498,516)

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB, and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS Deferred Outflows of Resources - Pension	3,952,530	
ERS Deferred Outflows of Resources - Contribution Post Measurement	277,779	
ERS Deferred Inflows of Resources - Pension	(5,754,984)	
TRS Deferred Outflows of Resources - Pension	19,200,077	
TRS Deferred Outflows of Resources - Contribution Post Measurement	3,555,669	
TRS Deferred Inflows of Resources - Pension	(4,247,734)	
Deferred Outflows of Resources - OPEB	55,000,137	
Deferred Inflows of Resources - OPEB	<u>(40,822,044)</u>	31,161,430

Certain revenues are deferred in Governmental Funds due to applying the "availability criterion" to receivables for the modified accrual basis of accounting. However, these deferred inflows of resources are considered revenue in the Statement of Activities and, therefore, are not reported in the Statement of Net Position.

2,532,695

Long-term liabilities, including bonds payable, compensated absences, and amounts due for other post-employment employee benefits, are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (20,730,000)	
Energy performance contracts	(2,229,102)	
Long-Term Compensated Absences	(1,478,665)	
Other Post-Employment Benefits Liabilities	<u>(413,595,750)</u>	(438,033,517)

Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.

Accrued Interest on Long-Term Debt		<u>(86,943)</u>
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Net Position (Deficit) of Governmental Activities		<u>\$ (349,839,777)</u>
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POUGHKEEPSIE CITY SCHOOL DISTRICT  
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND  
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION  
JUNE 30, 2021

Total net changes in fund balances - governmental funds \$ 13,185,885

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

Revenues for the Statement of Activities are accrual based on entitlement to funds. The governmental funds only accrue receivables to the extent they are deemed available per the revenue recognition policy. 239,396

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

Depreciation Expense	\$ (1,297,602)	
Loss on Disposition	(17,108)	
Capital Outlays	<u>230,774</u>	(1,083,936)

In the Statement of Activities, certain operating expenses--compensated absences (vacations), special termination benefits (early retirement) and retirees' health insurance--are measured by the amounts *earned* during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually *paid*). (19,912,075)

Repayment of bond 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. 2,152,903

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. The additional interest reported in the Statement of Activities is the result of accrued interest on bonds, leases, and contracts payable. 4,465

(Increases) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(5,845,604)
Employees' Retirement System	<u>468,231</u>

Change in net position of governmental activities. \$ (10,790,735)

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2021

	Private Purpose Trusts	Custodial
<b>ASSETS</b>		
Cash	\$ 53,731	\$ 20,083
Accounts Receivable	-	-
Due from Other Funds	-	-
Prepaid Expenditures	-	-
Total Assets	<u>\$ 53,731</u>	<u>\$ 20,083</u>
<b>LIABILITIES</b>		
Due to Other Funds	\$ -	\$ -
Accounts Payable	1,970	-
Other Liabilities	-	-
Total Liabilities	<u>1,970</u>	<u>-</u>
<b>NET POSITION</b>		
Reserved for Scholarships	<u>\$ 51,761</u>	<u>\$ 20,083</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021

	Private Purpose Trusts	Custodial
<b>ADDITIONS:</b>		
Contributions	\$ 15,245	\$ 12,665
Interest and Earnings	-	-
Total Additions	<u>15,245</u>	<u>12,665</u>
<b>DEDUCTIONS:</b>		
Scholarships and Awards	4,815	-
Other Custodial Activities	-	14,265
	<u>4,815</u>	<u>14,265</u>
Change in Net Position	10,430	(1,600)
Net Position - Beginning of Year	<u>41,331</u>	<u>-</u>
Prior Period Adjustment - See Note 15	-	21,683
Net Position - Beginning of Year Restated	<u>41,331</u>	<u>21,683</u>
Net Position - End of Year	<u>\$ 51,761</u>	<u>\$ 20,084</u>

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Poughkeepsie City School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

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

-- Extraclassroom Activity Funds:

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

See independent auditor’s report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a Custodial Fund.

B. Joint Venture:

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

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

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

During the year, the District was billed \$12,972,385 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$3,597,023.

The basic financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation:

I. District-Wide Statements:

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program 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. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

II. Fund Financial Statements:

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

a. General Fund:

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

b. Special Aid Fund:

Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

The District reports the following non-major governmental funds:

a. Special Revenue Funds:

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Special revenue funds include the following funds:

a. School Lunch Fund:

School Lunch Fund is used to account for transactions of lunch, breakfast, snack and dinner programs.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Miscellaneous Special Revenue Fund:

A Miscellaneous Special Revenue Fund used to account for and report those revenue that are restricted for committed to expenditures for specified purposes.

b. Capital Projects Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

c. Debt Service Fund:

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

The District reports the following fiduciary funds:

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

a. Private Purpose Trust Funds:

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

b. Custodial Funds:

These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investments trust funds or private purpose trust fund.

D. Measurement Focus and Basis of Accounting:

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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year, including real property taxes.

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

E. Cash (and Cash Equivalents) and Investments:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

F. Property Taxes:

- I. Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien by September 1. Taxes are collected during the period August 15 to December 5.

The City and County in which the District is located enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be reported to the City by January 1.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

All amounts receivable expected to be collected within 60 days of year-end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, deferred revenues offset related property taxes receivable.

- II. In June of 2011, New York State passed Chapter 97 of the Laws of 2011 (Tax Cap Law). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items (CPI-U), subject to certain limited exceptions and adjustments.

G. Accounts Receivable:

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

H. Inventories and Prepaid Items:

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

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

I. Interfund Transactions:

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

See independent auditor's report.



POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Permanent transfers of funds include the transfer of expenditure and revenues to provide financial or other services. In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds).

Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

J. Other Assets/Restricted Assets:

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

In the district-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the funds statements these same costs are netted against bond proceeds and recognized in the period of issuance.

K. Capital Assets:

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$5,000	Straight-Line	50 Years
Building Improvements	\$5,000	Straight-Line	15-20 Years
Land Improvements	\$5,000	Straight-Line	20 Years
Furniture and Equipment	\$5,000	Straight-Line	5-15 Years

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

L. Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. There are two common deferred outflow items that qualify for reporting in this category. The first item could be related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item that could be reported is the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time. There are potentially three items that would qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item could be related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item potentially could be related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

M. Vested Employee Benefits:

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

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability in the district-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available resources. These amounts are expensed on a pay-as-you go basis.

N. Other Benefits:

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District and have completed 10 years of continuous service. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as expenditure or operating transfer to other funds in the General Fund in the year paid.

O. Unearned Revenue:

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also 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 incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

P. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Q. Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period.

Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

R. Short-Term Debt:

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

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

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

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

S. Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

T. Equity Classifications:

I. District-Wide Statements:

In the District-wide statements there are three classes of net assets:

- a. *Investment in Capital Assets, Net of Related Debt* – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.
- b. *Restricted Net Position* – reports net position when constraints placed on the position 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.
- c. *Unrestricted Net Position* – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

II. Fund Statements:

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

- a. *Non-Spendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.
- b. *Restricted* – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as indicated below. The District has established the following restricted fund balances unless otherwise noted:

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

1. Capital/Technology:

According to Education Law §3651, restricted fund balances must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters.

The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

2. Debt Service:

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

3. Employee Benefit Accrued Liability (*not currently utilized*):

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

4. Insurance (*not currently utilized*):

According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

5. Liability Claims and Property Loss:

According to Education Law §1709(8) (c), this reserve fund must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

6. Repairs (*not currently utilized*):

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

7. Retirement Contributions:

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This Reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019 a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up 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 sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

8. Tax Certiorari:

According to Education Law §3651.1-a, this reserve fund must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

9. Unemployment Insurance:

According to General Municipal Law §6-m, this reserve fund must be 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.

10. Workers' Compensation (*not currently utilized*):

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

11. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the

See independent auditor's report.



POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

12. Tax Reduction (*not currently utilized*):

According to Education Law §1604(36), 1709(37), this reserve fund is available to retain the proceeds from the sale of school district real property that are not needed to pay any debts, and gradually use such proceeds to reduce real property taxes over a period not to exceed ten years.

Restricted fund balance includes the following:

General Fund:

Unemployment Insurance	\$ 222,784
Tax Certiorari	428,548
Retirement Contribution Reserve - ERS	1,000,000
Retirement Contribution Reserve - TRS	650,000
Property Loss and Liability Reserve	261,885
Capital Reserve	<u>5,000,000</u>
	7,563,217

Debt Service Fund:

Debt Service	<u>431,129</u>
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Total Restricted Funds	<u><u>\$ 7,994,346</u></u>
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- c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2021.
- d. *Assigned* – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$1,683,540. Assigned to the reduction of the 2021-2022 tax levy is an additional \$0.
- e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

III. Order of Use of Fund Balance:

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

U. New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standards issued by GASB:

-- The GASB has issued Statement No. 84, *Fiduciary Activities*, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

-- The GASB has issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

V. Future Changes in Accounting Standards:

-- The GASB has issued Statement No. 87, *Leases*, which will better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 91, *Conduit Debt Obligations*, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 92, *Omnibus 2020*, which enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021. The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

-- The GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, which provides exceptions to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

-- The GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements (PPPs). Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

-- The GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Earlier application encouraged.

-- The GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – An Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, which provides increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Costs will be mitigated associated with the reporting of certain defined contribution pension plans. The relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE:

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The New York State Office of the State Comptroller implementation bulletin of the statement provided guidance to District's regarding the identification of fiduciary activities, financial reporting and updating related account codes for governmental, fiduciary and proprietary funds.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS:

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

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

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

See the Reconciliation on Pages 8 and 9 of the financial statement.

- The costs of building and acquiring capital assets (lands, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet.

However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives. See *Note 6 – Capital Assets* in these notes to the financial statements for information on the net capital assets of \$36,197,571.

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds and Notes Payable	\$ 22,959,102
Compensated Absences Payable	1,478,665
Other Post-Employment Benefits Payable	413,595,750
	<u>\$438,033,517</u>

Accrued interest on long-term debt is reported in the Statement of Net Position, regardless of when due. In the Governmental Funds, interest is not reported until it is due.

Bond Interest Payable	<u>\$ 86,943</u>
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Pension Differences:

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

Deferred Outflows - TRS	\$ 19,200,077
Deferred Outflows - TRS Contribution	3,555,669
Deferred Outflows - ERS	3,952,530
Deferred Outflows - ERS Contribution	277,779
Deferred Inflows - TRS	(4,247,734)
Deferred Inflows - ERS	(5,754,984)
Pension Liability - TRS	(6,479,530)
Pension Liability - ERS	(18,986)
	<u>\$ 10,484,821</u>

OPEB Differences:

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

Plan Deferred Out(In)flows \$ 14,178,093

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

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories:

I. Long-Term Revenue/Expense Differences:

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

II. Capital Related Differences:

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED):

III. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position. These reconciliations can be found on Pages 8 and 10 of the financial statements.

IV. Pension Differences:

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

V. OPEB Differences:

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

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. Budgetary Procedures and Budgetary Accounting:

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

-- General Fund

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations will lapse at the end of the fiscal year unless expended or encumbered.

Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists, which was not determined at the time the budget was adopted.

Supplemental appropriations occurred during the year and are detailed below:

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

<u>CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET</u>	
Adopted Budget	\$ 104,466,005
Prior Year's Encumbrances	-
Original Budget	<u>104,466,005</u>
Budget Revisions	<u>2,239,912</u>
Final Budget	<u>\$ 106,705,917</u>

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

Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's votes.

The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the project.

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 restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

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

See independent auditor's report.



POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS:

Cash:

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

As of June 30, 2021 \$-0- of the District's bank balance of \$18,283,764 was exposed to custodial credit risk as follows:

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

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$7,990,783 within the governmental funds and \$-0- in the fiduciary funds.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 6 – CAPITAL ASSETS:

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	Restated Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>Governmental Activities:</b>				
<b>Capital Assets that are Not Depreciated:</b>				
Land	\$ 146,072	\$ -	\$ -	\$ 146,072
Construction in Progress	258,689	213,903	-	472,592
Total Non-Depreciable Historical Cost	<u>\$ 404,761</u>	<u>\$ 213,903</u>	<u>\$ -</u>	<u>\$ 618,664</u>
<b>Capital Assets that are Depreciated:</b>				
Building and Improvements	\$ 71,172,578	\$ -	\$ 87,253	\$ 71,085,325
Machinery and Equipment	1,888,256	16,871	461,596	1,443,531
Vehicles	1,230,207	-	-	1,230,207
Total Depreciable Historical Cost	<u>\$ 74,291,041</u>	<u>\$ 16,871</u>	<u>\$ 548,849</u>	<u>\$ 73,759,063</u>
<b>Less Accumulated Depreciation:</b>				
Building and Improvements	\$ 34,973,645	\$ 1,165,420	\$ 73,823	\$ 36,065,242
Machinery and Equipment, as Restated	1,636,001	55,746	457,918	1,233,829
Vehicles	804,648	76,437	-	881,085
Total Accumulated Depreciation	<u>\$ 37,414,294</u>	<u>\$ 1,297,603</u>	<u>\$ 531,741</u>	<u>\$ 38,180,156</u>
Total Depreciable Historical Cost, Net	<u>\$ 36,876,747</u>	<u>\$ (1,280,732)</u>	<u>\$ 17,108</u>	<u>\$ 35,578,907</u>

Depreciation Expense was Charged to  
Governmental Functions as Follows:

General Support	\$ 316,144
Instruction	921,771
Transportation	59,687
	<u>\$ 1,297,602</u>

NOTE 7 – SHORT-TERM DEBT:

On 7/14/2020, the District issued a Bond Anticipation Note (BAN) in the amount of \$1,917,000, with an interest rate of 1.50%, which matured on June 24, 2021.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 8 – LONG-TERM DEBT:

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

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

Serial Bonds:

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 provisions will be in the General Fund's future budgets for capital indebtedness.

Noncurrent liability balances and activity are as follows:

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

Interest Paid	\$ 877,312
Less Interest Accrued in the Prior Period	(91,408)
Plus Interest Accrued in the Current Period	86,946
Plus Premium on BAN Issuance	<u>(5,636)</u>
Total Expense	<u>\$ 867,214</u>

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED):

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
<b>Government Activities:</b>					
Bonds and Notes Payable:					
Serial Bonds	\$ 22,555,000	\$ -	\$ 1,825,000	\$ 20,730,000	\$ 1,860,000
Total Bonds Payable	<u>22,555,000</u>	<u>-</u>	<u>1,825,000</u>	<u>20,730,000</u>	<u>1,860,000</u>
<b>Lease Payable:</b>					
Energy Performance Contract	\$ 2,557,005	\$ -	\$ 327,903	\$ 2,229,102	\$ 339,636
Less: Advance Payments	(5,636)	5,636	-	-	-
Total Lease Payable	<u>\$ 2,551,369</u>	<u>\$ 5,636</u>	<u>\$ 327,903</u>	<u>\$ 2,229,102</u>	<u>\$ 339,636</u>
<b>Other Liabilities:</b>					
Compensated Absences	\$ 1,525,019	\$ -	\$ 46,354	\$ 1,478,665	\$ -
Other Post-Employment Benefits	392,525,902	21,069,848	-	413,595,750	-
Teachers' Retirement System	4,075,846	-	520,257	3,555,589	3,555,589
Employees' Retirement System	210,311	67,468	-	277,779	277,779
Total Other Liabilities	<u>\$ 398,337,078</u>	<u>\$ 21,137,316</u>	<u>\$ 566,611</u>	<u>\$ 418,907,783</u>	<u>\$ 3,833,368</u>
<b>Total Long-Term Liabilities</b>	<u><u>\$ 423,443,447</u></u>	<u><u>\$ 21,142,952</u></u>	<u><u>\$ 2,719,514</u></u>	<u><u>\$ 441,866,885</u></u>	<u><u>\$ 6,033,004</u></u>

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 06/30/21
<b>Serial Bonds:</b>				
Reconstruction	1/24/2012	6/15/2028	1.6-4.875%	\$ 2,465,000
Reconstruction	6/22/2012	6/15/2028	2.0-3.5%	1,875,000
Addition/Reconstruction	6/22/2016	6/15/2031	2.1185%	2,110,000
Refunding - Addition/Reconstruction	5/1/2018	5/1/2033	2.8964%	14,280,000
				<u>\$ 20,730,000</u>
<b>Lease Financing:</b>				
Energy Performance Contract	9/1/2011	6/15/2027	3.47%	\$ 1,972,561
Energy Performance Contract	6/15/2015	6/15/2027	3.15%	256,541
				<u>\$ 2,229,102</u>

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 8 – LONG-TERM DEBT (CONTINUED):

The following is a summary of maturing debt service requirements:

				Lease			
	Bonds	Interest	Total		Financing	Interest	Total
2022	\$ 1,860,000	\$ 716,372	\$ 2,576,372	2022	\$ 339,636	\$ 76,109	\$ 415,745
2023	1,900,000	668,854	2,568,854	2023	351,790	63,955	415,745
2024	1,935,000	615,216	2,550,216	2024	364,381	51,363	415,744
2025	1,980,000	558,760	2,538,760	2025	377,425	38,320	415,745
2026	2,025,000	500,066	2,525,066	2026	390,936	24,808	415,744
2027-2031	8,165,000	1,359,430	9,524,430	2027-2031	404,934	10,811	415,745
2032-2036	2,865,000	129,600	2,994,600	2032-2036	-	-	-
	\$ 20,730,000	\$ 4,548,298	\$ 25,278,298		\$ 2,229,102	\$ 265,366	\$ 2,494,468

NOTE 9 – INTERFUND BALANCES AND ACTIVITY:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 9,497,996	\$ 3,563	\$ 55,379	\$ 3,539,004
Special Aid Fund	-	8,494,054	305,946	55,379
Non-Major Funds	3,562	1,003,942	3,233,058	-
Total Government Activities	9,501,558	9,501,558	3,594,383	3,594,383
Fiduciary Funds	-	-	-	-
Totals	<u>\$ 9,501,558</u>	<u>\$ 9,501,558</u>	<u>\$ 3,594,383</u>	<u>\$ 3,594,383</u>

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

In the normal course of its operations, the District budgets for and transfers monies between funds for these budgeted purposes. From the General Fund these represent transferring the Districts 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund for voter authorized capital items such as construction and bus purchases.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and General Fund has to "loan" cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. In the case of the Agency Fund, most if not all, fringe benefits are advanced from the General Fund and result in the need to reflect a due from both the Special Aid Fund and the School Lunch Fund for the applicable payroll.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

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NOTE 9 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

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

NOTE 10 – PENSION PLANS:

A. General Information:

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing, multiple-employer, public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Plan Descriptions and Benefits Provided:

I. Teachers' Retirement System (TRS):

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains financial statements and required supplementary information. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

II. Employees' Retirement System (ERS):

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer retirement system.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report, including information with regards to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policies:

The Systems are noncontributory except for employees who joined after July 26, 1976, who contribute 3% of their salary for the first 10 years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

	ERS	TRS
2020-2021	\$ 912,677	\$ 3,555,589
2019-2020	\$ 884,975	\$ 4,075,816
2018-2019	\$ 806,570	\$ 3,681,310

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

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

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net position asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Actuarial Valuation Date	4/1/2020	6/30/2019
Net Pension Asset/(Liability)	\$ (18,986)	\$ (6,479,530)
District's Portion of the Plan's Total		
Net Pension Asset/(Liability)	0.0190674%	0.234488%

For the year ended June 30, 2021, the District's recognized pension expense (credit) of \$455,169 for ERS and of \$8,853,766 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 231,872	\$ 5,677,365	\$ -	\$ 332,063
Changes of Assumptions	3,490,942	8,195,098	65,840	2,921,124
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,231,701	5,453,942	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	229,716	1,095,912	235,202	994,546
District's Contributions Subsequent to the Measurement Date	<u>277,779</u>	<u>3,555,589</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,230,309</u>	<u>\$ 22,755,665</u>	<u>\$ 5,754,984</u>	<u>\$ 4,247,733</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year Ended:		
2022	\$ (295,973)	\$ 2,654,171
2023	(113,768)	5,225,409
2024	(300,881)	4,147,939
2025	(1,091,832)	2,507,573
2026	-	37,627
Thereafter	<u>-</u>	<u>379,625</u>
	<u>\$ (1,802,454)</u>	<u>\$ 14,952,344</u>

D. 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 assumptions:

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2010
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate	5.90%	7.10%
Salary Scale	4.40%	4.72%-1.90%
Decrement Tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
	System's Experience	System's Experience
Inflation Rate	2.70%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP 2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

	ERS	ERS	TRS	TRS
Measurement Date	March 31, 2021	March 31, 2021	June 30, 2020	June 30, 2020
	Target	Long Term	Target	Long Term
	Allocation	Expected Real	Allocation	Expected Real
		Rate of Return		Rate of Return
Asset Type				
Domestic Equity	32%	4.05%	33%	7.10%
International Equity	15%	6.30%	16%	7.70%
Private Equity	10%	6.75%	8%	10.40%
Real Estate	9%	4.95%	11%	6.80%
Alternative Investments	3%	4.50%	4%	7.40%
Total Equities	69%		72%	
Domestic Fixed Income Securities	0%	0.00%	16%	1.80%
Global Fixed Income Securities	0%	0.00%	2%	3.60%
Real Assets	3%	5.95%	0%	0.00%
Bonds and Mortgages	23%	0.00%	7% - 1%	5.2% - 3.6%
Cash and Cash Equivalents	1%	0.50%	1%	0.70%
Credit/High-Yield Bonds	4%	3.63%	1%	3.90%
Total Fixed Income	31%		28%	
Total	100%		100%	

E. Discount Rate:

The discount rate used to calculate the total pension liability was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially.

Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

F. Sensitivity of the Proportionate Share of the Net Pension to the Discount Rate Assumption:

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

	1% Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 5,269,826</u>	<u>\$ 18,986</u>	<u>\$ (4,823,517)</u>
		Current Assumption	
TRS	1% Decrease (6.1%)	(7.1%)	1% Increase (8.1%)
Employer's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 40,928,961</u>	<u>\$ 6,479,530</u>	<u>\$ (22,432,272)</u>

G. Pension Plan Fiduciary Net Position:

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

	(Dollars in Thousands)	
	ERS	TRS
Valuation Date	4/1/2020	6/30/2019
Employer's Total Pension Liability	\$ 220,680,157	\$ 123,242,776
Plan Net Position	220,580,583	120,479,505
Employer's Net Pension Liability/(Asset)	<u>\$ 99,574</u>	<u>\$ 2,763,271</u>
Plan Net Position as a Percentage to the Systems' Total Pension Liability/(Asset)	99.95%	97.76%

H. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – PENSION PLANS (CONTINUED):

June 30, 2010 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021, amounted to \$277,779.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2021, represent employee and employer contributions for the fiscal year ended June 30, 2021, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021, amounted to \$3,555,589.

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A. General Information about the OPEB Plan:

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided – The District provides healthcare for retirees and their dependents. 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	470
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>609</u>
	<u>1,079</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

B. Total OPEB Liability:

The District's total OPEB liability of \$413,595,750 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%																					
Salary Increases	Varied by pension retirement system membership (New York Teachers Retirement System(TRS) or Employess Retirement Sysyerm (ERS)																					
Discount Rate	2.16%																					
Healthcare Cost Trend Rates																						
Medical/Prescription Drug	5.40% from 2020 to 2021, decreasing gradually to an ultimate rate of 3.94% by 2075																					
Part B Reimbursement	3.73% from 2020 to 2021, followed by projected Part B premium increase shown in the 2019 Medicare Trustees report, and ultimately decreasing to an ultimate rate of 3.94% by 2075																					
Retirees' Share of Benefit-Related Costs																						
	<table><tr><td></td><td>Hire Date Cut-Off</td><td>Years of Service</td><td>Contribution Rate % for Single &amp; Family</td></tr><tr><td rowspan="3">Administrators</td><td></td><td>5 to 7</td><td>50%</td></tr><tr><td></td><td>8 to 11</td><td>84.5%</td></tr><tr><td></td><td>12 or more</td><td>100%</td></tr><tr><td rowspan="2">Paraprofessional</td><td>Before 7/1/2019</td><td></td><td>100%</td></tr><tr><td>On/After 7/1/2019</td><td></td><td>90%</td></tr></table>		Hire Date Cut-Off	Years of Service	Contribution Rate % for Single & Family	Administrators		5 to 7	50%		8 to 11	84.5%		12 or more	100%	Paraprofessional	Before 7/1/2019		100%	On/After 7/1/2019		90%
	Hire Date Cut-Off	Years of Service	Contribution Rate % for Single & Family																			
Administrators		5 to 7	50%																			
		8 to 11	84.5%																			
		12 or more	100%																			
Paraprofessional	Before 7/1/2019		100%																			
	On/After 7/1/2019		90%																			

The discount rate was based on the 20-year , tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2021.

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers TRS group and General Employees for ERS group) projected fully generationally using MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

C. Changes in the total OPEB Liability:

Balance at June 30, 2020	\$ 392,525,902
Changes for the Year:	
Service Cost	17,095,514
Interest	8,950,195
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	533,957
Changes in Assumptions or Other Inputs	3,811,590
Benefit Payments	<u>(9,321,408)</u>
Net Changes	<u>21,069,848</u>
Balance at June 30, 2021	<u>\$ 413,595,750</u>

The assumptions and census information reflected are the same as the prior valuation. The discount rate decreased to 2.16% as of June 30, 2021, from 2.21% as of June 30, 2020. As a result, there was actuarial (losses) reported.

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 501,242,760</u>	<u>\$ 413,595,750</u>	<u>\$ 345,813,157</u>

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

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED):

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 335,824,657	\$ 413,595,750	\$ 518,205,640

D. OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2021, the District recognized negative OPEB Expense of \$29,279,837. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 457,677	\$ (40,822,044)
Changes of Assumptions or Other Inputs	54,542,460	-
Contributions Subsequent to the Measurement Period	-	-
Total	\$ 55,000,137	\$ (40,822,044)

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

Fiscal Year Ending June 30,	Amount
2022	\$ 3,234,128
2023	3,234,128
2024	3,234,128
2025	3,234,127
2026	620,793
Thereafter	620,789
	\$ 14,178,093

NOTE 12 – RISK MANAGEMENT:

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

See independent auditor's report.



POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 12 – RISK MANAGEMENT (CONTINUED):

The District participates in the Dutchess Educational Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident 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 and the District has essentially transferred all related risk to the pool.

The District incurs costs related to a workers' compensation insurance plan (Plan) sponsored by Dutchess County BOCES. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain members for a minimum of five (5) years; a member may withdraw from the plan after that time by providing 180 days' written notice. Plan members include 13 districts, with the District bearing an 8 percent share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, the members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Financial statements for the Plan are available from the administrator at 5 BOCES Road; Poughkeepsie, New York 12601.

NOTE 13 – CONTINGENT LIABILITIES:

A. Other:

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

B. Coronavirus:

The Coronavirus (COVID-19), first detected in China, has since spread worldwide and has been declared a pandemic by the World Health Organization (WHO). The health risks are not to be underestimated, but the economic affect to business, other organizations, and the general population may be in the billions of dollars (or more). Some of the possible economic effects and business disruption are as follows.

See independent auditor's report.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 13 – CONTINGENT LIABILITIES (CONTINUED):

1. The District instituted, trained on and follows the CDC and NYS DOH guidelines on the hygiene, cleaning, and disinfection of school building and materials. The District increased cleaning of facilities and hired staff to clean surfaces to reduce the spread of the virus.
2. The District has not laid off employees related to COVID-19.
3. The District has responded to the financial impact as follows.
  - a. The District has applied for Federal aid made available under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, to the Governor's Emergency Education Relief (GEER) Fund for fiscal year 2021 and to the Elementary and Secondary School Emergency Relief (ESSER) Fund. The District's application for the grants primarily requested funding to cover the cost of payroll.
4. The District's Superintendent, and Interim Chief Finance and Business Official are closely watching NYSED's guidance and recommendations to keep staff, students, and the community safe.

The duration of the effects of the virus and its economic impact are not known at this time, however, the longer this health issue affects the District the more costly it may become.

NOTE 14 – TAX ABATEMENTS:

The District enters into property tax abatement agreements with local businesses under the state Title I of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Act"). Under the Act, localities may grant property tax abatements for a business' property tax bill for the purpose of attracting or retaining business within their jurisdiction. The abatements may be granted to any business located within or promising to relocate within the District's property limits.

For the fiscal year ended June 30, 2021, the District abated property taxes totaling \$5,117,846 under this program. The District participates in a number of tax abatements through the City of Poughkeepsie and Dutchess County IDA. The abatements amounted to \$576,345.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 14 – TAX ABATEMENTS (CONTINUED):

Agency	Company	Projected Tax Revenue	PILOT Payment	Taxes Abated
Dutchess County IDA	Bonurra & Dibizzi Enterprises (Grand Hotel)	\$ 422,040	\$ 61,575	\$ 360,465
Poughkeepsie IDA	Poughkeepsie Landing LLC	256,230	105,164	151,066
Poughkeepsie IDA	Eastman & Bixby Redevelopment Co, LLC	111,407	42,333	69,074
Poughkeepsie IDA	Eastman & Bixby Redevelopment Co, LLC	269,202	67,829	201,373
Poughkeepsie IDA	400 Main LLC	170,547	18,584	151,963
Poughkeepsie IDA	The Commons	235,845	21,649	214,196
Poughkeepsie IDA	CNN Spruce	3,197,288	6,381	3,190,907
Poughkeepsie IDA	Highbridge Gardens	183,238	26,449	156,789
Poughkeepsie IDA	JM Development Development LLC	311,241	34,781	276,460
Poughkeepsie IDA	Maple Street of Dutchess	17,741	14,432	3,309
Poughkeepsie IDA	Queen City Lofts	106,876	39,254	67,622
Poughkeepsie IDA	Woodside Associates, LLP	325,408	59,499	265,909
Dutchess County IDA	HealthQuest	87,128	78,415	8,713
		<u>\$ 5,694,191</u>	<u>\$ 576,345</u>	<u>\$ 5,117,846</u>

NOTE 15 – PRIOR PERIOD ADJUSTEMENT:

For fiscal year June 30, 2021, the District reclassified funds from the Trust and Agency Fund and moved them to the Custodial Fund and Miscellaneous Special Revenue Fund as part of the adoption of GASB Statement 84. The June 30, 2021 opening fund balance for the Custodial Fund and the Miscellaneous Special Revenue were restated by \$21,683 and \$12,449, respectively.

For the fiscal year ended June 30, 2021, the District retired the Trust and Agency Fund. The transfer of funds requires a transfer of Fund Balance into the Custodial Fund and the Miscellaneous Special Revenue for funds meeting that criteria. The District's fund balance has been restated as follows:

For fiscal year June 30, 2021, the District reversed an overstatement accumulated depreciation in fiscal year 2020. The June 30, 2020 opening fund balance was overstated by \$531.

For fiscal year June 30, 2021, the District reversed an understatement state aid accounts receivable in the Cafeteria Fund in fiscal year 2021. The June 30, 2021 opening fund balance was overstated by \$1,109.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

NOTE 15 – PRIOR PERIOD ADJUSTEMENT (CONTINUED):

	District-Wide Statements	Miscellaneous Fund	Custodial Fund	Cafeteria Fund
Net Position Beginning of Year, as Previously Stated	\$ (339,059,901)	\$ -	\$ -	\$ 1,490,326
Overstated Accumulated Depreciation	(531)	-	-	-
Understatement of Accounts Receivable	(1,109)	-	-	(1,109)
Replacement with Special Miscellaneous Fund Under GASB 84	12,499	12,449	-	-
Replacement with Custodial Fund Under GASB 84	-	-	12,683	-
Net Position Beginning of Year, as Restated	<u>\$ (339,049,042)</u>	<u>\$ 12,449</u>	<u>\$ 12,683</u>	<u>\$ 1,489,217</u>

See independent auditor's report.

## SUPPLEMENTARY INFORMATION

POUGHKEEPSIE CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
<b>REVENUES</b>				
Local Sources:				
Real Property Taxes	\$ 28,273,908	\$ 28,273,908	\$ 28,185,522	\$ (88,386)
Other Tax Items	4,197,470	4,197,470	2,848,448	(1,349,022)
Charges for Services	6,200	6,200	1,636,956	1,630,756
Use of Money and Property	188,625	188,625	5,977	(182,648)
Sale of Property and Compensation for Loss	-	-	-	-
Miscellaneous	1,933,110	1,933,110	3,078,108	1,144,998
Interfund Revenues	30,000	30,000	2,382	(27,618)
Total Local Sources	34,629,313	34,629,313	35,757,393	1,128,080
State Sources	68,938,092	68,938,092	69,447,130	509,038
Federal Sources	300,000	2,539,912	2,237,711	(302,201)
Retirement System Credits	-	-	-	-
Total Revenues	103,867,405	106,107,317	107,442,234	1,334,917
<b>OTHER FINANCING SOURCES</b>				
Transfers from Other Funds	98,600	98,600	55,379	(43,221)
Appropriated Reserves	-	-	-	-
Premium on Bond Anticipation Note Issuance	-	-	5,636	5,636
Designated Fund Balance and Encumbrances				
Carried Forward From Prior Year	500,000	500,000	-	(500,000)
Total Revenues and Other Financing Sources	\$ 104,466,005	\$ 106,705,917	\$ 107,503,249	\$ 797,332

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
<b>EXPENDITURES</b>					
General Support:					
Board of Education	\$ 129,250	\$ 143,462	\$ 140,200	\$ -	\$ 3,262
Central Administration	323,140	328,740	319,423	-	9,317
Finance	723,259	929,119	846,142	-	82,977
Staff	689,608	899,324	759,872	-	139,452
Central Services	4,281,758	4,606,200	4,058,124	136,203	411,873
Special Items	1,547,994	3,221,363	3,169,376	-	51,987
Total General Support	7,695,009	10,128,208	9,293,137	136,203	698,868
Instruction:					
Instruction, Administration and Improvement	3,659,498	3,366,411	2,899,101	-	467,310
Teaching - Regular School	27,286,359	27,290,027	24,802,278	1,156,379	1,331,370
Programs for Students with Disabilities	18,031,340	18,416,545	17,145,228	-	1,271,317
Occupational Education	332,775	332,775	173,157	-	159,618
Teaching - Special School	9,432	535	535	-	-
Instructional Media	1,439,029	1,729,443	1,350,830	231,447	147,166
Pupil Services	5,992,210	7,030,643	5,175,631	159,511	1,695,501
Total Instruction	56,750,643	58,166,379	51,546,760	1,547,337	5,072,282
Pupil Transportation	4,366,917	3,268,895	3,046,450	-	222,445
Community Services	85,000	85,000	7,467	-	77,533
Employee Benefits	31,715,336	31,381,909	27,078,006	-	4,303,903
Debt Service:					
Principal	-	-	-	-	-
Interest	-	27,157	27,157	-	-
Total Debt Service	-	27,157	27,157	-	-
Total Expenditures	100,612,905	103,057,548	90,998,977	1,683,540	10,375,031
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	3,853,100	3,648,369	3,539,004	-	109,365
Total Expenditures and Other Uses	\$ 104,466,005	\$ 106,705,917	\$ 94,537,981	\$ 1,683,540	\$ 10,484,396
Net Change in Fund Balances			12,965,268		
Fund Balance - Beginning			9,239,555		
Fund Balance - Ending			\$ 22,204,823		

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total OPEB Liability</b>										
Service Cost	\$ 17,095,514	\$ 4,058,980	\$ 4,078,684	\$ 3,959,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	8,950,195	14,230,418	13,800,220	13,503,389	-	-	-	-	-	-
Changes of Benefit Terms	-	(38,799,005)	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	533,957	(61,233,066)	-	-	-	-	-	-	-	-
Changes of Assumption or Other Inputs	3,811,590	76,913,075	-	-	-	-	-	-	-	-
Benefit Payments	(9,321,408)	(10,249,617)	(9,131,594)	(8,833,173)	-	-	-	-	-	-
Net Change in total OPEB Liability	21,069,848	(15,079,215)	8,747,310	8,630,103	-	-	-	-	-	-
Total OPEB Liability - Beginning	392,525,902	407,605,117	398,857,807	390,227,704	-	-	-	-	-	-
Total OPEB Liability - Ending	\$ 413,595,750	\$ 392,525,902	\$ 407,605,117	\$ 398,857,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	41,892,740	39,692,976	39,161,138	42,261,151	-	-	-	-	-	-
Total OPEB Liability as a Percentage of Covered-Employee Payroll	987.27%	988.91%	1040.84%	943.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule:****Changes of Assumptions:**

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

2021	2.16%
2020	2.21%
2019	3.50%
2018	3.50%
2017	5.00%

10 years of historical information will not be available upon implementation. 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.

In accordance with New York State Law, the District's Defined Benefit OPEB Plan is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Accordingly, the District does not have net assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

See independent auditor's report and notes to the financial statements.



## POUGHKEEPSIE CITY SCHOOL DISTRICT

## REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM AND  
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2021

## LAST 10 FISCAL YEARS\*

## FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM AND

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
The District's Proportion of the Net Pension Liability (Asset)	0.0190674%	0.0215302%	0.0191157%	0.0197152%	0.0181661%	0.0222872%	0.0241647%	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 18,986	\$ 5,701,326	\$ 1,354,409	\$ 636,298	\$ 1,706,930	\$ 3,577,164	\$ 816,344	-	-	-
The District's Covered Employee Payroll	\$ 5,187,139	\$ 6,376,554	\$ 6,329,829	\$ 5,761,540	\$ 5,233,700	\$ 5,233,700	\$ 5,929,600	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	0.37%	89.41%	21.40%	11.04%	32.61%	68.35%	13.77%	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	-	-	-

\* The amounts presented for each fiscal year were determined as of 3/31

## FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
The District's Proportion of the Net Pension Liability (Asset)	0.23449%	0.24512%	0.22942%	0.22727%	0.22442%	0.24541%	0.22576%	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,479,530	\$ (6,368,194)	\$ (4,148,472)	\$ (1,727,439)	\$ 2,403,660	\$ (25,489,936)	\$ (28,480,345)	-	-	-
The District's Covered Employee Payroll	\$ 41,482,140	\$ 42,043,946	\$ 37,439,630	\$ 36,499,611	\$ 35,964,100	\$ 36,866,400	\$ 37,766,800	-	-	-
The District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	15.62%	-15.15%	-11.08%	-4.73%	6.68%	-69.14%	-75.41%	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	-	-	-

\* The amounts presented for each fiscal year were determined as of 6/30

POUGHKEEPSIE CITY SCHOOL DISTRICT  
REQUIRED SUPPLEMENTAL INFORMATION  
SCHEDULE OF THE LOCAL GOVERNMENT'S CONTRIBUTIONS  
FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM AND  
FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM  
FOR THE YEAR ENDED JUNE 30, 2021

LAST 10 FISCAL YEARS

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 855,930	\$ 884,975	\$ 813,420	\$ 806,049	\$ 807,400	\$ 806,100	1,009,600	-	-	-
Contributions in Relation to the Contractually Required Contribution	\$ 855,930	\$ 884,975	\$ 813,420	\$ 806,049	\$ 807,400	\$ 806,100	1,009,600	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 5,187,139	\$ 6,376,554	\$ 6,329,829	\$ 5,761,540	\$ 5,233,700	\$ 5,233,700	5,929,600	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	16.50%	13.88%	12.85%	13.99%	15.43%	15.40%	17.03%	-	-	-

FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution	\$ 3,526,280	\$ 4,345,094	\$ 3,662,213	\$ 4,220,842	\$ 4,215,026	\$ 6,462,157	\$ 6,137,111	-	-	-
Contributions in Relation to the Contractually Required Contribution	\$ 3,526,280	\$ 4,345,094	\$ 3,662,213	\$ 4,220,842	\$ 4,215,026	\$ 6,462,157	\$ 6,137,111	-	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 41,482,140	\$ 42,043,946	\$ 37,439,630	\$ 36,499,611	\$ 35,964,100	\$ 36,866,400	\$ 37,766,800	-	-	-
Contributions as a Percentage of a Covered Employee Payroll	8.50%	10.33%	9.78%	11.56%	11.72%	17.53%	16.25%	-	-	-

POUGHKEEPSIE CITY SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET  
AND SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2021

Supplemental Schedule #5

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 104,466,005
Add: Prior Year's Encumbrances	<u>-</u>
Original Budget	104,466,005
Budget Revisions:	
Federal Aid: CARES Act - ESSER	1,915,301
Federal Aid: CARES Act - GEER	<u>324,611</u>
	<u>2,239,912</u>
Final Budget	<u>\$ 106,705,917</u>

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 Expenditure Budget Maximum Allowed	<u>\$ 108,190,818</u>
Maximum Allowed (4% of 2021-2022 Budget)	<u>\$ 4,327,633</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Committed Fund Balance	\$ -
Assigned Fund Balance	1,683,540
Unassigned Fund Balance	<u>12,600,954</u>
Total Unrestricted Fund Balance	<u>14,284,494</u>
Less:	
Appropriated Fund Balance 20-21 Budget	-
Encumbrances Included in Committed and Assigned Fund Balance	<u>1,683,540</u>
Total Adjustments	<u>1,683,540</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 12,600,954</u>
Actual Percentage	11.65%

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2021

Supplemental Schedule #6

PROJECT TITLE	Expenditures			Methods of Financing				Fund Balance June 30, 2021			
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligation		State Aid	Local Sources	Total
Major Capital Projects:											
District-Wide	\$ 117,787	\$ 178,232	\$ 176,482	\$ 1,750	\$ 178,232	\$ -	\$ -	\$ -	\$ 142,787	\$ 142,787	\$ 221,779
District-Wide Phase 1A	4,241,733	4,241,733	-	207,931	207,931	4,033,802	-	-	230,000	230,000	60,695
SMART School Bond Act	1,724,272	1,724,272	-	1,003,942	1,003,942	720,330	-	1,724,272	-	1,724,272	720,330
	6,083,792	6,144,237	176,482	1,213,623	1,390,105	4,754,132	-	1,724,272	372,787	2,097,059	1,002,804
Non-Major Capital Projects:											
Columbus Boiler	\$ 83,325	\$ 101,825	\$ 22,671	\$ -	\$ 22,671	\$ 79,154	\$ -	\$ -	\$ 515,000	\$ 515,000	\$ 28,715
Administration Roof	370,800	370,800	62,781	-	62,781	308,019	-	-	370,800	370,800	79,518
Middle School Structural	164,800	164,800	45,533	-	45,533	119,267	-	-	330,450	330,450	57,672
Smith Chimneys HVAC	399,005	399,005	80,001	4,222	84,223	314,782	-	-	399,005	399,005	97,106
	\$ 1,017,930	\$ 1,036,430	\$ 210,986	\$ 4,222	\$ 215,208	\$ 821,222	\$ -	\$ -	\$ 1,615,255	\$ 1,615,255	\$ 263,011
Totals	\$ 7,101,722	\$ 7,180,667	\$ 387,468	\$ 1,217,845	\$ 1,605,313	\$ 5,575,354	\$ -	\$ 1,724,272	\$ 1,988,042	\$ 3,712,314	\$ 1,265,815

Note: Totals may not add due to rounding.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

Supplemental Schedule #7

	Cafeteria	Debt Service	Miscellaneous	Capital Projects	Total Non-Major
<b>ASSETS</b>					
Cash:					
Unrestricted	\$ 834,774	\$ -	\$ 16,147	\$ 612,734	\$ 1,463,655
Restricted	-	427,566	-	-	427,566
Investments:					
Unrestricted	-	-	-	-	-
Restricted	-	-	-	-	-
Receivables:					
Taxes	-	-	-	-	-
Due from Other Funds	-	3,563	-	-	3,563
State and Federal Aid	175,494	-	-	1,724,272	1,899,766
Due from Other Governments	-	-	-	-	-
Other	-	-	-	-	-
Inventories	34,560	-	-	-	34,560
Deferred Expenditures	-	-	-	-	-
Total Assets	<u>\$ 1,044,828</u>	<u>\$ 431,129</u>	<u>\$ 16,147</u>	<u>\$ 2,337,006</u>	<u>\$ 3,829,110</u>
<b>LIABILITIES</b>					
Payables:					
Accounts Payable	\$ 9,578	\$ -	\$ -	\$ 67,249	\$ 76,827
Accrued Liabilities	15,103	-	-	-	15,103
Due to Other Funds	-	-	-	1,003,942	1,003,942
Due to Other Governments	-	-	-	-	-
Retainage Payable	-	-	-	-	-
Bond Interest and Matured Bonds	-	-	-	-	-
Due to Teachers' Retirement System	-	-	-	-	-
Due to Employees' Retirement System	50,558	-	-	-	50,558
Compensated Absences Payable	-	-	-	-	-
Other Post Employment Benefits Payable	-	-	-	-	-
Judgments & Claims Payable	-	-	-	-	-
Other Liabilities	-	-	-	-	-
Notes Payable:					
Tax Anticipation	-	-	-	-	-
Revenue Anticipation	-	-	-	-	-
Bond Anticipation	-	-	-	-	-
Deferred Credits:					
Overpayments and Collections in Advance	-	-	-	-	-
Deferred Revenues	-	-	-	-	-
Planned Balance	-	-	-	-	-
Total Liabilities	<u>75,239</u>	<u>-</u>	<u>-</u>	<u>1,071,191</u>	<u>1,146,430</u>
<b>FUND BALANCES</b>					
Non Spendable - Inventory	34,560	-	-	-	34,560
Reserved - Debt Service	-	431,129	-	-	431,129
Committed	-	-	-	-	-
Assigned	935,029	-	16,147	1,265,815	2,216,991
Unassigned	-	-	-	-	-
Total Fund Balances	<u>969,589</u>	<u>431,129</u>	<u>16,147</u>	<u>1,265,815</u>	<u>2,682,680</u>
Total Liabilities and Fund Balances	<u>\$ 1,044,828</u>	<u>\$ 431,129</u>	<u>\$ 16,147</u>	<u>\$ 2,337,006</u>	<u>\$ 3,829,110</u>

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Cafeteria	Debt Service	Miscellaneous	Capital Projects	Total Non-Major
<b>REVENUES</b>					
Real Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Tax Items	-	-	-	-	-
Nonproperty Taxes	-	-	-	-	-
Charges for Services	-	-	-	-	-
Use of Money and Property	255	170	-	-	425
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	-	-	3,648	-	3,648
Interfund Revenue	-	-	-	-	-
State Sources	35,585	-	-	1,724,272	1,759,857
Medicaid Reimbursement	-	-	-	-	-
Federal Sources	680,308	-	-	-	680,308
Surplus Food	-	-	-	-	-
Sales - School Lunch	33,015	-	-	-	33,015
Total Revenues	749,163	170	3,648	1,724,272	2,477,253
<b>EXPENDITURES</b>					
General Support	-	-	-	-	-
Instruction	-	-	-	-	-
Pupil Transportation	-	-	-	-	-
Community Service	-	-	-	-	-
Employee Benefits	302,261	-	-	-	302,261
Debt Service:					
Principal	-	2,152,903	-	-	2,152,903
Interest	-	850,155	-	-	850,155
Cost of Sales	966,530	-	-	-	966,530
Other Expenditures	-	-	-	-	-
Capital Outlay	-	-	-	1,217,845	1,217,845
Total Expenditures	1,268,791	3,003,058	-	1,217,845	5,489,694
Excess (Deficiency) of Revenues Over Expenditures	(519,628)	(3,002,888)	3,648	506,427	(3,012,441)
<b>OTHER FINANCING SOURCES AND USES</b>					
Proceeds from Bond Issuance	-	-	-	-	-
Premium on Issuance of Refunding Bonds	-	-	-	-	-
Bond Anticipation Note Redeemed from Appropriations	-	-	-	-	-
Operating Transfers In	-	3,003,058	-	230,000	3,233,058
Operating Transfers (Out)	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-
Cost of Refunding Bond Issuance	-	-	-	-	-
Rounding	-	-	-	-	-
Total Other Sources (Uses)	-	3,003,058	-	230,000	3,233,058
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(519,628)	170	3,648	736,427	220,617
Fund Balances - Beginning of Year	1,490,326	430,959	-	529,388	2,450,673
Prior Period Adjustment - See Note 15	(1,109)	-	12,499	-	11,390
Fund Balances - Beginning of Year, as Restated	1,489,217	430,959	12,499	529,388	2,462,063
Fund Balances - End of Year	\$ 969,589	\$ 431,129	\$ 16,147	\$ 1,265,815	\$ 2,682,680

Note: Totals may not add due to rounding.

See independent auditor's report and notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT  
FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets, Net		\$ 36,197,571
Add:		
Cash Held for BAN Payment	\$ -	
Total Additions		-
Deduct:		
Short-Term Portion of Bonds Payable	2,199,636	
Long-Term Portion of Bonds Payable	20,759,465	
Short-Term Portion of Installment Purchase Debt	-	
Long-Term Portion of Installment Purchase Debt	-	
BANs Payable	-	
Total Deductions		22,959,101
Investment in Capital Assets, Net of Related Debt		\$ 13,238,470

*Note: Totals may not add due to rounding.*

See independent auditor's report and notes to the financial statements.

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

To the Board of Education  
Poughkeepsie City School District  
Poughkeepsie, New York

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Poughkeepsie City School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 29, 2021.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses.

We consider the deficiencies described in the accompanying schedule of findings to be material weaknesses, 2021-001 through 2021-004 and 2021-006.



POUGHKEEPSIE CITY SCHOOL DISTRICT

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

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**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 determination of financial statement amounts. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-005.

**District's Response to Findings**

District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Siebler, Torchia, Allen + Churchill, LLP, P.C.*

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Hudson, New York  
September 29, 2021

POUGHKEEPSIE CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2021  

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*Financial Statements:*

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- |   |                   |                            |
|---|-------------------|----------------------------|
| • Material weakness(es) identified?   | <u>  x  </u> yes  | <u>      </u> no           |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | <u>      </u> yes | <u>  x  </u> none reported |

Non-compliance material to financial statements noted?

<u>  x  </u> yes	<u>      </u> no
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POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS  
JUNE 30, 2021  
(CONTINUED)

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**2021-001 Year-end Closing Procedures**

**CRITERIA:**

The year-end closing procedures should result in a complete and accurate record that supports the basic financial statements and footnotes in accordance with generally accepted accounting principles along with supporting schedules.

**CONDITION:**

In recent years, the District has experienced significant turnover in positions key to the year-end audit preparation process. As a result, certain schedules provided for audit were received later in the audit cycle and in some cases required correction upon auditor review. In considering our internal control assessments and discussions with management, we determined that the District had an adequate understanding of what should have been recorded or compiled on the audit schedules and that the corrections stemmed from time constraints resulting from the change in the business office management and staff during several stages of the audit. These factors resulted in items being provided later and in some cases without review prior to submitting to the audit team.

**QUESTIONED COSTS:**

There are no questioned costs.

**CAUSE:**

The District has had significant turnover in recent years resulting in a lack of continuity in its accounting practices.

**EFFECT:**

During the 2017 year audit, the Auditor received the District's trial balance, revenue status and budget status reports 3 days after our agreed upon deadline of July 31, 2017. Upon reviewing the schedules, we noted several significant items missing that were later corrected through audit journal entries. The table below demonstrates the significance of the audit adjustments necessary to correct the financial statements.

**RECOMMENDATION:**

It was recommended that the District assess their capacity each year against the audit timetable and auditor requests to ensure that time is available to meet the timetable and includes time for appropriate review.

**VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The District is accessing various approaches to correct this issue.

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS  
JUNE 30, 2021  
(CONTINUED)

Status as of June 30, 2021:

During the current year audit we noted the District did not adjust the data for processing year-end closing in the General Fund, Debt Service Fund, and School Lunch Fund. There were proposed journal entries the District should be posting and incorporating in the fiscal year closing procedures.

Fund	Total Assets	Total Liabilities	Fund Balance/Net Position	Revenues	Expenditures	Impact on Fund Balance
General Fund	46,313	-	634,757	-	(46,313)	46,313
Debt Service Fund	-	-		1,223,894	1,223,894	-
School Lunch Fund	10,002	-	10,002	-	(10,002)	10,002

**2021-002 Maintaining Current User Access Rights**

**CRITERIA:**

User rights for the District's financial software should be reviewed and updated regularly to ensure that access is limited to appropriate personnel.

**CONDITION:**

During the 2017 audit, while the Auditor updated their understanding of the District's information technology control environment, we noted that user rights for the District's fiscal software (Finance Manager) had not been revoked for several former business office personnel.

**QUESTIONED COSTS:**

There are no questioned costs.

**CAUSE:**

The District has had significant turnover in recent years resulting in a lack of continuity in its accounting practices.

**EFFECT:** A lack of ongoing review of these rights could lead to unintended access vulnerabilities.

**RECOMMENDATION:**

It was recommended that the Finance Manager Administrator review the user rights at least semiannually for users requiring revocation as well as assessing the reasonableness of assigned rights and whether they create any segregation of duties conflicts.

**VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

The District agrees with the finding and has removed the staff no longer with the District. Additionally, the District plans to develop a formal review process of these user access rights.

Status as of June 30, 2021:

During the current year audit we noted a formal review process has not been updated.

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 2021

(CONTINUED)

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**2021-003 Accounting for Energy Performance Capital Project**

CRITERIA:

Accounting procedures should include consideration of transactions occurring outside the District's bank accounts where third party escrow account activity exists.

CONDITION:

During the 2017 audit of the District's Capital Project Fund, we noted that while the Energy Performance capital project was completed, the final activity including application of unspent funds against future lease payments had not been recorded. Upon contacting the vendor, the District was able to obtain the necessary information to prepare the necessary closeout entries.

QUESTIONED COSTS:

There are no questioned costs.

CAUSE:

The District has had significant turnover in recent years resulting in a lack of continuity in its accounting practices.

EFFECT:

A lack of consideration of these types of transactions could lead to missing or incomplete accounting for certain transactions.

RECOMMENDATION:

It was recommended that all project files include all closeout information, including the resolution of any unexpended funds and that a procedure be put into place to include accounting entries during the closeout process.

VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The District is accessing various approaches to correcting this issue.

Status as of June 30, 2021:

During the current year audit, we noted the District had posted all entries related to the Energy Performance Capital Project. **Accordingly, this matter is considered resolved.** Please see finding 2021-006 Energy Performance Capital Project Oversight Monitoring.

**2021-004 Control Procedures for Adjusting Journal Entries**

CRITERIA:

Internal controls relating to the recording of adjusting journal entries should require a secondary review of all adjusting journal entries and the support for the entries be included in the accounting records.

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 2021

(CONTINUED)

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CONDITION:

During the 2017 audit of general journal entries, it was revealed that journal entries were posted without concurrent or subsequent oversight by management. We also noted that the supporting documentation and/or explanations accompanying the entries were inadequate in many instances.

QUESTIONED COSTS:

There are no questioned costs.

CAUSE:

The District has had significant turnover in recent years resulting in a lack of continuity in its accounting practices.

EFFECT:

Lack of secondary review and requirement of supporting records for all adjusting journal entries could lead to errors and unauthorized adjustments.

RECOMMENDATION:

It was recommended that a policy be adopted whereby all journal entries be approved by the Business Official or another designated member of management. All entries should be initialed by the preparer and the individual approving them in order to attribute responsibility to the appropriate individuals. All journal entries should be accompanied by full explanation and by reference to adequate supporting data.

VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The District plans to implement these recommendations and require a reviewer and support for all entries.

Status as of June 30, 2021:

During the current year audit, we noted the District does maintain records and supporting documentation of adjustments. There was no adopted policy or formal procedure implemented for review of journal entries.

**2021-005 Compliance with §1318 of the New York State Real Property Tax Law**

CRITERIA:

Accounting procedures should be in place to ensure that the District complies with laws and regulations including the §1318 of the New York State Real Property Tax law.

CONDITION:

During the 2017 audit, it was noted the District's unassigned fund balance of the general fund exceeds 4% of the subsequent year's expenditures budget as imposed by §1318 of the New York State Real Property Tax law resulting in noncompliance with New York State Law.

QUESTIONED COSTS:

There are no questioned costs.

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 2021

(CONTINUED)

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CAUSE:

The District has had significant turnover in recent years resulting in a lack of continuity in its accounting practices.

EFFECT:

Lack of an ongoing assessment of the District's compliance could result in the District exceeding the allowable fund balance.

RECOMMENDATION:

We recommend that the District monitor its unassigned fund balance throughout the year, at least semi-annually. The District should consider taking action to reduce the unassigned fund balance to the allowable limit. Additionally, the District should consider whether it has considered the adequacy and/or inclusion of permissible reserves such as its tax certiorari reserve and the use of outstanding encumbrances.

VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The District will perform interim analysis of their fund balance plan to ensure that they are in compliance with this regulation going forward.

Status as of June 30, 2021:

During the current year audit, we noted District's unassigned fund balance of the general fund exceeds 4% of the subsequent year's expenditures budget as imposed by §1318 of the New York State Real Property Tax law resulting in noncompliance with New York State Law.

**2021-006 Energy Performance Capital Project Oversight Monitoring**

CRITERIA:

Monitoring of the energy cost savings criteria is being monitored on a scheduled basis.

CONDITION:

The District does not received and review or perform an analysis on the cost savings received from the Energy Performance Capital Project.

QUESTIONED COSTS:

There are no questioned costs.

CAUSE:

During the 2021 year the District had not competed monitoring oversight of the cost savings being received from Energy Performance Capital Project.

EFFECT:

Lack of an ongoing oversight to the District's cost savings may lead to a missed opportunity for savings.

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 2021

(CONTINUED)

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RECOMMENDATION:

We recommend that the District monitor the cost savings on the Energy Performance Capital Project Contact.

VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The District has a plan to contact the Energy Performance contractor and request cost savings reports and review accordingly