

FINANCIAL REPORT
AUDITED

POUGHKEEPSIE CITY SCHOOL DISTRICT

For the Year Ended June 30, 2022

Audited for:

Board of Education
POUGHKEEPSIE CITY SCHOOL DISTRICT

Audited By:

RBT CPAs, LLP
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POUGHKEEPSIE CITY SCHOOL DISTRICT

TABLE OF CONTENTS

	Page
Management’s Discussion and Analysis	i – xiii
Independent Auditor’s Report	1 - 3
Basic Financial Statements:	
Statement of Net Position	4
Statement of Activities and Changes in Net Position	5
Balance Sheet – Governmental Funds	6
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	8 - 9
Reconciliation of Net Change in Governmental Fund Balances to Governmental Activities Change in Net Position	10 - 11
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	12
Notes to the Financial Statements	13 - 47
Required Supplementary Information:	
1 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP) Basis and Actual – General Fund	47 - 49
2 Schedule of Changes in the Total Other Post-Employment Benefits Liability and Related Ratios	50
3 Schedule of the Local Government’s Proportionate Share of the Net Pension Liability (Asset) for the New York State Employees’ Retirement System and for the New York State Teachers’ Retirement System	51
4 Schedule of the Local Government’s Contributions for the New York State Employees’ Retirement System and for the New York State Teachers’ Retirement System	52

Supplementary Information:

5	Schedule of Combining Balance Sheet – Non-Major Governmental Funds	53
6	Schedule of Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	54

Other Information:

7	Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation	55
8	Schedule of Project Expenditures – Capital Projects Fund	56
9	Schedule of Net Investment in Capital Assets	57

Reports in Accordance with *Government Auditing Standards*:

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 <i>Government Auditing Standards</i>	58 – 59
Schedule of Prior Audit Findings	60
Schedule of Findings and Questioned Costs	61 - 63

POUGHKEEPSIE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The following is a discussion and analysis of the District’s financial performance for the fiscal year ended June 30, 2022. 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 \$246,262,934 and a Deferred Outflow of \$41,560,498 and Deferred Inflow of \$159,122,652.
- Commencing in 2015, with the adoption of GASB 68, the negative impact of this liability (asset) 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 \$22.09 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 \$2,306,541.

Overview of the Financial Statements

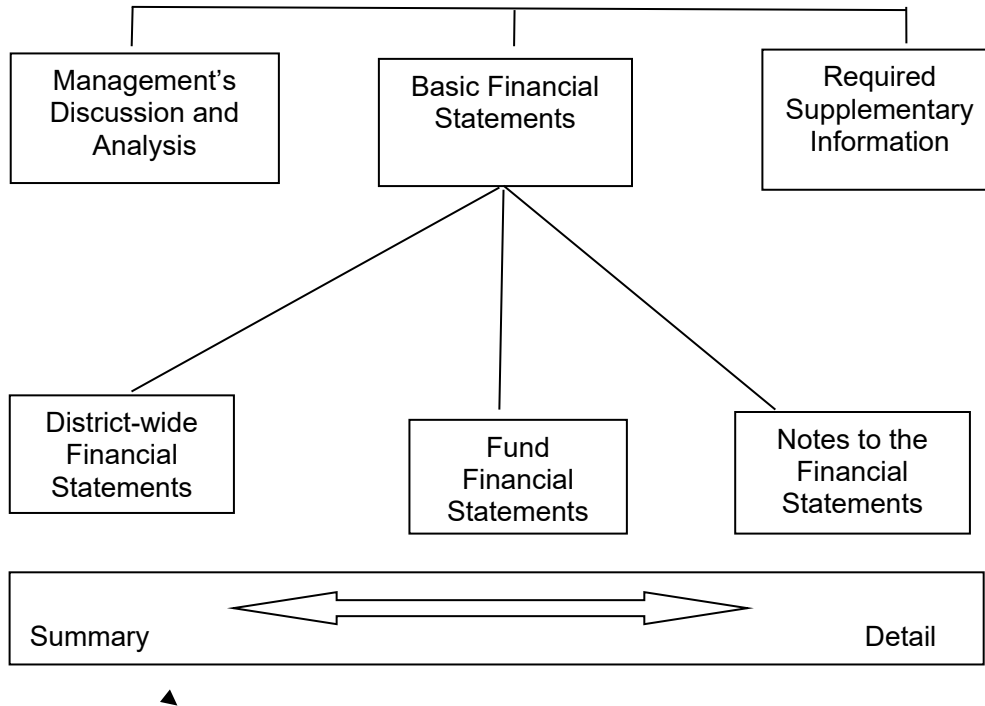
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.

POUGHKEEPSIE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

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.

Figure A-2			
Major Features of the District-Wide and Fund Financial Statements			
	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, 2022

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, 2022

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, 2022

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, 2022:

Figure A-3

Condensed Statement of Net Position (In Millions of Dollars)

	Governmental and Total School District Activities		
	2022	2021	% Change
<i>Assets</i>			
Current and Other Assets	\$ 27.16	\$ 17.61	54.2%
Receivables, Inventory	16.48	19.37	-14.9%
Capital Assets	46.09	36.20	27.3%
Net Pension Asset-Proportionate Share	39.60	-	100.00%
Total Assets	129.33	73.18	76.7%
Deferred Outflows of Resources	67.76	32.96	105.58%
Total Assets and Deferred Outflows of Resources	197.09	106.14	85.7%
<i>Liabilities</i>			
Current Liabilities	5.41	5.69	4.9%
Long-Term Debt	279.14	448.36	37.7%
Total Liabilities	284.55	454.05	37.3%
Deferred Inflows of Resources	208.30	1.93	-10692.7%
Total Liabilities and Deferred Inflows of Resources	492.85	455.98	-8.1%
<i>Net Position</i>			
Invested in Capital Assets, Net of Related Debt	19.82	13.24	-49.7%
Restricted	8.57	7.99	-7.3%
Unrestricted	(324.16)	(371.07)	12.6%
Total Net Position	\$ (295.77)	\$ (349.84)	15.5%

Note: Assets - Liabilities = Net Position

- Investment in capital assets increased primarily due to decrease in bonds payable.
- The increase in unrestricted net position is primarily due to the decrease in other post-employment liability (OPEB) of \$167,332,816.

POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Activities/Changes in Net Position

Figure A-4

Change in Net Position from Operating Results (In Millions of Dollars)			
Governmental and Total School District Activities			
	Restated		
	2022	2021	% Change
<i>Revenues</i>			
Program Revenue:			
Charges for Services	\$ 0.12	\$ 0.03	300.0%
Operating Grants and Contributions	18.60	10.07	84.7%
General Revenue:			
Property Taxes & Tax Items	33.41	32.91	1.5%
Use of Money & Property	0.08	-	100.0%
State Formula Aid - Restated	72.76	70.45	3.3%
Medicaid Reimbursement	-	-	-
Food Sales & Surplus	-	-	-
Other	1.29	3.07	-58.0%
Total Revenues	<u>126.26</u>	<u>116.53</u>	8.3%
<i>Expenses</i>			
General Support	9.62	16.55	-41.9%
Instruction	50.43	104.25	-51.6%
Pupil Transportation	8.11	5.41	49.9%
Debt Service	0.86	0.87	-1.1%
Other Expenses	0.14	-	0.0%
Community Service	-	-	0.0%
School Lunch Program	<u>2.30</u>	<u>0.97</u>	137.1%
Total Expenses	<u>71.46</u>	<u>128.05</u>	-44.2%
Excess (Deficiency) of Revenues Over Expense			
Increase (Decrease) in Net Position	<u>\$ 54.80</u>	<u>\$ (11.52)</u>	-575.7%

Changes in Net Position

The School District's 2022 revenue was \$126,784,426 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 25.07% and 57.39%, 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 \$71,460,828. For these expenses, (89%) 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 11% of total costs.

Net position increased during the year by \$54,795,078.

POUGHKEEPSIE CITY SCHOOL DISTRICT
 MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Figure A-5 - Sources of Revenues for Fiscal Year 2022

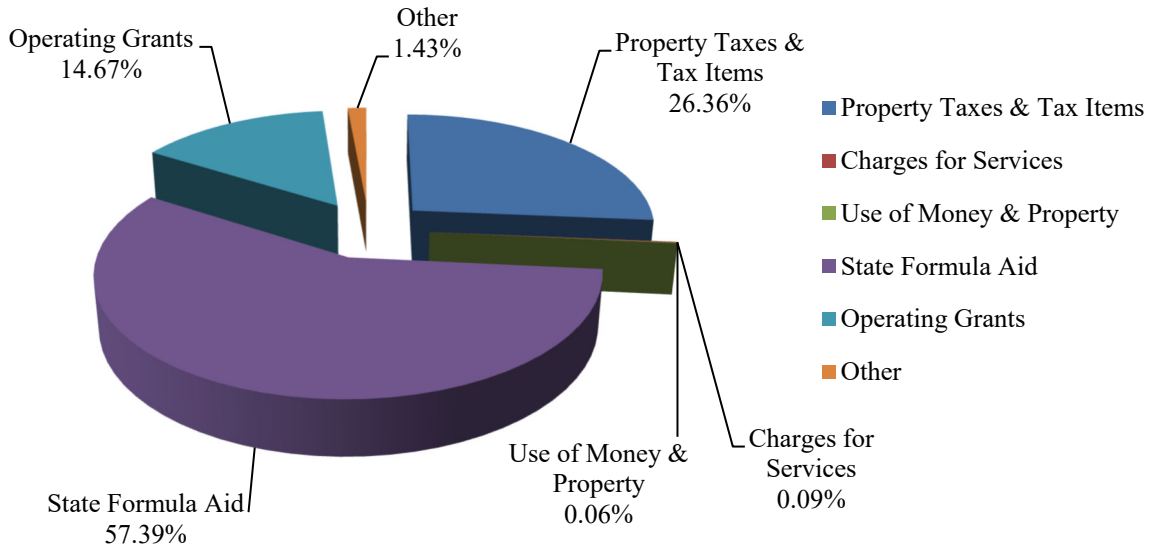
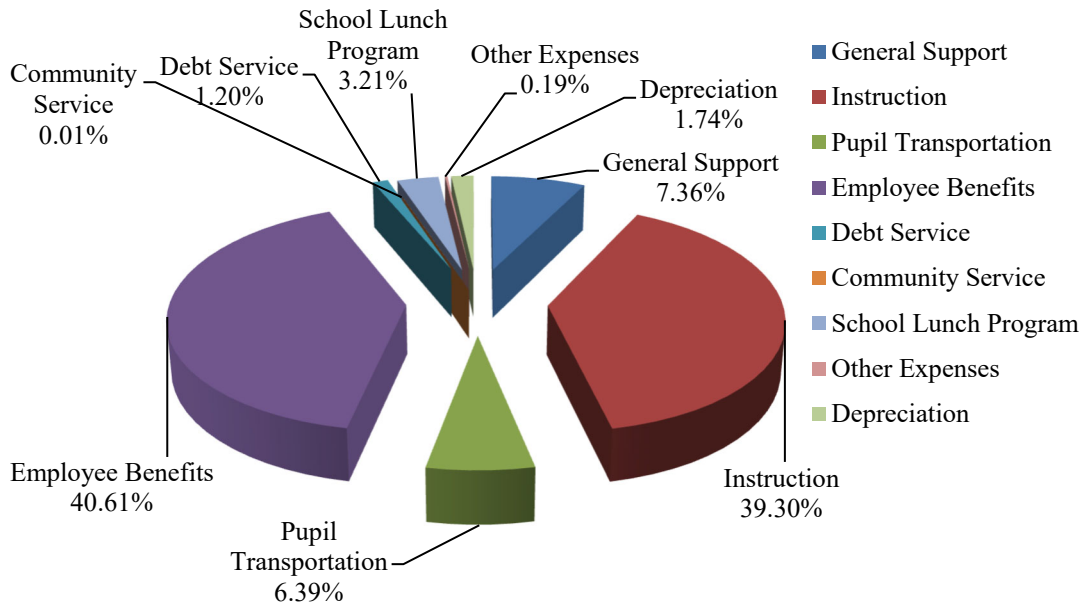


Figure A-6 – Expenses for the Fiscal Year 2022



POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	
	2022	2021			2022	2021
General Support	\$ 5.3	\$ 9.3	-43.0%	\$ 9.6	\$ 16.6	
Instruction	28.1	59.1	-52.5%	34.9	94.9	
Pupil Transportation	4.6	3.1	50.3%	7.9	5.4	
Community Service	-	-	-	-	-	
Employee Benefits	29.0	53.5	-45.7%	-	-	
Debt Service - Interest	0.9	0.9	0.0%	0.9	0.9	
Other Expenses	0.1	-	-	0.1	-	
Depreciation	1.2	1.3	100.0%	-	-	
School Lunch Program	2.3	1.0	137.1%	(0.7)	-	
Total	<u>\$ 71.5</u>	<u>\$ 128.1</u>	-44.2%	<u>\$ 52.7</u>	<u>\$ 117.7</u>	

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 \$30.54 million; a \$6.37 million increase from last year’s ending fund balances of \$24.17 million.

Governmental Activities

Revenue for the School District’s governmental activities totaled \$133,010,580 while total expenses were \$126,637,598. Accordingly, fund balances increased by \$6,372,982. The increase was primarily the result of the current year increase in state aid.

- The users of the School District’s programs financed \$115,251 of the costs.
- The federal and state government financed \$91,359,450 of the costs.
- The majority of the net costs were financed by the School District’s taxpayers and unallocated NYS aid.

Governmental Funds Highlights

The following is a brief description of the activity in the governmental funds for 2022:

- General Fund – The District revenues increased due to an increase in Property and Other Taxes of \$0.50 million, along with increases in State Aid Revenues of \$2.31.
- Special Aid Fund – The District Special Aid Fund revenues increased by \$8.20million due to an increase in revenues from Federal Sources of \$7.5.

POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

- Special Aid Fund – The District Special Aid Fund revenues increased by \$8.20million due to an increase in revenues from Federal Sources of \$7.5.
- School Lunch Fund – The Food Service Fund is continuing to provide students a high-quality selection of food, with an increase in Federal Sources of \$2.1 million.
- Capital Projects Fund – The District continued Phases 1A & 1B of the \$99 million Capital Project to improve infrastructure and other physical upgrades including roof replacements in several of the district’s buildings.
- Debt Service Fund –The District made principal and interest payments totaling \$2.69 and \$0.84, respectively.

POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 33.68	\$ 33.73	\$ 35.01	\$ 1.28
State Sources	74.11	74.11	72.40	(1.71)
Federal Sources	0.30	0.49	0.42	(0.07)
Transfers In	0.10	0.10	0.05	(0.05)
Designated Fund Balance & Encumbrances	-	1.94	-	(1.94)
Total	<u>108.19</u>	<u>110.37</u>	<u>107.88</u>	<u>(2.49)</u>
Expenses				
General Support	9.26	12.48	11.36	(1.12)
Instruction	57.08	59.51	55.87	(3.64)
Pupil Transportation	4.40	5.28	4.69	(0.59)
Community Services	0.08	0.08	0.04	(0.04)
Employee Benefits	33.24	27.69	26.14	(1.55)
Debt Service	-	0.05	-	(0.05)
Transfers Out	4.12	5.28	5.11	(0.17)
Total	<u>108.18</u>	<u>110.37</u>	<u>103.21</u>	<u>(7.16)</u>
Revenue over (under) expenditures	<u>\$ 0</u>	<u>\$ -</u>	<u>\$ 4.67</u>	<u>\$ 4.67</u>

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 2022 of \$4,668,783. 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, 2022, the School District had \$46,089,726 invested in buildings, computers, and other educational equipment.

POUGHKEEPSIE CITY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The overall capital assets as of June 30, 2022, are given below in Figure A-9.

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

	Capital Assets	
	2022	2021
Land	\$ 0.1	\$ 0.1
Construction	7.0	0.5
Buildings and Improvements	75.2	71.1
Vehicles	1.7	1.2
Furniture and Equipment, Restated	1.4	1.4
Total	85.4	74.3
Less: Accumulated Depreciation	39.4	38.2
Net Capital Assets	\$ 46.0	\$ 36.1

Long-Term Debt

As of June 30, 2022, the District had \$26,269,465 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	
	2022	2021
General Obligation Bonds & Notes	\$ 24.38	\$ 20.73
Other Long Term Debt	1.89	2.23
Total	\$ 26.27	\$ 22.96

Factors Bearing on the District’s Future

- The district has generated a surplus from operations this year resulting from unspent funds. In June of 2022, the District was able to increase its level of reserves by \$7.3 million and set aside \$1.5 million towards 21st Century Furniture replacement. Management proactively plans for long-term financial stabilization. Unassigned fund balance was appropriately decreased to align with the statutory limit.

POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

- The \$99 million capital improvement project which was supported on October 20, 2020 has begun with roof replacements, improvements to our heating system and many other much needed repairs.
- The District benefits financially as a result of the 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. Both will be exhausted by June 30, 2024.
- 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 tax certiorari 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 over 85% 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: Ms. Louise M. Lynch
Assistant Superintendent for Business
18 South Perry Street
Poughkeepsie, NY 12601
(845) 451-4960



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Poughkeepsie City School District
18 South Perry Street
Poughkeepsie, New York 12601

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Poughkeepsie City Central School District (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinions

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

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 2. to the financial statement, in 2022 the District adopted new accounting guidance GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

A prior period adjustment for Capital Fund receivable was reflected, see Note 16.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections and 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 Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, New York
October 28, 2022

POUGHKEEPSIE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government Governmental Activities
ASSETS	
Cash:	
Unrestricted	\$ 3,917,010
Restricted	2,736
Investments:	
Unrestricted	3,672,983
Restricted	19,566,867
Receivables:	
Taxes	2,306,541
State and Federal Aid	12,505,785
Due from Other Governments	1,075,814
Other	81,855
Inventories	52,153
Prepaid Expenditure	455,471
Capital Assets, Net	46,089,726
Net Pension Asset-Proportionate Share	39,604,364
Total Assets	129,331,305
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - OPEB	41,560,498
Deferred Outflows - Pension	21,609,428
Deferred Outflows - Contributions Post Measurement	4,586,029
Total Deferred Outflows of Resources	67,755,955
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Total Assets and Deferred Outflows of Resources	197,087,260
LIABILITIES	
Payables:	
Accounts Payable	2,405,099
Accrued Liabilities	862,449
Due to Other Governments	2,003,054
Bond Interest and Matured Bonds	100,296
Deferred Credits:	
Overpayments and Collections in Advance	34,797
Long-Term Liabilities:	
Due and Payable Within One Year:	
Bonds Payable	2,085,000
Energy Performance Contracts Payable	351,790
Due to Teachers' Retirement System	4,349,668
Due to Employees' Retirement System	236,361
Due and Payable After One Year:	
Bonds Payable	22,823,518
Retainage Payable	39,685
Energy Performance Contracts Payable	1,537,675
Compensated Absences Payable	1,455,857
Other Post Employment Benefits Payable	246,262,934
Total Liabilities	284,548,183
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Other	899,091
Deferred Revenues - OPEB	159,122,652
Deferred Revenues - Pension	48,282,362
Total Deferred Inflows of Resources	208,304,105
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
Total Liabilities and Deferred Inflows of Resources	492,852,288
NET POSITION	
Net Investment in Capital Assets	19,820,261
Restricted	
Debt Service	335,998
Other Legal Restrictions	19,233,605
Unrestricted	(335,154,892)
Total Net Position	\$ (295,765,028)

See accompanying notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

		Indirect	Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Expenses Allocation	Charges for Services	Operating Grants	Governmental Activities
FUNCTIONS/PROGRAMS					
General Support	\$ (5,256,726)	\$ (4,361,285)	\$ -	\$ -	\$ (9,618,011)
Instruction	(28,083,341)	(22,347,505)	6,945	15,499,629	(34,924,272)
Pupil Transportation	(4,562,967)	(3,550,379)	-	238,592	(7,874,753)
Community Service	(4,702)	(3,599)	-	-	(8,301)
Employee Benefits	(29,020,329)	29,020,329	-	-	-
Debt Service	(855,500)	-	-	-	(855,500)
Other Expenses	(137,505)	-	-	-	(137,505)
Cafeteria Program	(2,297,320)	-	108,306	2,856,934	667,920
Depreciation	(1,242,439)	1,242,439	-	-	-
Total Functions and Programs	<u>\$ (71,460,828)</u>	<u>\$ -</u>	<u>\$ 115,251</u>	<u>\$ 18,595,155</u>	<u>(52,750,422)</u>
GENERAL REVENUES					
Real Property Taxes					29,133,544
Other Tax Items					2,645,491
Non Property Taxes					1,635,870
Use of Money and Property					80,691
Sale of Property and Compensation for Loss					65,374
Miscellaneous					1,220,237
State Sources					72,764,295
Total General Revenues					<u>107,545,502</u>
Change in Net Position					54,795,079
Total Net Position - Beginning of Year					<u>(349,839,777)</u>
Prior Period Adjustment - See Note 16					<u>(720,330)</u>
Total Net Position - Beginning of Year, as Restated					<u>(350,560,107)</u>
Total Net Position - End of Year					<u>\$ (295,765,028)</u>

See accompanying notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Special Aid	Non-Major	Governmental Funds
ASSETS				
Cash:				
Unrestricted	\$ 557,534	\$ 389,336	\$ 2,970,140	\$ 3,917,010
Restricted	2,736	-	-	2,736
Investments:				
Unrestricted	3,579,425	-	93,558	3,672,983
Restricted	19,230,869	-	335,998	19,566,867
Receivables:				
Taxes	2,306,541	-	-	2,306,541
Due from Other Funds	8,320,966	18,938	134,597	8,474,501
State and Federal Aid	2,726,280	7,617,510	2,161,995	12,505,785
Due from Other Governments	1,075,814	-	-	1,075,814
Other, Net of Allowance	81,855	-	-	81,855
Inventories	-	-	52,153	52,153
Prepaid Expenditures	455,471	-	-	455,471
Total Assets	\$ 38,337,491	\$ 8,025,784	\$ 5,748,441	\$ 52,111,716
LIABILITIES				
Payables:				
Accounts Payable	\$ 2,319,501	\$ 85,598	-	\$ 2,405,099
Accrued Liabilities	788,596	43,245	30,608	862,449
Due to Other Funds	-	6,950,776	1,523,725	8,474,501
Due to Other Governments	2,003,033	-	21	2,003,054
Due to Teachers' Retirement System	3,878,997	470,671	-	4,349,668
Due to Employees' Retirement System	132,420	51,175	52,766	236,361
Unearned Credits:				
Overpayments and Collections in Advance	34,797	-	-	34,797
Total Liabilities	9,157,344	7,601,465	1,607,120	18,365,929
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue	2,306,541	424,319	474,772	3,205,632
Total Deferred Inflows of Resources	2,306,541	424,319	474,772	3,205,632
FUND BALANCES				
Non-Spendable				
Inventory	-	-	52,153	52,153
Prepaid Expenditures	455,471	-	-	455,471
Total Non-Spendable Fund Balance	455,471	-	52,153	507,624
Restricted				
Unemployment Insurance	222,830	-	-	222,830
Tax Certiorari	428,635	-	-	428,635
Retirement Contribution Reserve - ERS	1,000,201	-	-	1,000,201
Retirement Contribution Reserve - TRS	1,320,000	-	-	1,320,000
Liability Claims and Property Loss Reserve	261,939	-	-	261,939
Employee Benefit Accrued Liability Reserve	1,000,000	-	-	1,000,000
Capital Reserve	15,000,000	-	-	15,000,000
Debt Service	-	-	335,998	335,998
Total Restricted Fund Balance	19,233,605	-	335,998	19,569,603
Committed	-	-	-	-
Assigned				
Unappropriated	-	-	3,278,398	3,278,398
Appropriated for Subsequent Year's Expenditures	1,500,000	-	-	1,500,000
Encumbrances	1,238,439	-	-	1,238,439
Total Assigned Fund Balance	2,738,439	-	3,278,398	6,016,837
Unassigned	4,446,091	-	-	4,446,091
Total Fund Balance	26,873,606	-	3,666,549	30,540,155
Total Liabilities and Fund Balances	\$ 38,337,491	\$ 8,025,784	\$ 5,748,441	\$ 52,111,716

See accompanying 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, 2022

	General	Special Aid	Non-Major	Total Governmental Funds
REVENUES				
Real Property Taxes	\$ 29,133,544	\$ -	\$ -	\$ 29,133,544
Other Tax Items	2,871,645	-	-	2,871,645
Nonproperty Taxes	1,635,870	-	-	1,635,870
Charges for Services	6,945	-	-	6,945
Use of Money and Property	79,523	-	1,168	80,691
Sale of Property and Compensation for Loss	65,374	-	-	65,374
Miscellaneous	1,218,452	-	1,785	1,220,237
State Sources	72,398,047	3,211,829	422,368	76,032,244
Federal Sources	416,791	12,109,601	2,800,814	15,327,206
Sales - School Lunch	-	-	108,306	108,306
Total Revenues	<u>107,826,191</u>	<u>15,321,430</u>	<u>3,334,441</u>	<u>126,482,062</u>
EXPENDITURES				
General Support	11,361,604	961,154	-	12,322,758
Instruction	55,868,135	11,803,684	-	67,671,819
Pupil Transportation	4,692,737	238,592	-	4,931,329
Community Service	42,995	-	-	42,995
Employee Benefits	26,136,126	2,569,245	314,958	29,020,329
Debt Service:				
Principal	-	-	2,689,636	2,689,636
Interest	-	-	842,148	842,148
Cost of Sales	-	-	2,297,320	2,297,320
Other Expenditures	-	-	137,505	137,505
Capital Outlay	-	-	6,681,759	6,681,759
Total Expenditures	<u>98,101,597</u>	<u>15,572,675</u>	<u>12,963,326</u>	<u>126,637,598</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,724,594</u>	<u>(251,245)</u>	<u>(9,628,885)</u>	<u>(155,537)</u>
OTHER FINANCING SOURCES AND USES				
Proceeds from Bond Issuance	-	-	5,510,000	5,510,000
Premium on Bond Issuance	-	-	528,518	528,518
Bond Anticipation Note Redeemed from Appropriations	-	-	490,000	490,000
Operating Transfers In	53,757	305,001	4,804,566	5,163,324
Operating Transfers (Out)	<u>(5,109,568)</u>	<u>(53,756)</u>	<u>-</u>	<u>(5,163,324)</u>
Total Other Sources (Uses)	<u>(5,055,811)</u>	<u>251,245</u>	<u>11,333,084</u>	<u>6,528,518</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	4,668,783	-	1,704,199	6,372,982
Fund Balances - Beginning of Year	<u>22,204,823</u>	<u>-</u>	<u>2,682,680</u>	<u>24,887,503</u>
Prior Period Adjustment - See Note 15	<u>-</u>	<u>-</u>	<u>(720,330)</u>	<u>(720,330)</u>
Fund Balances - Beginning of Year, as Restated	<u>22,204,823</u>	<u>-</u>	<u>1,962,350</u>	<u>24,167,173</u>
Fund Balances - End of Year	<u>\$ 26,873,606</u>	<u>\$ -</u>	<u>\$ 3,666,549</u>	<u>\$ 30,540,155</u>

See accompanying notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund Balances - Total Governmental Funds		\$ 30,540,155
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	85,460,784	
Less Accumulated Depreciation	<u>(39,371,058)</u>	46,089,726
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 Asset - Proportionate share	38,206,084	
ERS Net Pension Asset - Proportionate share	<u>1,398,280</u>	39,604,364
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	2,577,265	
ERS Deferred Outflows of Resources - Contribution Post Measurement	236,361	
ERS Deferred Inflows of Resources - Pension	(5,088,360)	
TRS Deferred Outflows of Resources - Pension	19,032,163	
TRS Deferred Outflows of Resources - Contribution Post Measurement	4,349,668	
TRS Deferred Inflows of Resources - Pension	(43,194,002)	
Deferred Outflows of Resources - OPEB	41,560,498	
Deferred Inflows of Resources - OPEB	<u>(159,122,652)</u>	(139,649,059)
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.		
		2,306,541
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	(24,380,000)	
Unamortized Bond Premium	(528,518)	
Retainage Payable	(39,685)	
Energy Performance Contracts Payable	(1,889,465)	
Long-Term Compensated Absences	(1,455,857)	
Other Post-Employment Benefits Liabilities	<u>(246,262,934)</u>	(274,556,459)
Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.		
Accrued Interest on Long-Term Debt		<u>(100,296)</u>
Net Position (Deficit) of Governmental Activities		<u>\$ (295,765,028)</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash:				
Unrestricted	\$ 3,917,010	\$ -	\$ -	\$ 3,917,010
Restricted	2,736	-	-	2,736
Investments:				
Unrestricted	3,672,983	-	-	3,672,983
Restricted	19,566,867	-	-	19,566,867
Receivables:				
Taxes	2,306,541	-	-	2,306,541
Due from Other Funds	8,474,501	-	(8,474,501)	-
State and Federal Aid	12,505,785	-	-	12,505,785
Due from Other Governments	1,075,814	-	-	1,075,814
Other	81,855	-	-	81,855
Inventories	52,153	-	-	52,153
Prepaid Expenditures	455,471	-	-	455,471
Capital Assets, Net	-	46,089,726	-	46,089,726
Net Pension Asset-Proportionate Share	-	39,604,364	-	39,604,364
Total Assets	<u>52,111,716</u>	<u>85,694,090</u>	<u>(8,474,501)</u>	<u>129,331,305</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - OPEB	-	41,560,498	-	41,560,498
Deferred Outflows - Pension	-	21,609,428	-	21,609,428
Deferred Outflows - Contributions Post Measurement	-	4,586,029	-	4,586,029
Total Deferred Outflows of Resources	<u>-</u>	<u>67,755,955</u>	<u>-</u>	<u>67,755,955</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 52,111,716</u>	<u>\$ 153,450,045</u>	<u>\$ (8,474,501)</u>	<u>\$ 197,087,260</u>
LIABILITIES				
Payables:				
Accounts Payable	\$ 2,405,099	\$ -	\$ -	\$ 2,405,099
Accrued Liabilities	862,449	-	-	862,449
Due to Other Funds	8,474,501	-	(8,474,501)	-
Due to Other Governments	2,003,054	-	-	2,003,054
Bond Interest and Matured Bonds	-	100,296	-	100,296
Due to Teachers' Retirement System	4,349,668	-	-	4,349,668
Due to Employees' Retirement System	236,361	-	-	236,361
Deferred Credits:				
Overpayments and Collections in Advance	34,797	-	-	34,797
Long-Term Liabilities:				
Bonds Payable	-	24,908,518	-	24,908,518
Retainage Payable	-	39,685	-	39,685
Energy Performance Contracts Payable	-	1,889,465	-	1,889,465
Compensated Absences Payable	-	1,455,857	-	1,455,857
Other Post Employment Benefits Payable	-	246,262,934	-	246,262,934
Net Pension Liability-Proportionate Share	-	-	-	-
Total Liabilities	<u>18,365,929</u>	<u>274,656,755</u>	<u>(8,474,501)</u>	<u>284,548,183</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Revenue - Other	3,205,632	-	(2,306,541)	899,091
Deferred Revenues - OPEB	-	159,122,652	-	159,122,652
Deferred Revenues - Pension	-	48,282,362	-	48,282,362
Total Deferred Inflows of Resources	<u>3,205,632</u>	<u>207,405,014</u>	<u>(2,306,541)</u>	<u>208,304,105</u>
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	<u>30,540,155</u>	<u>(328,611,724)</u>	<u>2,306,541</u>	<u>(295,765,028)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 52,111,716</u>	<u>\$ 153,450,045</u>	<u>\$ (8,474,501)</u>	<u>\$ 197,087,260</u>

See accompanying notes to financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT
RECONCILIATION OF NET CHANGE IN GOVERNMENTAL FUND
BALANCES TO GOVERNMENTAL ACTIVITIES CHANGE IN NET POSITION
JUNE 30, 2022

Total net changes in fund balances - governmental funds		\$ 6,372,982
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.		(226,154)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized 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	\$ (1,242,439)
	Net Capital Outlays	<u>11,134,594</u> 9,892,155
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 <i>earned</i> 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 <i>paid</i>).		35,615,377
Bond anticipation notes redeemed from appropriations is a revenue in the governmental funds, but it decreases short-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(490,000)
Issuance of bond principal is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(5,510,000)
Governmental funds report bond premium as other financing sources. However, these amounts are reported on the statement of net position as credits and are amortized over the life of the debt.		(528,518)
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.		2,689,637
Retainage Payable does not meet the definition of a current liability in governmental funds until it becomes due and payable on construction in progress accounts, but rather constitute long-term liability in the Statement of Net Position.		(39,685)
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.		(13,353)
(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		6,365,431
Employees' Retirement System		<u>667,207</u>
Change in net position of governmental activities.		<u>\$ 54,795,079</u>

See accompanying notes to the financial statements.

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

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	\$ 29,133,544	\$ -	\$ -	\$ -	\$ 29,133,544
Other Tax Items	2,871,645	(226,154)	-	-	2,645,491
Non-Property Taxes	1,635,870	-	-	-	1,635,870
Charges for Services	6,945	-	-	-	6,945
Use of Money and Property	80,691	-	-	-	80,691
Sale of Property and Compensation for Loss	65,374	-	-	-	65,374
Miscellaneous	1,220,237	-	-	-	1,220,237
Interfund Revenue	-	-	-	-	-
State Sources	76,032,244	-	-	-	76,032,244
Medicaid Reimbursement	-	-	-	-	-
Federal Sources	15,327,206	-	-	-	15,327,206
Surplus Food	-	-	-	-	-
Sales - School Lunch	108,306	-	-	-	108,306
Total Revenues	<u>126,482,062</u>	<u>(226,154)</u>	<u>-</u>	<u>-</u>	<u>126,255,908</u>
EXPENDITURES/EXPENSES					
General Support	12,322,758	(3,130,161)	(3,975,557)	39,685	5,256,726
Instruction	67,671,819	(39,130,606)	(457,872)	-	28,083,341
Pupil Transportation	4,931,329	(348,955)	(19,407)	-	4,562,967
Community Service	42,995	(38,293)	-	-	4,702
Employee Benefits	29,020,329	-	-	-	29,020,329
Debt Service	3,531,784	-	-	(2,676,284)	855,500
Cost of Sales	2,297,320	-	-	-	2,297,320
Other Expenditures/Expenses	137,505	-	-	-	137,505
Capital Outlay	6,681,759	-	(6,681,759)	-	-
Depreciation	-	-	1,242,439	-	1,242,439
Total Expenditures/Expenses	<u>126,637,598</u>	<u>(42,648,015)</u>	<u>(9,892,156)</u>	<u>(2,636,599)</u>	<u>71,460,828</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(155,537)</u>	<u>42,421,861</u>	<u>9,892,156</u>	<u>2,636,599</u>	<u>54,795,079</u>
OTHER SOURCES AND USES					
Proceeds from Bond Issuance	5,510,000	-	-	(5,510,000)	-
Premium on Bond Issuance	528,518	-	-	(528,518)	-
Bond Anticipation Note Redeemed from Appropriations	490,000	-	-	(490,000)	-
Operating Transfers In	5,163,324	(5,163,324)	-	-	-
Operating Transfers (Out)	(5,163,324)	5,163,324	-	-	-
Total Other Sources (Uses)	<u>6,528,518</u>	<u>-</u>	<u>-</u>	<u>(6,528,518)</u>	<u>-</u>
Net Change for the Year	<u>\$ 6,372,981</u>	<u>\$ 42,421,861</u>	<u>\$ 9,892,156</u>	<u>\$ (3,891,919)</u>	<u>\$ 54,795,079</u>

See accompanying notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022

	Private Purpose Trusts	Custodial
ASSETS		
Cash	\$ 50,737	\$ 22,956
Total Assets	50,737	22,956
LIABILITIES		
Due to Other Funds	-	-
Total Liabilities	-	-
NET POSITION		
Reserved for Scholarship	50,737	-
Reserved for Extra Classroom	-	22,956
Total Net Position	\$ 50,737	\$ 22,956

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Private Purpose Trusts	Custodial
ADDITIONS:		
Contributions	\$ 3,875	\$ 34,022
Total Additions	3,875	34,022
DEDUCTIONS:		
Scholarships and Awards	4,899	-
Other Custodial Activities	-	31,149
	4,899	31,149
Change in Net Position	(1,024)	2,873
Net Position - Beginning of Year	51,761	20,083
Net Position - End of Year	\$ 50,737	\$ 22,956

See accompanying notes to the financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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. 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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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 \$14,333,671 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,390,699.

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. 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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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. 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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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. 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.

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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

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 (see Note 10) subsequent to the measurement date. This represents the effect of the net change in the actual and expected experience.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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 (see Note 10) 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. 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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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. *Net Investment in Capital Assets* – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction 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:

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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:

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.

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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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. 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.

12. Encumbrances:

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

Restricted fund balance includes the following:

General Fund:	
Unemployment Insurance	\$ 222,830
Tax Certiorari	428,635
Retirement Contribution Reserve - ERS	1,000,201
Retirement Contribution Reserve - TRS	1,320,000
Property Loss and Liability Reserve	261,939
Employee Benefit Accrued Liability	1,000,000
Captial Reserve	<u>15,000,000</u>
	19,233,605
Debt Service Fund:	
Debt Service	<u>335,998</u>
Total Restricted Funds	<u>\$ 19,569,603</u>

- 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, 2022.
- 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 \$1,238,439. Assigned to the reduction of the 2022-2023 tax levy is an additional \$1,500,000.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

- 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.

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. The following standards issued by GASB:

In June 2017, GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District implemented the standard for the year ended June 30, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer, establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations and improves note disclosures. The requirements for this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021. The School District is required to implement this standard for the year ending June 30, 2023. The District has not evaluated the effect of GASB 91 on its financial statements.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public risk pools/reinsurance recoveries, fair value measurements, and derivative instrument technology. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021. The District implemented the standard for the year ended June 30, 2022. The implementation did not have a significant impact on the District's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement ("SCA"), which GASB 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"). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The School District is required to implement this standard for the year ending June 30, 2023. The District has not evaluated the effect of GASB 94 on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription 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. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The School District is required to implement this standard for the year ending June 30, 2023. The District has not evaluated the effect of GASB 96 on its financial statements.

In June 2020, GASB 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 Supersession of GASB Statement No 32*. The primary objectives of this statement are to (1) 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; (2)

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit plans, and employee benefit plans other than pension plans or other postemployment benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (“IRC”) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other postemployment benefit plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should 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. The requirements of this statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution other postemployment benefit plans, or other employee benefit plans and (2) limit the applicability of the financial burden criteria, are effective immediately. 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 component unit, the requirements of this statement that provide 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. The District implemented this standard for the year ended June 30, 2022. The implementation did not have significant impact on the District’s financial statements.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for fiscal years ending after December 15, 2021. The School District implement this standard for the year ended June 30, 2022. The implementation did not have significant impact on the District’s financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal years beginning after June 15, 2024. The School District is required to implement this standard for the year ending June 30, 2023. The District has not evaluated the effect of GASB 99 on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made in fiscal years beginning after June 15, 2023. The School

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

District is required to implement this standard for the year ending June 30, 2024. The District has not evaluated the effect of GASB 100 on its financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The School District is required to implement this standard for the year ending June 30, 2025. The District has not evaluated the effect of GASB 101 on its financial statements.

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE:

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The impact to the financials are not substantial.

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.

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 7 – Capital Assets* in these notes to the financial statements for information on the net capital assets.

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.

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.

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

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.

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.

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.

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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:

<u>CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET</u>	
Adopted Budget	\$ 108,190,818
Prior Year's Encumbrances	<u>1,683,540</u>
Original Budget	109,874,358
Budget Revisions	<u>496,798</u>
Final Budget	<u>\$ 110,371,156</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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

Related expenditures are recognized at that time, as the liability is incurred, or the commitment is paid.

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, 2022 \$-0- of the District’s bank balance of \$9,005,405 was exposed to custodial credit risk as follows:

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

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$472,619 within the governmental funds and \$-0- in the fiduciary funds.

NOTE 6 – INVESTMENTS:

U.S. GAAP established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted for identical assets or liabilities in active markets that the District has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – INVESTMENTS (CONTINUED):

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest of any inputs that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

All of the District’s investments are valued based on Level 1 hierarchy.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and Cash equivalents: Valued at cost plus accrued interest, which approximates fair market value.

The District participates in a multi-municipal cooperative investment pool agreement pursuant to the New York State General Municipal Law Article 5-G, 119-O, where-by it holds a portion of the investments in cooperation with other participants.

At year-end, the District held \$22,531,647 in investments consisting of various investments in securities issued by the United States and its agencies. The investments are highly liquid and considered to be cash equivalents.

The following amounts are included as (un)restricted investments:

Investments	Total		
	General Fund	Debt Service Fund	Governmental Funds
Unrestricted	\$ 3,579,425	\$ 93,558	\$ 3,672,983
Restricted	19,230,869	335,998	19,566,867
	<u>\$ 22,810,294</u>	<u>\$ 429,556</u>	<u>\$ 23,239,850</u>

The above amounts represent the costs of the investment pool shares and are considered to approximate market value. The investment pool is invested in US Treasury and its agencies’ securities which do not require collateralization.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 – CAPITAL ASSETS:

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

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental Activities:				
Capital Assets that are Not Depreciated:				
Land	\$ 146,072	\$ -	\$ -	\$ 146,072
Construction in Progress	472,592	6,681,760	107,845	7,046,507
Total Non-Depreciable Historical Cost	<u>\$ 618,664</u>	<u>\$ 6,681,760</u>	<u>\$ 107,845</u>	<u>\$ 7,192,579</u>
Capital Assets that are Depreciated:				
Building and Improvements	\$ 71,085,325	\$ 4,123,182	\$ -	\$ 75,208,507
Machinery and Equipment	1,443,531	240,053	-	1,683,584
Vehicles	1,230,207	197,444	51,537	1,376,114
Total Depreciable Historical Cost	<u>73,759,063</u>	<u>4,560,679</u>	<u>51,537</u>	<u>78,268,205</u>
Less Accumulated Depreciation:				
Building and Improvements	36,065,242	1,121,128	-	37,186,370
Machinery and Equipment	1,233,829	45,217	-	1,279,046
Vehicles	881,085	76,094	51,537	905,642
Total Accumulated Depreciation	<u>38,180,156</u>	<u>1,242,439</u>	<u>51,537</u>	<u>39,371,058</u>
Total Depreciable Historical Cost, Net	<u>\$ 35,578,907</u>	<u>\$ 3,318,240</u>	<u>\$ -</u>	<u>\$ 38,897,147</u>

Depreciation Expense was Charged to
Governmental Functions as Follows:

General Support	\$ 336,990
Instruction	848,257
Transportation	57,192
	<u>\$ 1,242,439</u>

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM DEBT (CONTINUED):

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	\$ 842,148
Less Interest Accrued in the Prior Period	(86,944)
Plus Interest Accrued in the Current Period	<u>100,296</u>
Total Expense	<u>\$ 855,500</u>

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and Notes Payable:					
Serial Bonds	\$ 20,730,000	\$ 6,000,000	\$ 2,350,000	\$ 24,380,000	\$ 2,085,000
Premium on Bond	-	528,518	-	528,518	33,032
Total Bonds Payable	<u>20,730,000</u>	<u>6,528,518</u>	<u>2,350,000</u>	<u>24,908,518</u>	<u>2,118,032</u>
Lease Payable:					
Energy Performance Contract	2,229,102	-	339,637	1,889,465	351,790
Total Lease Payable	<u>2,229,102</u>	<u>-</u>	<u>339,637</u>	<u>1,889,465</u>	<u>351,790</u>
Other Liabilities:					
Compensated Absences	1,478,665	-	22,808	1,455,857	-
Other Post-Employment Benefits	413,595,750	-	167,332,816	246,262,934	-
Teachers' Retirement System	3,555,589	794,079	-	4,349,668	4,349,668
Employees' Retirement System	277,779	-	41,418	236,361	236,361
Total Other Liabilities	<u>418,907,783</u>	<u>794,079</u>	<u>167,397,042</u>	<u>252,304,820</u>	<u>4,586,029</u>
Total Long-Term Liabilities	<u>\$ 441,866,885</u>	<u>\$ 7,322,597</u>	<u>\$ 170,086,679</u>	<u>\$ 279,102,803</u>	<u>\$ 7,055,851</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM DEBT (CONTINUED):

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding at 06/30/22
Serial Bonds:				
Reconstruction	1/24/2012	6/15/2028	1.6-4.875%	\$ 2,130,000
Reconstruction	6/22/2012	6/15/2028	2.0-3.5%	1,560,000
Addition/Reconstruction	6/22/2016	6/15/2031	2.1185%	1,885,000
Refunding - Addition/Reconstruction	5/1/2018	5/1/2033	2.8964%	13,295,000
Refunding - Addition/Reconstruction	5/1/2018	5/1/2033	2.8964%	5,510,000
				<u>\$ 24,380,000</u>
Lease Financing:				
Energy Performance Contract	9/1/2011	6/15/2027	3.47%	\$ 1,671,413
Energy Performance Contract	6/15/2015	6/15/2027	3.15%	218,052
				<u>\$ 1,889,465</u>

The following is a summary of maturing debt service requirements:

	Bonds			Lease Financing			
	Bonds	Interest	Total	Lease Financing	Interest	Total	
2023	\$ 2,085,000	\$ 1,025,473	\$ 3,110,473	2023	\$ 351,790	\$ 63,955	\$ 415,745
2024	2,230,000	881,466	3,111,466	2024	364,381	51,363	415,744
2025	2,295,000	810,260	3,105,260	2025	377,425	38,320	415,745
2026	2,355,000	735,816	3,090,816	2026	390,936	24,808	415,744
2027	2,440,000	631,554	3,071,554	2027	404,933	10,811	415,744
2028-2032	9,475,000	1,852,326	11,327,326	2028-2032	-	-	-
2033-2037	3,500,000	347,150	3,847,150	2033-2037	-	-	-
	<u>\$ 24,380,000</u>	<u>\$ 6,284,045</u>	<u>\$ 30,664,045</u>		<u>\$ 1,889,465</u>	<u>\$ 189,257</u>	<u>\$ 2,078,722</u>

NOTE 9 – INTERFUND BALANCES AND ACTIVITY:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 8,320,966	\$ -	\$ 53,757	\$ 5,109,568
Special Aid Fund	18,938	6,950,776	305,001	53,756
Non-Major Funds	134,597	1,523,725	4,804,566	-
Total Government Activities	8,474,501	8,474,501	5,163,324	5,163,324
Fiduciary Funds	-	-	-	-
Totals	<u>\$ 8,474,501</u>	<u>\$ 8,474,501</u>	<u>\$ 5,163,324</u>	<u>\$ 5,163,324</u>

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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – INTERFUND BALANCES AND ACTIVITY (CONTINUED):

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 District's 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.

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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – PENSION PLANS (CONTINUED):

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. 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 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:

	ERS	TRS
2021-2022	\$ 761,789	\$ 3,566,275
2020-2021	\$ 855,930	\$ 3,526,280
2019-2020	\$ 884,975	\$ 4,345,094

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – PENSION PLANS (CONTINUED):

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, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 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.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation Date	4/1/2021	6/30/2020
Net Pension Asset/(Liability)	\$ 1,398,280	\$ 38,206,084
District's Portion of the Plan's Total		
Net Pension Asset/(Liability)	0.0171052%	0.220474%

For the year ended June 30, 2022, the District's recognized pension expense (credit) of \$53,162 for ERS and of (\$2,003,195) for TRS. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 105,894	\$ 5,266,303	\$ 137,350	\$ 198,497
Changes of Assumptions	2,333,573	12,566,780	39,377	2,225,392
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	4,578,782	39,986,620
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	137,798	1,199,080	332,851	783,493
District's Contributions Subsequent to the Measurement Date	<u>236,361</u>	<u>4,349,668</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,813,626</u>	<u>\$ 23,381,831</u>	<u>\$ 5,088,360</u>	<u>\$ 43,194,002</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – PENSION PLANS (CONTINUED):

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

	<u>ERS</u>	<u>TRS</u>
Year Ended:		
2023	\$ (390,549)	\$ (4,744,797)
2024	(559,029)	(5,767,337)
2025	(1,272,519)	(7,311,834)
2026	(288,998)	(9,633,768)
2027	-	1,955,664
Thereafter	-	1,340,233
	<u>\$ (2,511,095)</u>	<u>\$ (24,161,839)</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:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Interest Rate	5.90%	6.95%
Salary Scale	4.40%	5.18%-1.95%
Decrement Tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
	System's Experience	System's Experience
Inflation Rate	2.70%	2.40%

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

For ERS, the actuarial assumptions used in the April 1, 201 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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:

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – PENSION PLANS (CONTINUED):

Measurement Date	ERS	ERS	TRS	TRS
	March 31, 2022	March 31, 2022	June 30, 2021	June 30, 2021
	Target	Long Term Expected Real	Target	Long Term Expected Real
Asset Type	Allocation	Rate of Return	Allocation	Rate of Return
Domestic Equity	32%	3.30%	33%	6.80%
International Equity	15%	5.85%	16%	7.60%
Private Equity	10%	6.50%	8%	10.00%
Real Estate	9%	5.00%	11%	6.50%
Alternative Investments	3%	4.10%	4%	7.10%
Total Equities	69%		72%	
Domestic Fixed Income Securities	23%	0.00%	16%	1.30%
Global Fixed Income Securities	0%	0.00%	2%	0.80%
Real Assets	3%	5.58%	0%	0.00%
Bonds and Mortgages	0%	0.00%	7% - 1%	3.3% - 3.8%
Cash and Cash Equivalents	1%	-1.00%	1%	-0.20%
Credit/High-Yield Bonds	4%	3.78%	1%	5.90%
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 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially.

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

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 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – PENSION PLANS (CONTINUED):

	1% Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
ERS Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,599,158	\$ (1,398,280)	\$ (5,578,397)
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ (4,009,171)	\$ (38,206,084)	\$ (66,946,108)

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	4/1/2021	6/30/2020
Employer's Total Pension Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	232,049,473	148,148,457
Employer's Net Pension Liability/(Asset)	<u>\$ (8,174,585)</u>	<u>\$ (17,329,042)</u>
Plan Net Position as a Percentage to the Systems' Total Pension Liability/(Asset)	103.65%	113.25%

H. Payables to the Pension Plan:

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022, amounted to \$236,361.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employee and employer contributions for the fiscal year ended June 30, 2022, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022, amounted to \$4,349,668.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11 – OTHER 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	476
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>560</u>
	<u><u>1,036</u></u>

B. Total OPEB Liability:

The District’s total OPEB liability of \$246,262,934 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

Inflation	2.50%
Salary Increases	Varied by pension retirement system membership
Discount Rate	3.54%
Healthcare Cost Trend Rates	
Medical/Prescription Drug	5.75% from 2022 to 2023, decreasing gradually to an ultimate rate of 3.94% by 2075
Part B Reimbursement	7.19% from 2022 to 2023, followed by projected Part B premium increase shown in the 2021 Medicare Trustees report, and ultimately decreasing to an ultimate rate of 3.94% by 2075

Retirees' Share of Benefit-Related Costs

Retiree contributions vary based on class of employees. Contribution rates are based on a percentage of premium. Contribution rates are established based on the plan with all employees receiving 100% company subsidy (or 0% retiree contribution) for single and family coverage. For clerical employees hired after July 1, 1989, the company subsidy is 100% for singles and 0% for dependents (cost of dependents is retiree-pay-all). For administrative personnel retiring on or after September 18, 2017, the retiree contribution schedule for future retirees will be as follows:

	<u>Hire Date Cut-Off</u>	<u>Years of Service</u>	<u>Retiree</u>	<u>Spouse</u>
Administrators	Not Applicable	5 to 7	50%	50%
	Not Applicable	8 to 11	Same as last day of employment *	
	Not Applicable	12 or more	100%	100%
Paraprofessional	Before 7/1/2019		100%	100%
	On/After 7/1/2019		90%	90%
Office / Clerical	Before 7/1/2019		100%	100%
	On/After 7/1/2019		100%	0%

* 84.5% effective on July 1, 2019, decreasing to 83.5% on July 1, 2021, and 82.5% on/after June 30, 2022

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, 2022.

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

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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

C. Changes in the total OPEB Liability:

Balance at June 30, 2021	\$ 413,595,750
Changes for the Year:	
Service Cost	18,044,554
Interest	9,225,207
Changes of Benefit Terms	(35,535,195)
Differences Between Expected and Actual Experience	(76,000,865)
Changes in Assumptions or Other Inputs	(73,922,940)
Benefit Payments	<u>(9,143,577)</u>
Net Changes	<u>(167,332,816)</u>
Balance at June 30, 2022	<u>\$ 246,262,934</u>

The assumptions and census information reflected are the same as the prior valuation. The discount rate decreased to 3.54% as of June 30, 2022, from 2.16% as of June 30, 2021. 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 (2.54 percent) or 1 percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	<u>\$ 209,589,163</u>	<u>\$ 246,262,934</u>	<u>\$ 292,662,620</u>

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

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	<u>\$ 205,297,813</u>	<u>\$ 246,262,934</u>	<u>\$ 299,946,690</u>

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

For the year ended June 30, 2022, the District recognized negative OPEB Expense of (\$26,448,992). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 381,397	\$ (95,760,132)
Changes of Assumptions or Other Inputs	-	-
Contributions Subsequent to the Measurement Period	41,179,101	(63,362,520)
Total	\$ 41,560,498	\$ (159,122,652)

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
2023	\$ (18,183,558)
2024	(18,183,558)
2025	(18,183,559)
2026	(20,796,893)
2027	(20,796,897)
Thereafter	(21,417,689)
	\$ (117,562,154)

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.

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

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – RISK MANAGEMENT (CONTINUED):

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. Litigation:

The District is currently handling various open claims and loss contingencies.

1. The District received a complainant under the Individuals with Disabilities in Education Act. The Court issued a decision and order awarding the Plaintiff. The overall potential exposure to the District is approximately \$85,000 in attorney's fees.
2. The District is subject to a complaint of failure to accommodate an individual's disability during the COVID-19 pandemic under the U.S. Equal Employment Opportunity Commission ("EEOC"). At this time, the outcome is not predictable.
3. The District is defendant in a case of an improper practice charge against the District with the Public Employee Relations Board. The charge alleges that the District violated the Taylor Law. The District believes that it has legitimate defenses that negate liability and that there will be no financial exposure to the District, apart from legal defense fees, associated with this claim.
4. The District has a pending case regarding a complaint alleging the discrimination and harassment in employment based on race and color, with the EEOC. The District is awaiting further correspondence from the EEOC regarding the investigation. The individual had filed a late notice of claim in the Dutchess County Supreme Court. The District intends to defend both cases and believes that there are multiple valid defenses to liability.
5. The District filed disciplinary charges against an individual with tenure in December 2018, based on involvement in abnormalities in the District's 2017 graduation. The individual has appealed the termination decision and received a reversal of the termination decision at the Appellate Division level. The District has moved for leave to appeal. It is too early to predict the outcome. In the event the determination is final, the District is liable to the individual for backpay in the amount of approximately \$200,000.
6. The District is a defendant in a case, asserting the District violated the Americans with Disabilities Act, when it denied an individual's request to work remotely due to concerns regarding the COVID-19 virus. The District intends to defend the case and believes that there are multiple valid defenses.

B. 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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

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, 2022, the District abated property taxes totaling \$2,090,219 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 \$574,162.

Agency	Company	Projected Tax Revenue	PILOT Payment	Taxes Abated
Dutchess County IDA	Bonura & Dibrizzi Enterprises (Grand Hotel)	\$ 795,518	\$ 127,727	\$ 667,791
Poughkeepsie IDA	Poughkeepsie Landing LLC	145,503	37,332	108,171
Poughkeepsie IDA	Eastman & Bixby Redevelopment Co, LLC	122,814	67,821	54,993
Poughkeepsie IDA	400 Main LLC	146,366	20,053	126,313
Poughkeepsie IDA	The Commons	143,799	21,645	122,154
Poughkeepsie IDA	CNN Spruce	51,252	7,683	43,569
Poughkeepsie IDA	Highbridge Gardens	176,111	26,446	149,665
Poughkeepsie IDA	JM Development Development LLC	426,861	34,756	392,105
Poughkeepsie IDA	Maple Street of Dutchess	71,143	17,662	53,481
Poughkeepsie IDA	Queen City Lofts	101,634	40,035	61,599
Poughkeepsie IDA	Woodside Associates, LLP	256,116	59,492	196,624
Poughkeepsie IDA	Fallkill Commons	68,867	38,480	30,387
Dutchess County IDA	HealthQuest	158,397	75,030	83,367
		<u>\$ 2,664,381</u>	<u>\$ 574,162</u>	<u>\$ 2,090,219</u>

NOTE 15 – SUBSEQUENT EVENT:

The District issued a Bond Anticipation Note (BAN) dated 07/27/2022 in the amount for \$10,000,000 with an interest rate of 3.75% and a premium of \$109,150. The BAN matures on 06/29/2023.

NOTE 16 – PRIOR PERIOD ADJUSTMENT:

For fiscal year June 30, 2021, the District reversed an overstatement of State and Federal Receivables in the Capital Fund in fiscal year 2021. The June 30, 2021, opening fund balance was overstated by \$720,330.

REQUIRED SUPPLEMENTARY INFORMATION

POUGHKEEPSIE CITY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 28,858,024	\$ 28,858,024	\$ 29,133,544	\$ 275,520
Other Tax Items	4,163,266	4,163,266	2,871,645	(1,291,621)
Charges for Services	6,200	6,200	1,642,815	1,636,615
Use of Money and Property	79,600	79,600	79,523	(77)
Sale of Property and Compensation for Loss	30,000	38,500	65,374	26,874
Miscellaneous	538,100	585,077	1,218,452	633,375
Interfund Revenues	-	-	-	-
Total Local Sources	33,675,190	33,730,667	35,011,353	1,280,686
State Sources	74,110,628	74,110,628	72,398,047	(1,712,581)
Federal Sources	300,000	492,967	416,791	(76,176)
Total Revenues	108,085,818	108,334,262	107,826,191	(508,071)
OTHER FINANCING SOURCES				
Transfers from Other Funds	105,000	105,000	53,757	(51,243)
Appropriated Reserves	-	248,354	-	(248,354)
Designated Fund Balance and Encumbrances				
Carried Forward From Prior Year	-	1,683,540	-	(1,683,540)
Total Revenues and Other Financing Sources	\$ 108,190,818	\$ 110,371,156	\$ 107,879,948	\$ (2,491,208)

POUGHKEEPSIE CITY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY 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, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	\$ 129,250	\$ 141,700	\$ 109,557	\$ 233	\$ 31,910
Central Administration	323,940	402,980	393,313	2,316	7,351
Finance	876,299	1,137,296	965,930	45,354	126,012
Staff	878,403	1,115,789	895,815	59,129	160,845
Central Services	4,209,407	6,456,542	5,779,443	295,166	381,933
Special Items	2,846,600	3,228,700	3,217,546	-	11,154
Total General Support	9,263,899	12,483,007	11,361,604	402,198	719,205
Instruction:					
Instruction, Administration and Improvement	4,022,008	4,067,393	3,921,500	1,375	144,518
Teaching - Regular School	28,109,380	29,731,100	28,403,923	571,871	755,306
Programs for Students with Disabilities	18,998,032	18,379,569	17,702,287	50,000	627,282
Occupational Education	340,875	430,325	430,325	-	-
Teaching - Special School	4,865	173,469	164,654	-	8,815
Instructional Media	1,666,054	2,591,707	1,899,027	204,219	488,461
Pupil Services	3,943,601	4,131,958	3,346,419	7,499	778,040
Total Instruction	57,084,815	59,505,521	55,868,135	834,964	2,802,422
Pupil Transportation	4,403,137	5,277,388	4,692,737	-	584,651
Community Services	85,000	88,800	42,995	-	45,805
Employee Benefits	33,237,597	27,691,288	26,136,126	1,277	1,553,885
Debt Service:					
Principal	-	-	-	-	-
Interest	-	49,667	-	-	49,667
Total Debt Service	-	49,667	-	-	49,667
Total Expenditures	104,074,448	105,095,671	98,101,597	1,238,439	5,755,635
OTHER FINANCING USES					
Operating Transfers Out	4,116,370	5,275,485	5,109,568	-	165,917
Total Expenditures and Other Uses	\$ 108,190,818	\$ 110,371,156	\$ 103,211,165	\$ 1,238,439	\$ 5,921,552
Net Change in Fund Balances			4,668,783		
Fund Balance - Beginning			22,204,823		
Fund Balance - Ending			<u>\$ 26,873,606</u>		

POUGHKEEPSIE CITY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTALRY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
 FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service Cost	\$ 18,044,554	\$ 17,095,514	\$ 4,058,980	\$ 4,078,684	\$ 3,959,887	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	9,225,207	8,950,195	14,230,418	13,800,220	13,503,389	-	-	-	-	-
Changes of Benefit Terms	(35,535,195)	-	(38,799,005)	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(76,000,865)	533,957	(61,233,066)	-	-	-	-	-	-	-
Changes of Assumption or Other Inputs	(73,922,940)	3,811,590	76,913,075	-	-	-	-	-	-	-
Benefit Payments	(9,143,577)	(9,321,408)	(10,249,617)	(9,131,594)	(8,833,173)	-	-	-	-	-
Net Change in total OPEB Liability	(167,332,816)	21,069,848	(15,079,215)	8,747,310	8,630,103	-	-	-	-	-
Total OPEB Liability - Beginning	413,595,750	392,525,902	407,605,117	398,857,807	390,227,704	-	-	-	-	-
Total OPEB Liability - Ending	\$ 246,262,934	\$ 413,595,750	\$ 392,525,902	\$ 407,605,117	\$ 398,857,807	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	45,901,577	41,892,740	39,692,976	39,161,138	42,261,151	-	-	-	-	-
Total OPEB Liability as a Percentage of Covered-Employee Payroll	536.50%	987.27%	988.91%	1040.84%	943.79%	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:

2022	3.54%
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.

POUGHKEEPSIE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY 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, 2022

LAST 10 FISCAL YEARS*

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM AND

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
The District's Proportion of the Net Pension Liability (Asset)	0.0171052%	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)	\$ (1,398,280)	\$ 18,986	\$ 5,701,326	\$ 1,354,409	\$ 636,298	\$ 1,706,930	\$ 3,577,164	\$ 816,344	-	-
The District's Covered Employee Payroll	\$ 6,730,478	\$ 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	-20.78%	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	103.65%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
The District's Proportion of the Net Pension Liability (Asset)	0.22047%	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)	\$ (38,206,084)	\$ 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	\$ 40,056,976	\$ 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	-95.38%	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	113.20%	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 SUPPLEMENTARY 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, 2022

LAST 10 FISCAL YEARS

FOR THE NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$ 761,789	\$ 855,930	\$ 884,975	\$ 813,420	\$ 806,049	\$ 807,400	\$ 806,100	1,009,600	-	-
Contributions in Relation to the Contractually Required Contribution	\$ 761,789	\$ 855,930	\$ 884,975	\$ 813,420	\$ 806,049	\$ 807,400	\$ 806,100	1,009,600	-	-
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
The District's Covered Employee Payroll	\$ 6,730,478	\$ 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	11.32%	16.50%	13.88%	12.85%	13.99%	15.43%	15.40%	17.03%	-	-

FOR THE NEW YORK STATE TEACHERS' RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contribution	\$ 3,566,275	\$ 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	\$ 3,566,275	\$ 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	\$ 40,056,976	\$ 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	8.90%	8.50%	10.33%	9.78%	11.56%	11.72%	17.53%	16.25%	-	-

SUPPLEMENTARY INFORMATION

POUGHKEEPSIE CITY SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION

Supplemental Schedule #5

SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022

	Cafeteria	Debt Service	Miscellaneous	Capital Projects	Total Non-Major
ASSETS					
Cash:					
Unrestricted	\$ 1,037,336	\$ 40,327	\$ 14,668	\$ 1,877,809	\$ 2,970,140
Investments:					
Unrestricted	-	93,558	-	-	93,558
Restricted	-	335,998	-	-	335,998
Receivables:					
Due from Other Funds	-	356	-	134,241	134,597
State and Federal Aid	791,805	-	-	1,370,190	2,161,995
Inventories	52,153	-	-	-	52,153
Total Assets	<u>\$ 1,881,294</u>	<u>\$ 470,239</u>	<u>\$ 14,668</u>	<u>\$ 3,382,240</u>	<u>\$ 5,748,441</u>
LIABILITIES					
Payables:					
Accrued Liabilities	\$ 30,608	\$ -	\$ -	\$ -	\$ 30,608
Due to Other Funds	-	134,241	-	1,389,484	1,523,725
Due to Other Governments	21	-	-	-	21
Due to Employees' Retirement System	52,766	-	-	-	52,766
Deferred Credits:					
Deferred Revenues	474,772	-	-	-	474,772
Total Liabilities	<u>558,167</u>	<u>134,241</u>	<u>-</u>	<u>1,389,484</u>	<u>2,081,892</u>
FUND BALANCES					
Non Spendable - Inventory	52,153	-	-	-	52,153
Reserved - Debt Service	-	335,998	-	-	335,998
Assigned	1,270,974	-	14,668	1,992,756	3,278,398
Total Fund Balances	<u>1,323,127</u>	<u>335,998</u>	<u>14,668</u>	<u>1,992,756</u>	<u>3,666,549</u>
Total Liabilities and Fund Balances	<u>\$ 1,881,294</u>	<u>\$ 470,239</u>	<u>\$ 14,668</u>	<u>\$ 3,382,240</u>	<u>\$ 5,748,441</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT
SUPPLEMENTAL INFORMATION
SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Cafeteria	Debt Service	Miscellaneous	Capital Projects	Total Non-Major
REVENUES					
Use of Money and Property	\$ 576	\$ 592	\$ -	\$ -	\$ 1,168
Miscellaneous	-	-	1,785	-	1,785
State Sources	56,120	-	-	366,248	422,368
Federal Sources	2,800,814	-	-	-	2,800,814
Sales - School Lunch	108,306	-	-	-	108,306
Total Revenues	<u>2,965,816</u>	<u>592</u>	<u>1,785</u>	<u>366,248</u>	<u>3,334,441</u>
EXPENDITURES					
Employee Benefits	314,958	-	-	-	314,958
Debt Service:					
Principal	-	2,689,636	-	-	2,689,636
Interest	-	842,148	-	-	842,148
Cost of Sales	2,297,320	-	-	-	2,297,320
Other Expenditures	-	134,241	3,264	-	137,505
Capital Outlay	-	-	-	6,681,759	6,681,759
Total Expenditures	<u>2,612,278</u>	<u>3,666,025</u>	<u>3,264</u>	<u>6,681,759</u>	<u>12,963,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>353,538</u>	<u>(3,665,433)</u>	<u>(1,479)</u>	<u>(6,315,511)</u>	<u>(9,628,885)</u>
OTHER FINANCING SOURCES AND USES					
Proceeds from Bond Issuance	-	-	-	5,510,000	5,510,000
Premium on Issuance of Bonds	-	528,518	-	-	528,518
Bond Anticipation Note Redeemed from Appropriations	-	-	-	490,000	490,000
Operating Transfers In	-	3,041,784	-	1,762,782	4,804,566
Total Other Sources (Uses)	<u>-</u>	<u>3,570,302</u>	<u>-</u>	<u>7,762,782</u>	<u>11,333,084</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>353,538</u>	<u>(95,131)</u>	<u>(1,479)</u>	<u>1,447,271</u>	<u>1,704,199</u>
Fund Balances - Beginning of Year	<u>969,589</u>	<u>431,129</u>	<u>16,147</u>	<u>1,265,815</u>	<u>2,682,680</u>
Prior Period Adjustment - See Note 16	<u>-</u>	<u>-</u>	<u>-</u>	<u>(720,330)</u>	<u>(720,330)</u>
Fund Balances - Beginning of Year, as Restated	<u>969,589</u>	<u>431,129</u>	<u>16,147</u>	<u>545,485</u>	<u>1,962,350</u>
Fund Balances - End of Year	<u>\$ 1,323,127</u>	<u>\$ 335,998</u>	<u>\$ 14,668</u>	<u>\$ 1,992,756</u>	<u>\$ 3,666,549</u>

OTHER INFORMATION

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, 2022

Supplemental Schedule #7

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		\$ 108,190,818
Add: Prior Year's Encumbrances		<u>1,683,540</u>
Original Budget		109,874,358
Budget Revisions:		
Donations	46,977	
Insurance Recovery	8,500	
Federal Aid: CARES Act - ESSER	105,147	
Federal Aid: CARES Act - GEER	87,820	
Appropriated Fund Balance	<u>248,354</u>	
		<u>496,798</u>
Final Budget		<u><u>\$ 110,371,156</u></u>

SECTION 1318 REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-2023 Expenditure Budget Maximum Allowed		<u><u>\$ 116,834,482</u></u>
Maximum Allowed (4% of 2022-2023 Budget)		<u><u>\$ 4,673,379</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted Fund Balance:		
Committed Fund Balance		\$ -
Assigned Fund Balance		2,738,439
Unassigned Fund Balance		<u>4,446,091</u>
Total Unrestricted Fund Balance		<u>7,184,530</u>
Less:		
Appropriated Fund Balance 21-22 Budget		1,500,000
Encumbrances Included in Committed and Assigned Fund Balance		<u>1,238,439</u>
Total Adjustments		<u>2,738,439</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 4,446,091</u></u>
Actual Percentage		3.81%

POUGHKEEPSIE CITY SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2022

Supplemental Schedule #8

<i>PROJECT TITLE</i>	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Methods of Financing			Fund Balance June 30, 2022	
			Prior Years	Current Year	Total		Proceeds of Obligation	State Aid	Local Sources		Total
Major Capital Projects:											
District-Wide	\$ 99,126,787	\$ 98,791,306	\$ 386,163	\$ 5,762,654	\$ 6,148,817	\$ 92,642,489	\$ 6,000,000	\$ -	\$ 372,787	\$ 6,372,787	\$ 1,323,386
SMART School Bond Act - Stage 1	2,308,639	1,407,190	1,003,942	366,248	1,370,190	37,000	-	1,724,272	-	1,724,272	354,082
	<u>101,435,426</u>	<u>100,198,496</u>	<u>1,390,105</u>	<u>6,128,902</u>	<u>7,519,007</u>	<u>92,679,489</u>	<u>6,000,000</u>	<u>1,724,272</u>	<u>372,787</u>	<u>8,097,059</u>	<u>1,677,468</u>
Non-Major Capital Projects:											
Middle School Structural	164,800	164,800	45,533	56,100	101,633	63,167	-	-	101,633	101,633	-
Smith Chimneys HVAC	400,000	400,000	84,223	489	84,712	315,288	-	-	400,000	400,000	315,288
Columbus Egress	196,500	196,500	-	63,520	63,520	132,980	-	-	63,520	63,520	-
Unit Ventilators	150,000	150,000	-	46,746	46,746	103,254	-	-	46,746	46,746	-
PMS HVAC	311,413	462,297	-	368,124	368,124	94,173	-	-	368,124	368,124	-
HS Kitchen & Hot Water	27,800	27,800	-	17,878	17,878	9,922	-	-	17,878	17,878	-
	<u>\$ 1,250,513</u>	<u>\$ 1,401,397</u>	<u>\$ 129,756</u>	<u>\$ 552,857</u>	<u>\$ 682,613</u>	<u>\$ 718,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 997,901</u>	<u>\$ 997,901</u>	<u>\$ 315,288</u>
Totals	<u>\$ 102,685,939</u>	<u>\$ 101,599,893</u>	<u>\$ 1,519,861</u>	<u>\$ 6,681,759</u>	<u>\$ 8,201,620</u>	<u>\$ 93,398,273</u>	<u>\$ 6,000,000</u>	<u>\$ 1,724,272</u>	<u>\$ 1,370,688</u>	<u>\$ 9,094,960</u>	<u>\$ 1,992,756</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2022

Supplemental Schedule #9

Capital Assets, Net		\$ <u>46,089,726</u>
Add:		
Cash Held for BAN Payment	\$ <u>-</u>	
Total Additions		<u>-</u>
Deduct:		
Short-Term Portion of Bonds Payable	2,085,000	
Long-Term Portion of Bonds Payable	22,295,000	
Short-Term Portion of Energy Performance Contract Payable	351,790	
Long-Term Portion of Energy Performance Contract Payable	1,537,675	
BANs Payable	<u>-</u>	
Total Deductions		<u>26,269,465</u>
Net Investment in Capital Assets		<u>\$ <u>19,820,261</u></u>



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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
18 South Perry Street
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, 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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, 2022-001, and 2022-002.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

RBT CPAs, LLP

Hudson, New York

October 28, 2022

POUGHKEEPSIE CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

I. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001 Year-end Closing Procedures – Material Weakness

This finding is resolved for 2022

2021-002 Maintaining Current User Access Rights – Material Weakness

This finding is continuing for 2022

2021-004 Control Procedures for Adjusting Journal Entries – Material Weakness

This finding is resolved for 2022

2021-005 Compliance with Section 1318 of the New York State Property Tax Law – NonCompliance

This finding is resolved for 2022

2021-006 Energy Performance Capital Project Oversight Monitoring – Material Weakness

This finding is continuing for 2022

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2022

Financial Statements:

Type of auditor's report issued:	<u>Unmodified</u>	
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> </u> yes	<u> x </u> no

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 2022

(CONTINUED)

2022-001 Maintaining Current User Access Rights (formerly 2021-002)

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. The District should regularly add, modify and delete access for employees using the fiscal software. Additionally, the District should review access on a periodic basis.

Status as of June 30, 2022:

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

2022-002 Energy Performance Capital Project Oversight Monitoring (formerly 2021-006)

CRITERIA:

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

CONDITION:

The District does not receive and review or perform an analysis on the cost savings received from the 2011 and 2015 Energy Performance Capital Project.

QUESTIONED COSTS:

There are no questioned costs.

CAUSE:

During the 2021 year the District had not completed monitoring oversight of the cost savings being received from 2011 and 2015 Energy Performance Capital Project.

POUGHKEEPSIE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS
JUNE 30, 2022
(CONTINUED)

EFFECT:

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

RECOMMENDATION:

We recommend that the District monitor the cost savings on the 2011 and 2015 Energy Performance Capital Project Contact.

VIEW OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The District should review the measurement and value reports from the 2011 and 2015 Energy Performance Contract's contractor to ensure the energy savings materialized. There is a cost to acquire these reports and the footprint/building usage has changed.

Status as of June 30, 2022:

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

