

Poughkeepsie City School District, New York

Financial Statements and
Supplementary Information

Year Ended June 30, 2023

Poughkeepsie City School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statement	
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to the District- Wide Statement of Net Position	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	25
Fiduciary Fund	
Statement of Changes in Fiduciary Net Position	26
Notes to Financial Statements	27
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	58
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	59
Schedule of Contributions	59
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	60
Schedule of Contributions	60
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
Schedule of Revenues and Other Financing Sources Compared to Budget	62
Schedule of Expenditures and Other Financing Uses Compared to Budget	64
Capital Projects Fund	
Project-Length Schedule	68
Non-Major Governmental Funds	
Combining Balance Sheet	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	71
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	72
Section 1318 of Real Property Tax Law Limit Calculation	72
Schedule of Net Investment in Capital Assets	73

Poughkeepsie City School District, New York

Table of Contents (Concluded)

Page No.

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

74



Independent Auditors' Report

**The Board of Education of the
Poughkeepsie City School District, New York**

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents 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 School District's basic financial statements. The individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
October 26, 2023

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POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The following is a discussion and analysis of the Poughkeepsie City School District, New York ("School District") financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the district-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

- Commencing in 2018, the School District implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The School District reported Other Postemployment Benefits ("OPEB") liabilities related to OPEB in the amount of \$234,431,151 and a deferred outflows of resources in the amount of \$30,146,234 and deferred inflows of resources in the amount of \$147,696,069.
- Commencing in 2015, with the adoption of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*", the negative impact of this liability (asset) is tempered by the positive overall impact of the deferred outflows of resources in excess of pension liabilities inclusive of the corresponding deferred inflows of resources in the amount of \$14,985,810.
- 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 Real Property Tax Law 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 School 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 \$2,692,743.

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 School District:

- The first two statements are ***District-Wide Financial Statements*** that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are ***Fund Financial Statements*** that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School 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 School District acts solely as a *trustee* or *agent* for the benefit of others.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 School District's budget for the year.

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

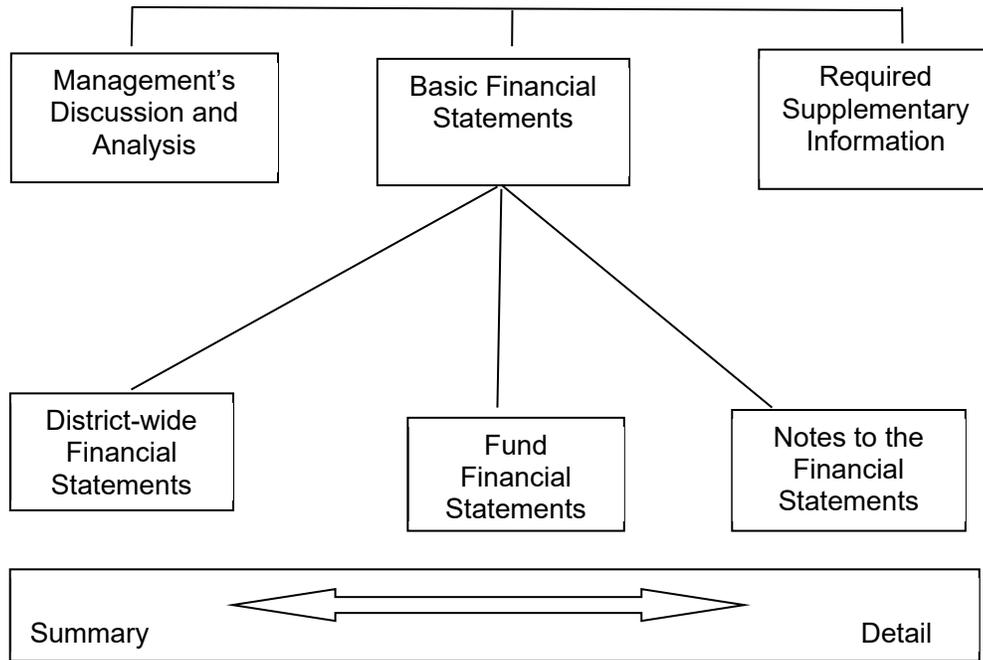


Figure A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure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

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District’s assets, 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 School District’s *net position* and how it has changed. A net position – the difference between the School District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the School District’s financial health or *position*.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

In the district-wide financial statements, the School District’s activities are governmental activities. Most of the School 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 School District’s funds, focusing on its most significant or “major” funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The School 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).

The School District only maintains governmental funds:

- ***Governmental Funds:*** Most of the School 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 School District’s programs. Because this information does not encompass the additional long-term focus

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

Financial Analysis of the School District as a Whole

Net Assets

The following schedule shows the Net Position for the School District as of June 30, 2023:

Figure A-3

	Condensed Statement of Net Position		
	Governmental and Total School District Activities		
	2023	2022	% Change
<i>Assets</i>			
Current and Other Assets	\$ 68,002,954	\$ 43,637,215	55.8%
Net Pension Asset-Proportionate Share	-	39,604,364	-100.0%
Capital Assets	60,808,428	46,089,726	31.9%
Total Assets	128,811,382	129,331,305	-0.4%
Total Deferred Outflows of Resources	56,867,726	67,755,955	-16.1%
<i>Liabilities</i>			
Current Liabilities	15,365,640	9,991,724	-53.8%
Non-Current Liabilities	295,101,703	274,556,459	-7.5%
Total Liabilities	310,467,343	284,548,183	-9.1%
Total Deferred Inflows of Resources	150,542,863	208,304,105	27.7%
<i>Net Position</i>			
Invested in Capital Assets, Net of Related Debt	18,056,640	19,820,261	8.9%
Restricted	26,741,759	19,569,603	-36.6%
Unrestricted	(320,129,497)	(335,154,892)	4.5%
Total Net Position	\$ (275,331,098)	\$ (295,765,028)	6.9%

- Current and Other Assets: cash increased from the budget surplus, capital project financing, and increases in receivables from grants.
- Net Pension Asset: during 2021-22 the TRS and ERS pension systems were overfunded which resulted in an asset representing School District's proportionate share of the systems' assets.
- Capital Assets: the increase is related to the School District's implementation of the \$98M capital bond project approved in October 2020.
- Deferred Outflows of Resources: relates to changes in estimates for OPEB and pensions.
- Current Liabilities: increase from construction and student tuition invoices received by year-end, but not yet paid.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

- Non-Current Liabilities: the change is primarily related to changes in OPEB and pension costs.
- Deferred Inflows of Resources: relates to changes in OPEB and pension costs.
- Net Position – Restricted: The increase in restricted net position is primarily due resources being held in anticipation of settling the Poughkeepsie Public School Teacher’s Association’s labor contract and increases in reserves for encumbrances which has increased with the high volume of construction.

Governmental Activities/Changes in Net Position

Figure A-4

Change in Net Position from Operating Results			
Governmental and Total School District			
Activities			
	2023	2022	% Change
<i>Revenues</i>			
Program Revenue:			
Charges for Services	\$ 250,370	\$ 115,251	117.2%
Operating Grants and Contributions	17,920,420	18,595,155	-3.6%
Capital Grants and Contributions	910,009	-	100.0%
Total Program Revenues	19,080,799	18,710,406	2.0%
General Revenue:			
Property Taxes and Tax Items	33,332,160	33,414,905	-0.2%
Use of Money and Property	1,950,101	80,691	100.0%
State Formula Aid - Restated	81,097,424	72,764,295	11.5%
Other	3,010,767	1,285,611	134.2%
Total General Revenues	119,390,452	107,545,502	11.0%
Total Revenues	138,471,251	126,255,908	9.7%
<i>Expenses</i>			
General support	14,533,299	9,618,010	51.1%
Instruction	93,254,875	50,430,846	84.9%
Pupil transportation	5,550,599	8,113,346	-31.6%
Community services	169,189	8,301	1938.2%
Cost of food sales	2,765,916	2,297,320	20.4%
Other	10,325	137,505	-92.5%
Interest	1,826,811	855,500	113.5%
Total Expenses	118,111,014	71,460,828	65.3%
Change in Net Position	\$ 20,360,237	\$ 54,795,080	-62.8%

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

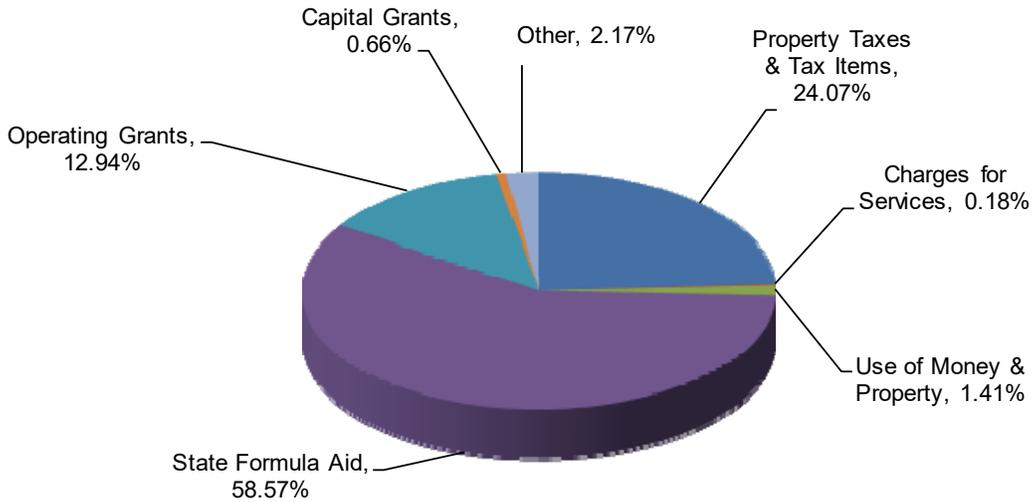
Changes in Net Position

The School District's 2023 revenue was \$138,471,251 (See Figure A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 24.07% and 58.57%, 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 \$118,111,014. For these expenses, (87.7%) 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 12.3% of total costs.

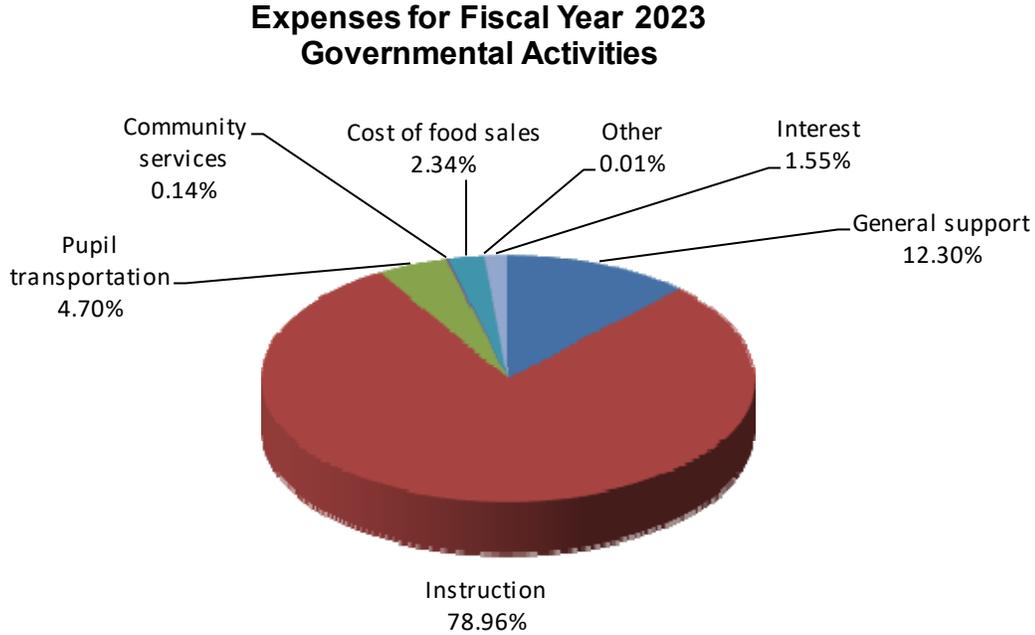
Net position increased during the year by \$20,360,237.

**Sources of Revenue for Fiscal Year 2023
Governmental Activities**



POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Figure A-6 – Expenses for the Fiscal Year 2023



The table below presents the cost of seven major School District activities: general support, instruction, pupil transportation, community service, cost of food sales, other and interest expense. 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 School District’s taxpayers by each of these functions:

**Figure A-7
Net Cost of Governmental Activities:**

Program Expenses	Total Cost of Services			Net Cost of Services		
	2023	2022	% Change	2023	2022	% Change
General support	\$ 14,533,299	\$ 9,618,010	51.1%	\$ (14,498,613)	\$ (9,618,011)	50.7%
Instruction	93,254,875	50,430,846	84.9%	(77,538,852)	(34,924,272)	122.0%
Pupil transportation	5,550,599	8,113,346	-31.6%	(5,550,599)	(7,874,753)	-29.5%
Community services	169,189	8,301	1938.2%	(169,189)	(8,301)	1938.2%
Cost of food sales	2,765,916	2,297,320	20.4%	564,174	667,920	-15.5%
Other	10,325	137,505	-92.5%	(10,325)	(137,505)	-92.5%
Interest	1,826,811	855,500	113.5%	(1,826,811)	(855,500)	113.5%
Total	\$ 118,111,014	\$ 71,460,828	65.3%	\$ (99,030,215)	\$ (52,750,422)	87.7%

Governmental Activities

Revenue for the School District’s governmental activities totaled \$138,471,251 while total expenses were \$118,111,014. Accordingly, net position increased by \$20,360,237. The increase was primarily the result of increased state aid, interest earnings, and other miscellaneous items.

- The cost of all governmental activities for the year was \$99,030,215.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

- The users of the School District's programs financed \$250,370 of the cost.
- The majority of the net costs were financed by State Aid and the School District's taxpayers.

Financial Analysis of the School District's Funds

The financial performance of the School District as a whole is reflected in its governmental funds. As the School District completed the year, its governmental funds reported combined fund balances of \$49,151,035; a \$19,541,129 increase from last year's ending fund balances, as restated, of \$29,609,906.

Governmental Funds Highlights

The following is a brief description of the activity in the governmental funds for 2023:

- General Fund – The School District revenues increased due to an increase in State Aid of \$9.3M, an increase in interest earned of \$1.8M, and increase in BOCES refund of \$2M. The positive net change in Fund Balance was \$7.5M.
- Special Aid Fund – Revenues decreased \$1.6M primarily due to the reductions in Federal Stimulus funding.
- School Lunch Fund – The Food Service Fund is continuing to provide students with a high-quality selection of food while being fiscally sound. The positive net change in Fund Balance was \$227,139.
- Capital Projects Fund – The School District continued Phases 1A & 1B of the \$98 million Capital Project to improve infrastructure and other physical upgrades including roof replacements, boilers and related controls, and renovations of nearly all bathrooms in the District. The District invested \$16.2M in its building infrastructure during the year. Additionally, a \$5.7M energy performance contract is being implemented and scheduled for completion during the 2023 calendar year.
- Debt Service Fund – The School District's debt obligations are increasing because of the projects mentioned above. In 2022-23, debt payments increased by \$524,000. These payments are now budgeted in the General Fund.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Property Taxes and Tax Items	\$ 33,167,258	\$ 33,167,258	\$ 32,945,958	\$ (221,300)
Charges for Services	6,200	6,200	8,325	2,125
Use of Money and Property	11,500	11,500	1,858,399	1,846,899
State Aid	82,884,524	82,884,524	81,706,890	(1,177,634)
Federal Aid	200,000	200,000	510,288	310,288
Miscellaneous and Other	500,000	523,932	2,385,460	1,861,528
Total Revenues	116,769,482	116,793,414	119,415,320	2,621,906
Expenditures				
General Support	9,640,882	13,166,425	11,539,557	(1,626,868)
Instruction	63,095,643	65,530,959	60,090,632	(5,440,327)
Pupil Transportation	5,975,226	5,201,843	5,028,848	(172,995)
Community Services	235,000	205,807	159,107	(46,700)
Employee Benefits	35,116,730	27,232,328	27,044,719	(187,609)
Debt Service	4,434,440	4,384,026	4,190,408	(193,618)
Total Expenditures	118,497,921	115,721,388	108,053,271	(7,668,117)
Excess (Deficiency) of Revenues Over Expenditures	(1,728,439)	1,072,026	11,362,049	10,290,023
Other Financing Sources (Uses)				
Insurance Recoveries	10,000	610,000	619,112	9,112
Transfers In	55,000	64,065	-	(64,065)
Transfers Out	(1,075,000)	(4,504,257)	(4,400,983)	103,274
Total Other Financing Uses	(1,010,000)	(3,830,192)	(3,781,871)	48,321
Net Change in Fund Balances	\$ (2,738,439)	\$ (2,758,166)	\$ 7,580,178	\$ 10,338,344
FUND BALANCES				
Beginning of Year	2,738,439	2,758,166	26,873,606	24,115,440
End of Year	\$ -	\$ -	\$ 34,453,784	34,453,784

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 2023 of \$7,580,178. As a result of this excess, the School District's fund balance has increased by this amount. All reserves are within the legal limitations.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Capital Assets and Debt Administration

Capital Assets, Net

As of June 30, 2023, the School District had \$60,808,428 invested in buildings, computers, and other educational equipment.

The overall capital assets as of June 30, 2023, are given below in Figure A-9.

Figure A-9
Capital Assets (net of depreciation)

	Capital Assets		Percent Change
	2023	2022	
Land	\$ 146,072	\$ 146,072	0.00%
Construction	17,418,820	7,046,507	147.20%
Buildings and Improvements	80,486,791	75,208,507	7.02%
Machinery and Equipment	1,852,583	1,683,584	10.04%
Vehicles	1,501,884	1,376,114	
Total	101,406,150	85,460,784	18.66%
Less: Accumulated Depreciation	<u>(40,597,722)</u>	<u>(39,371,058)</u>	3.12%
Net Capital Assets	<u>\$ 60,808,428</u>	<u>\$ 46,089,726</u>	31.93%

Long-Term Debt

As of June 30, 2023, the School District had \$20,806,199 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 School 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 School District is below its debt limit.

Figure A-10
Outstanding Long-Term Liabilities

	Total School District	
	2023	2022
General Obligation Bonds	\$ 39,910,000	\$ 24,380,000
Energy Performance Contracts	7,342,128	1,889,465
Other Long Term Liabilities	<u>247,849,575</u>	<u>248,247,309</u>
Total	<u>\$ 295,101,703</u>	<u>\$ 274,516,774</u>

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Factors Bearing on the School District's Future

- The District's financial position remains strong with a budget surplus of \$7.5M from General Fund operations for the 2022-23 fiscal year. It has also funded Reserve accounts in recent years in enhance future financial stability.
- The \$98 million capital improvement project approved on October 20, 2020 is underway. To date, roofs have been replaced, new boilers and controls installed, and nearly all bathrooms in the District have been upgraded. Other capital projects underway include a \$5.7M energy performance project, and a \$3M district-wide security enhancement initiative.
- Beginning with the 2024-25 budget, the district will incorporate the financial impact of settling the PPSTA labor contract (teachers) in October of 2023. Additionally, the PPSAA labor contract (administrators) negotiations are underway which will also impact the 2024-25 budget when settled. Two other support staff units, CSEA and PPSOPA have contracts that will expire June 30, 2024.
- the American Recovery Act funding benefits the School District through the 2023-24 school year. The funding expires in the summer of 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 enrolling and maintaining students, the school will have a negative impact on the finances of the Poughkeepsie City School District.
- As is typical in a School 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 School District's legal counsel. They have intervned on the significant cases as necessary. The School 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 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 School District with over 85% of its enrolled students designated economically disadvantaged. This population requires additional supports typical to other urban school districts.

POUGHKEEPSIE CITY SCHOOL DISTRICT, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Contacting the School District's Financial Management

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

Poughkeepsie City School District
Attn: William Hogan
Assistant Superintendent for Business
18 South Perry Street
Poughkeepsie, NY 12603
(845) 451-4960

Poughkeepsie City School District, New York

Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 13,210,714
Investments	36,897,509
Receivables	
Taxes	2,692,743
Accounts	396,408
State and Federal aid	12,398,027
Due from other governments	1,992,586
Inventories	35,907
Prepaid expenses	379,060
Capital assets	
Not being depreciated	17,564,892
Being depreciated, net	<u>43,243,536</u>
Total Assets	<u>128,811,382</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	26,721,492
OPEB related	<u>30,146,234</u>
Total Deferred Outflows of Resources	<u>56,867,726</u>
LIABILITIES	
Accounts payable	5,301,143
Accrued liabilities	1,036,834
Due to other governments	2,307,010
Due to retirement systems	5,375,696
Unearned revenues	1,134,551
Accrued interest payable	210,406
Non-current liabilities	
Due within one year	3,477,959
Due in more than one year	<u>291,623,744</u>
Total Liabilities	<u>310,467,343</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	2,846,794
OPEB related	<u>147,696,069</u>
Total Deferred Inflows of Resources	<u>150,542,863</u>
NET POSITION	
Net investment in capital assets	18,056,640
Restricted	
Future capital projects	15,000,000
Capital projects	5,458,792
Tax certiorari	426,698
Unemployment benefits	222,840
Liability claims	3,228,583
ERS retirement system contributions	1,000,203
TRS retirement system contributions	1,320,002
Special purposes	
Extraclassroom activities	24,801
Other	59,840
Unrestricted	<u>(320,129,497)</u>
Total Net Position	<u>\$ (275,331,098)</u>

The notes to financial statements are an integral part of this statement.

Poughkeepsie City School District, New York

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 14,533,299	\$ 34,686	\$ -	\$ -	\$ (14,498,613)
Instruction	93,254,875	8,325	14,797,689	910,009	(77,538,852)
Pupil transportation	5,550,599	-	-	-	(5,550,599)
Community services	169,189	-	-	-	(169,189)
Cost of food sales	2,765,916	207,359	3,122,731	-	564,174
Other	10,325	-	-	-	(10,325)
Interest	1,826,811	-	-	-	(1,826,811)
Total Governmental Activities	\$ 118,111,014	\$ 250,370	\$ 17,920,420	\$ 910,009	(99,030,215)
General revenues					
Real property taxes					29,073,373
Other tax items					
School tax relief reimbursement					1,878,283
Payments in lieu of taxes					562,939
Interest and penalties on real property taxes					35,882
Non-property taxes					
Non-property tax distribution from County					1,781,683
Unrestricted use of money and property					1,950,101
Sale of property and compensation for loss					619,112
Unrestricted State aid					81,097,424
Miscellaneous					2,391,655
Total General Revenues					119,390,452
Change in Net Position					20,360,237
Net Position - Beginning, as Reported					(295,765,028)
Prior Period Adjustment					73,693
Net Position - Beginning, as Restated					(295,691,335)
Net Position - Ending					\$ (275,331,098)

The notes to financial statements are an integral part of this statement.

Poughkeepsie City School District, New York

Balance Sheet
 Governmental Funds
 June 30, 2023

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 3,196,427	\$ -	\$ 6,956,399
Investments	28,133,975	-	8,319,028
Receivables			
Taxes	2,692,743	-	-
Accounts	396,408	-	-
State and Federal aid	2,532,238	8,392,031	1,003,942
Due from other governments	1,992,586	-	-
Due from other funds	12,676,939	-	366,288
Advances to other funds	839,941	-	-
Prepaid expenses	379,060	-	-
Inventories	-	-	-
	<u>52,840,317</u>	<u>8,392,031</u>	<u>16,645,657</u>
Total Assets	<u>\$ 52,840,317</u>	<u>\$ 8,392,031</u>	<u>\$ 16,645,657</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 3,277,368	\$ 323,883	\$ 1,680,739
Accrued liabilities	1,001,853	34,658	-
Due to other governments	2,307,010	-	-
Due to other funds	4,320,765	6,047,390	1,238,350
Advances from other funds	-	839,941	-
Due to retirement systems	4,742,860	530,502	-
Unearned revenues	43,934	615,657	-
	<u>15,693,790</u>	<u>8,392,031</u>	<u>2,919,089</u>
Total Liabilities	15,693,790	8,392,031	2,919,089
Deferred inflows of resources			
Deferred tax revenues	2,692,743	-	-
Unavailable revenues - state aid	-	-	1,003,942
	<u>2,692,743</u>	<u>-</u>	<u>1,003,942</u>
Total Deferred Inflows of Resources	2,692,743	-	1,003,942
	<u>18,386,533</u>	<u>8,392,031</u>	<u>3,923,031</u>
Total Liabilities and Deferred Inflows of Resources	18,386,533	8,392,031	3,923,031
Fund balances			
Nonspendable	1,219,001	-	-
Restricted	22,198,326	-	12,722,626
Assigned	5,598,143	-	-
Unassigned	5,438,314	-	-
	<u>34,453,784</u>	<u>-</u>	<u>12,722,626</u>
Total Fund Balances	34,453,784	-	12,722,626
	<u>\$ 52,840,317</u>	<u>\$ 8,392,031</u>	<u>\$ 16,645,657</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 52,840,317</u>	<u>\$ 8,392,031</u>	<u>\$ 16,645,657</u>

The notes to financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ 3,057,888	\$ 13,210,714
444,506	36,897,509
-	2,692,743
-	396,408
469,816	12,398,027
-	1,992,586
356	13,043,583
-	839,941
-	379,060
35,907	35,907
<u>\$ 4,008,473</u>	<u>\$ 81,886,478</u>

\$ 19,153	\$ 5,301,143
323	1,036,834
-	2,307,010
1,437,078	13,043,583
-	839,941
102,334	5,375,696
474,960	1,134,551
<u>2,033,848</u>	<u>29,038,758</u>
-	2,692,743
-	1,003,942
-	<u>3,696,685</u>
<u>2,033,848</u>	<u>32,735,443</u>
35,907	1,254,908
297,916	35,218,868
1,640,802	7,238,945
-	5,438,314
<u>1,974,625</u>	<u>49,151,035</u>
<u>\$ 4,008,473</u>	<u>\$ 81,886,478</u>

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Poughkeepsie City School District, New York

Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position June 30, 2023

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Total Fund Balances - Governmental Funds	<u>\$ 49,151,035</u>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	17,564,892
Capital assets - depreciable	83,841,258
Accumulated depreciation	<u>(40,597,722)</u>
	<u>60,808,428</u>
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	26,721,492
Deferred outflows - OPEB related	30,146,234
Deferred inflows - pension related	(2,846,794)
Deferred inflows - OPEB related	<u>(147,696,069)</u>
	<u>(93,675,137)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Real property taxes	2,692,743
State aid	<u>1,003,942</u>
	<u>3,696,685</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds payable	(39,910,000)
Energy performance contract payable	(7,342,128)
Compensated absences	(1,602,552)
Net pension liability - ERS	(4,638,665)
Net pension liability - TRS	(4,250,223)
Total OPEB liability	(234,431,151)
Accrued interest payable	<u>(210,406)</u>
	<u>(292,385,125)</u>
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Premium on general obligation bonds	<u>(2,926,984)</u>
Net Position of Governmental Activities	<u>\$ (275,331,098)</u>

The notes to financial statements are an integral part of this statement.

Poughkeepsie City School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 28,687,171	\$ -	\$ -
Other tax items	2,477,104	-	-
Non-property taxes	1,781,683	-	-
Charges for services	8,325	-	-
Use of money and property	1,858,399	-	-
Sale of property and compensation for loss	410	-	-
State aid	81,706,890	(165,924)	910,009
Federal aid	510,288	13,843,859	-
Food sales	-	-	-
Miscellaneous	2,385,050	-	-
Total Revenues	<u>119,415,320</u>	<u>13,677,935</u>	<u>910,009</u>
EXPENDITURES			
Current			
General support	11,539,557	150,711	-
Instruction	60,090,632	14,754,802	-
Pupil transportation	5,028,848	267,419	-
Community services	159,107	-	-
Employee benefits	27,044,719	1,705,986	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	2,438,472	-	-
Interest	1,751,936	-	-
Capital outlay	-	-	16,231,033
Total Expenditures	<u>108,053,271</u>	<u>16,878,918</u>	<u>16,231,033</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,362,049</u>	<u>(3,200,983)</u>	<u>(15,321,024)</u>
OTHER FINANCING SOURCES (USES)			
General obligation bonds issued	-	-	17,615,000
Issuance premium	-	-	2,433,701
Energy performance contract debt issued	-	-	5,806,135
Insurance recoveries	619,112	-	-
Transfers in	-	3,200,983	1,200,000
Transfers out	(4,400,983)	-	-
Total Other Financing Sources (Uses)	<u>(3,781,871)</u>	<u>3,200,983</u>	<u>27,054,836</u>
Net Change in Fund Balances	<u>7,580,178</u>	<u>-</u>	<u>11,733,812</u>
FUND BALANCES			
Beginning of Year, as Reported	26,873,606	-	1,992,756
Prior Period Adjustment	-	-	(1,003,942)
Beginning of Year, as Restated	<u>26,873,606</u>	<u>-</u>	<u>988,814</u>
End of Year	<u>\$ 34,453,784</u>	<u>\$ -</u>	<u>\$ 12,722,626</u>

The notes to financial statements are an integral part of this statement.

Non-Major Governmental	Total Governmental Funds
\$ -	\$ 28,687,171
-	2,477,104
-	1,781,683
-	8,325
126,625	1,985,024
-	410
57,951	82,508,926
3,064,567	17,418,714
207,318	207,318
62,556	2,447,606
<u>3,519,017</u>	<u>137,522,281</u>
248,701	11,938,969
-	74,845,434
-	5,296,267
-	159,107
-	28,750,705
2,976,508	2,976,508
66,669	66,669
-	2,438,472
-	1,751,936
-	16,231,033
<u>3,291,878</u>	<u>144,455,100</u>
<u>227,139</u>	<u>(6,932,819)</u>
-	17,615,000
-	2,433,701
-	5,806,135
-	619,112
-	4,400,983
-	(4,400,983)
-	26,473,948
<u>227,139</u>	<u>19,541,129</u>
1,673,793	30,540,155
<u>73,693</u>	<u>(930,249)</u>
<u>1,747,486</u>	<u>29,609,906</u>
<u>\$ 1,974,625</u>	<u>\$ 49,151,035</u>

Poughkeepsie City School District, New York

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 19,541,129</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay expenditures	16,094,447
Depreciation expense	<u>(1,375,745)</u>
	<u>14,718,702</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes	<u>386,202</u>
<p>Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized on the statement of activities.</p>	
General obligations bonds issued	(17,615,000)
Issuance premium	(2,433,701)
Energy performance contract issued	(5,806,135)
Principal paid on general obligation bonds	2,085,000
Principal paid on energy performance contact	<u>353,472</u>
	<u>(23,416,364)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Accrued interest	(110,110)
Compensated absences	(146,695)
Changes in pension liabilities and related deferred outflows and inflows of resources	(2,531,649)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	11,844,102
Retainage payable	39,685
Amortization of premium on bonds	<u>35,235</u>
	<u>9,130,568</u>
Change in Net Position of Governmental Activities	<u><u>\$ 20,360,237</u></u>

The notes to financial statements are an integral part of this statement.

Poughkeepsie City School District, New York

Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 29,258,258	\$ 29,258,258	\$ 28,687,171	\$ (571,087)
Other tax items	2,559,000	2,559,000	2,477,104	(81,896)
Non-property taxes	1,350,000	1,350,000	1,781,683	431,683
Charges for services	6,200	6,200	8,325	2,125
Use of money and property	11,500	11,500	1,858,399	1,846,899
Sale of property and compensation for loss	-	-	410	410
State aid	82,884,524	82,884,524	81,706,890	(1,177,634)
Federal aid	200,000	200,000	510,288	310,288
Miscellaneous	500,000	523,932	2,385,050	1,861,118
Total Revenues	116,769,482	116,793,414	119,415,320	2,621,906
EXPENDITURES				
Current				
General support	9,640,882	13,166,425	11,539,557	1,626,868
Instruction	63,095,643	65,530,959	60,090,632	5,440,327
Pupil transportation	5,975,226	5,201,843	5,028,848	172,995
Community services	235,000	205,807	159,107	46,700
Employee benefits	35,116,730	27,232,328	27,044,719	187,609
Debt service				
Principal	2,476,790	2,496,640	2,438,472	58,168
Interest	1,957,650	1,887,386	1,751,936	135,450
Total Expenditures	118,497,921	115,721,388	108,053,271	7,668,117
Excess (Deficiency) of Revenues Over Expenditures	(1,728,439)	1,072,026	11,362,049	10,290,023
OTHER FINANCING SOURCES (USES)				
Insurance recoveries	10,000	610,000	619,112	9,112
Transfers in	55,000	64,065	-	(64,065)
Transfers out	(1,075,000)	(4,504,257)	(4,400,983)	103,274
Total Other Financing Uses	(1,010,000)	(3,830,192)	(3,781,871)	48,321
Net Change in Fund Balances	(2,738,439)	(2,758,166)	7,580,178	10,338,344
FUND BALANCES				
Beginning of Year	2,738,439	2,758,166	26,873,606	24,115,440
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,453,784</u>	<u>\$ 34,453,784</u>

The notes to financial statements are an integral part of this statement.

Poughkeepsie City School District, New York

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
June 30, 2023

	Private Purpose Trust Fund	Custodial Fund
	<u> </u>	<u> </u>
ADDITIONS	\$ -	\$ -
DEDUCTIONS	<u>-</u>	<u>-</u>
Net Change in Fiduciary Net Position	<u>-</u>	<u>-</u>
NET POSITION		
Beginning of Year, as Reported	50,737	22,956
Prior Period Adjustment	<u>(50,737)</u>	<u>(22,956)</u>
Beginning of Year, as Restated	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to financial statements are an integral part of this statement.

Note 1 - Summary of Significant Accounting Policies

The Poughkeepsie City School District, New York ("School District"), operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the School District b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Dutchess County Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. There is no authority or process by which a school district can terminate its status as a BOCES component. BOCES' governing board is elected based on the vote of members of the participating districts' governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statements can be requested from Dutchess County BOCES, 5 BOCES Road, Poughkeepsie, New York 12601.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

Note 1 - Summary of Significant Accounting Policies (Continued)

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

While separate district-wide and fund financial statements are presented, they are interrelated. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed or

Note 1 - Summary of Significant Accounting Policies (Continued)

assigned to expenditure for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the breakfast and lunch programs of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and for financial resources that are being accumulated for principal and interest maturing in future years.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - Fiduciary Funds are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, "*Fiduciary Activities*", the School District had no such activity to report in this fund category.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Fiduciary Fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made and the amounts are expected to be collected within one year of the fiscal year end. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain claims, compensated absences, net pension liability and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuances of long-term debt are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

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

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 1 - Summary of Significant Accounting Policies (Continued)

The School District participates in the New York Liquid Assets Fund (“NYLAF”), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. NYLAF has designated PMA Asset Management, LLC as its registered investment advisor.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The School District’s position in the pool in the amount of \$36,897,509 is equal to the value of the pool shares.

Additional information concerning the NYLAF is presented in the annual report, which may be obtained from the Governing Board c/o PMA Financial Network, LLC, 300 Westage Business Center Drive, Fishkill, NY 12524.

NYLAF is rated AAAM by Standard and Poor’s Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. NYLAF invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. GASB Statement No. 40, “*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*”, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution’s trust department but not in the School District’s name. The School District’s aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2023.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity’s complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government’s investments in a single issuer. The School District’s investment policy limits the amount on deposit at each of its banking institutions.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 1 - Summary of Significant Accounting Policies (Continued)

Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of September 1st. Taxes are collected during the period August 15 to December 5. The City of Poughkeepsie, New York ("City") is responsible for the billing and collection of the taxes. An amount representing all uncollected real property taxes must be reported to the City by January 1. The City guarantees the full payment of the School District warrant and assumes responsibility for the uncollected taxes. The City will remit, as collected, the unpaid taxes and within two years of the receipt of the statement, any balance due, exclusive of amounts legally restrained or prohibited.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2023, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of food and supplies and are recorded at a stated value, which approximates market. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings	50
Buildings and Improvements	15-20
Machinery and Equipment	5-15
Vehicles	5

Note 1 - Summary of Significant Accounting Policies (Continued)

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consist of revenue received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned revenues of \$43,934 in the General Fund for miscellaneous revenues collected, in advance, \$615,657 in the Special Aid Fund for State and Federal Aid received in advance and \$474,960 in the School Lunch fund for revenue collected in advance.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reported deferred inflows of resources in the General Fund of \$2,692,743 for real property taxes not expected to be collected within the first sixty days of the subsequent fiscal year and \$1,003,942 in the Capital Projects Fund for state aid not expected to be collected within one year of the subsequent fiscal year.

The School District also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3F.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation and sick leave upon separation from service. The liability for such

Note 1 - Summary of Significant Accounting Policies (Continued)

accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

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

Other Postemployment Benefit Liability ("OPEB") - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions".

Net Position - represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the School District includes restricted for future capital projects, capital projects, tax certiorari, unemployment benefits, liability claims and property loss, ERS and TRS retirement contributions, and special purposes.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they

Note 1 - Summary of Significant Accounting Policies (Continued)

are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or by delegated authority to the Assistant Superintendent for Business Administration for amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported unassigned.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned, and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the

Note 1 - Summary of Significant Accounting Policies (Continued)

General Fund. Encumbrances outstanding at year-end are generally reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 26, 2023.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.

Note 2 - Stewardship, Compliance and Accountability (Continued)

- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Special Purpose and Debt Service funds since other means control the use of these resources (e.g., grants awards) and sometimes span a period of more than one fiscal year.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted, or as amended by the Board of Education.

B. Limitation on Fund Balance

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount to 4% of the ensuing year's budget.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 2 - Stewardship, Compliance and Accountability (Continued)

D. Capital Projects Fund Project Deficits

The deficits in the Middle School Structural, Columbus Egress, Unit Ventilators, PMS HVAC and HS Kitchen & Hot Water capital projects arise because of expenditures exceeding current financing on the projects. These deficits will be eliminated with the subsequent receipt or issuance of authorized financing.

E. Prior Period Adjustment

Beginning fund balance of the School District as of June 30, 2022 was restated for a prior period adjustment decreasing fund balance and net position by the amounts enumerated below. There were amounts recorded in the receivable for State and Federal aid that have been outstanding for numerous years, and therefore, cannot be recognized as revenue as it is not deemed available in the Capital Projects Fund.

Beginning net position as of June 30, 2022 was restated for a prior period adjustment increasing fund balance and net position by the amounts enumerated below. The activities previously reported in the Fiduciary Funds do not meet the provisions of GASB Statement No. 84, "Fiduciary Activities" to be reported in the Fiduciary Funds.

The composition of the prior period adjustments were as follows:

	Governmental Activities	Capital Projects	Non-Major Governmental Special Purpose	Fiduciary Funds	
				Private Purpose Trust Fund	Custodial Fund
State and Federal Receivable	\$ -	\$ (1,003,942)	\$ -	\$ -	\$ -
Private Purpose Trust	50,737	-	50,737	(50,737)	-
Extraclassroom Activities	22,956	-	22,956	-	(22,956)
	<u>\$ 73,693</u>	<u>\$ (1,003,942)</u>	<u>\$ 73,693</u>	<u>\$ (50,737)</u>	<u>\$ (22,956)</u>

F. New Accounting Pronouncement

GASB Statement No. 96, "Subscriptions-based Information Technology Arrangements (SBITA's)", established a single model for SBITA accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the School District's fiscal year ended June 30, 2023. The School District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds

A. Taxes Receivable

Taxes receivable at June 30, 2023 consisted of the following:

Current year	\$ 2,116,511
Prior years	<u>576,232</u>
	<u>\$ 2,692,743</u>

Taxes receivable in the fund financial statements are offset by deferred tax revenues of \$2,692,743, which represents the taxes receivable which were not collected within the first sixty days of the subsequent year.

B. Interfund Receivables/Payables

The composition of due from/to other funds at June 30, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 12,676,939	\$ 4,320,765
Special Aid	-	6,047,390
Capital Projects	366,288	1,238,350
Non-Major Governmental	<u>356</u>	<u>1,437,078</u>
	<u>\$ 13,043,583</u>	<u>\$ 13,043,583</u>

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

The composition of advances to/from other funds at June 30, 2023 were as follows:

<u>Fund</u>	<u>Advances To</u>	<u>Advances From</u>
General	\$ 839,941	\$ -
Special Aid	<u>-</u>	<u>839,941</u>
	<u>\$ 839,941</u>	<u>\$ 839,941</u>

The amounts payable to the General Fund from Special Aid Fund relate to working capital loans. This is an estimate of the balance not expected to be collected in the subsequent year.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

C. Capital Assets

Changes in the School District's capital assets are as follows:

Class	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated:				
Land	\$ 146,072	\$ -	\$ -	\$ 146,072
Construction-in-Progress	7,046,507	16,231,033	5,858,720	17,418,820
Total Capital Assets, not being depreciated	<u>\$ 7,192,579</u>	<u>\$ 16,231,033</u>	<u>\$ 5,858,720</u>	<u>\$ 17,564,892</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 75,208,507	\$ 5,278,284	\$ -	\$ 80,486,791
Machinery and Equipment	1,683,584	168,999	-	1,852,583
Vehicles	1,376,114	274,851	149,081	1,501,884
Total Capital Assets, being depreciated	<u>78,268,205</u>	<u>5,722,134</u>	<u>149,081</u>	<u>83,841,258</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	37,186,370	1,218,093	-	38,404,463
Machinery and Equipment	1,279,046	59,751	-	1,338,797
Vehicles	905,642	97,901	149,081	854,462
Total Accumulated Depreciation	<u>39,371,058</u>	<u>1,375,745</u>	<u>149,081</u>	<u>40,597,722</u>
Total Capital Assets, being Depreciated, net	<u>\$ 38,897,147</u>	<u>\$ 4,346,389</u>	<u>\$ -</u>	<u>\$ 43,243,536</u>
Capital Assets, net	<u>\$ 46,089,726</u>	<u>\$ 20,577,422</u>	<u>\$ 5,858,720</u>	<u>\$ 60,808,428</u>

Depreciation expense was charged to School District functions and programs as follows:

General Support	\$ 424,787
Instruction	873,511
Pupil Transportation	53,342
Cost of Food Sales	24,105
Total Depreciation Expense	<u>\$ 1,375,745</u>

D. Accrued Liabilities

Accrued liabilities at June 30, 2023 were as follows:

	General Fund	Special Aid Fund	Non-Major Governmental Funds	Total
Payroll and Employee Benefits	<u>\$ 1,001,853</u>	<u>\$ 34,658</u>	<u>\$ 323</u>	<u>\$ 1,036,834</u>

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

E. Short-Term Capital Borrowings

The schedule below details the changes in short-term capital borrowings.

Purpose	Year of Original Issue	Rate of Interest	Maturity Date	Balance July 1, 2022	New Issues	Redemptions	Balance June 30, 2023
Facilities Improvements	2022	3.13 %	June, 2023	\$ -	\$ 9,800,000	\$ 9,800,000	\$ -
Facilities Improvements	2022	3.75	June, 2023	-	10,000,000	10,000,000	-
				<u>\$ -</u>	<u>\$ 19,800,000</u>	<u>\$ 19,800,000</u>	<u>\$ -</u>

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Bond anticipation notes issued for judgements or settled claims are recorded in the fund paying the claim. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes or judgements be converted to long-term obligations generally seven years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

Interest expenditures of \$584,218 were recorded in fund financial statements in the General Fund and in the district-wide financial statements.

F. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2023:

	Balance June 30, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable	\$ 24,380,000	\$ 17,615,000	\$ 2,085,000	\$ 39,910,000	\$ 2,810,000
Premium on General Obligation Bonds	528,518	2,433,701	35,235	2,926,984	-
Energy Performance Contract Payable	1,889,465	5,806,135	353,472	7,342,128	507,959
Other Non-current Liabilities:					
Compensated Absences	1,455,857	292,695	146,000	1,602,552	160,000
Net Pension Liability - ERS	-	4,638,665	-	4,638,665	-
Net Pension Liability - TRS	-	4,250,223	-	4,250,223	-
Other Postemployment Benefit Liability	246,262,934	-	11,831,783	234,431,151	-
Total Other Non-current Liabilities	247,718,791	9,181,583	11,977,783	244,922,591	160,000
Total Long-Term Liabilities	<u>\$ 274,516,774</u>	<u>\$ 35,036,419</u>	<u>\$ 14,451,490</u>	<u>\$ 295,101,703</u>	<u>\$ 3,477,959</u>

The School District's indebtedness for general obligation bonds, energy performance contract payable, compensated absences, net pension liability and other postemployment benefit liabilities is satisfied by the General Fund.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2023 is comprised of the following individual issue:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
General Obligation - Qualified School Construction Bonds	2012	\$ 5,000,000	June, 2028	4.625-4.875 %	\$ 1,780,000
General Obligation Bonds	2012	5,000,000	June, 2028	3.000-3.500	1,250,000
General Obligation Bonds	2016	3,200,000	June, 2031	2.000-5.000	1,655,000
Refunding Bond	2017	18,605,000	May, 2033	2.500-5.000	12,285,000
Dormitory Authority of the State of New York	2022	5,510,000	June, 2037	5.000	5,325,000
Dormitory Authority of the State of New York	2023	17,615,000	June, 2038	5.000	17,615,000
					\$ 39,910,000

Interest expenditures of \$1,025,473 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,097,955 was recorded in the district-wide financial statements.

Energy Performance Contract Payable

The School District entered into a lease agreement in 2012 to finance the costs of energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of this agreement provided for the repayment of the principal in the amount of \$4,263,579 in annual installments through June, 2027 with an interest rate of 3.47%. The balance due at June 30, 2023 is \$1,359,726.

The School District entered into a lease agreement in 2015 to finance the costs of energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of this agreement provided for the repayment of the principal in the amount of \$475,442 in annual installments through June, 2027 with an interest rate of 3.15%. The balance due at June 30, 2023 is \$176,267.

The School District entered into a lease agreement in 2023 to finance the costs of energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of this agreement provided for the repayment of the principal in the amount of \$5,806,135 in annual installments through June 2039 with an interest rate of 3.42%. The balance due at June 30, 2023 is \$5,806,135.

Interest expenditures of \$142,245 were recorded in the fund financial statements in the General Fund. Interest expense of \$144,638 was recorded in the district-wide financial statements.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Payments to Maturity

The annual requirements to amortize all outstanding bonded and energy performance contract as of June 30, 2023 including interest payments of \$15,415,015 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2024	\$ 2,810,000	\$ 2,021,549	\$ 507,959	\$ 249,934
2025	3,165,000	1,662,010	671,988	229,483
2026	3,265,000	1,544,066	695,660	205,811
2027	3,400,000	1,394,304	718,486	181,304
2028	3,120,000	1,262,681	326,108	159,618
2029-2033	15,120,000	4,217,826	1,807,225	621,404
2034-2038	9,030,000	1,365,373	2,141,158	287,471
2039	-	-	473,544	12,181
	<u>\$ 39,910,000</u>	<u>\$ 13,467,809</u>	<u>\$ 7,342,128</u>	<u>\$ 1,947,206</u>

Year Ending June 30,	Total	
	Principal	Interest
2024	\$ 3,317,959	\$ 2,271,483
2025	3,836,988	1,891,493
2026	3,960,660	1,749,877
2027	4,118,486	1,575,608
2028	3,446,108	1,422,299
2029-2033	16,927,225	4,839,230
2034-2038	11,171,158	1,652,844
2039	473,544	12,181
	<u>\$ 47,252,128</u>	<u>\$ 15,415,015</u>

The above general obligation bonds and energy performance contract payable are direct borrowings of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

Note 3 - Detailed Notes on All Funds (Continued)

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate certain employees for accumulated sick leave. For these employees to receive reimbursement, they must be eligible for retirement, and must give notice pursuant to contract provisions. Clerical, custodial employees and administrators are granted vacation in varying amounts, based primarily on length of service and service position. These benefits may be forfeited if not taken within the varying time periods. The value of the compensated absences is calculated based on pay rates in effect at year-end and has been reflected in the district-wide financial statements.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the ERS plan year ended March 31, 2023 and TRS plan year ended June 30, 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	2 75i	16.0 %
	3 A14	13.1
	4 A15	13.1
	5 A15	11.2
	6 A15	8.3
	TRS	1-6

At June 30, 2023, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 4,638,665	\$ 4,250,223
School District's proportion of the net pension liability	0.0216315 %	0.221494 %
Change in proportion since the prior measurement date	0.0045263 %	0.001020 %

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2023, the School District recognized pension expense in the district-wide financial statements of \$7,742,210 (\$1,668,106 for ERS and \$6,074,104 for TRS). Pension expenditures for ERS of \$843,104, \$49,567, and \$2,459 were reported in the fund financial statements and were charged to the General Fund, School Lunch Fund and Special Aid Fund respectively. Pension expenditures for TRS of \$4,315,431 were recorded in the fund financial statements in the General Fund.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2023, the School District reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 494,054	\$ 130,271	\$ 4,453,696	\$ 85,167
Changes of assumptions	2,252,835	24,898	8,244,714	1,712,110
Net difference between projected and actual earnings on pension plan investments	-	27,252	5,491,692	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	265,022	241,191	801,955	625,905
School District contributions subsequent to the measurement date	400,936	-	4,316,588	-
	<u>\$ 3,412,847</u>	<u>\$ 423,612</u>	<u>\$ 23,308,645</u>	<u>\$ 2,423,182</u>
	<u>Total</u>			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 4,947,750	\$ 215,438		
Changes of assumptions	10,497,549	1,737,008		
Net difference between projected and actual earnings on pension plan investments	5,491,692	27,252		
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,066,977	867,096		
School District contributions subsequent to the measurement date	4,717,524	-		
	<u>\$ 26,721,492</u>	<u>\$ 2,846,794</u>		

\$400,936 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$4,316,588 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2023	\$ -	\$ 3,185,697
2024	610,791	1,634,227
2025	(281,385)	(698,474)
2026	951,992	10,943,866
2027	1,306,901	1,444,518
Thereafter	-	59,041
	<u>\$ 2,588,299</u>	<u>\$ 16,568,875</u>

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

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

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2023		TRS June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %	33 %	6.5 %
International Equity	15	6.85	16	7.2
Private Equity	10	7.50	8	9.9
Real Estate	9	4.60	11	6.2
Domestic Fixed Income Securities	-	-	16	1.1
Global Bonds	-	-	2	0.6
High Yield Bonds	-	-	1	3.3
Global Equities	-	-	4	6.9
Private Debt	-	-	2	5.3
Real Estate Debt	-	-	6	2.4
Opportunistic/ARS Portfolio	3	5.38	-	-
Credit	4	5.43	-	-
Real Assets	3	5.84	-	-
Fixed Income	23	1.50	-	-
Cash	1	-	1	(0.3)
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

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

The following presents the School 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 School District's proportionate share of the net pension liability (asset) 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, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
School District's proportionate share of the ERS net pension liability (asset)	<u>\$ 11,209,664</u>	<u>\$ 4,638,665</u>	<u>\$ (852,169)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 39,189,051</u>	<u>\$ 4,250,223</u>	<u>\$ (25,133,102)</u>

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows:

	<u>ERS</u>	<u>TRS</u>
Total pension liability	\$ 232,627,259,000	\$ 133,883,473,797
Fiduciary net position	<u>211,183,223,000</u>	<u>131,964,582,107</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 1,918,891,690</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>98.57%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2023 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2023 were \$400,936 to ERS and \$4,908,032 to TRS, inclusive of \$591,444 of employee contributions.

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending upon salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in the program.

Note 3 - Detailed Notes on All Funds (Continued)

Other Postemployment Benefit Liability (“OPEB”)

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	476
Active employees	<u>560</u>
	<u><u>1,036</u></u>

The School District's total OPEB liability of \$234,431,151 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

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

Salary increases	Vary based on the New York State TRS assumptions used in the June 30, 2015 valuation and/or ERS assumptions effective on April 1, 2020
Discount rate	4.13%
Healthcare cost trend rates	5.24% for 2024, decreasing per year to an ultimate rate of 3.94% for 2075 and later years
Retirees' share of benefit-related costs	Varies from 5% to 65% depending on applicable retirement year and bargaining unit

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

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

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 246,262,934
Service cost	9,068,338
Interest	8,888,035
Differences between expected and actual experience	2,362,937
Changes in assumptions or other inputs	(23,562,716)
Benefit payments	<u>(8,588,377)</u>
 Total OPEB Liability - End of Year	 <u><u>\$ 234,431,151</u></u>

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	<u>\$ 276,385,958</u>	<u>\$ 234,431,151</u>	<u>\$ 201,035,697</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (4.24% decreasing to 2.94%)	Current Healthcare Cost Trend Rates (5.24% decreasing to 3.94%)	1% Increase (6.24% decreasing to 4.94%)
Total OPEB Liability	<u>\$ 195,384,185</u>	<u>\$ 234,431,151</u>	<u>\$ 285,364,214</u>

For the year ended June 30, 2023, the School District recognized OPEB expense of (\$3,255,725) in the district-wide financial statements. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 27,815,742	\$ 72,998,714
Differences between expected and actual experience	<u>2,330,492</u>	<u>74,697,355</u>
	<u><u>\$ 30,146,234</u></u>	<u><u>\$ 147,696,069</u></u>

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,		
2024	\$	(21,212,098)
2025		(21,212,099)
2026		(23,825,433)
2027		(23,825,437)
2028		(24,446,229)
Thereafter		<u>(3,028,539)</u>
	<u>\$</u>	<u>(117,549,835)</u>

G. Revenues and Expenditures

Interfund Transfers

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In		Total
	Special Aid Fund	Capital Projects Fund	
General Fund	<u>\$ 3,200,983</u>	<u>\$ 1,200,000</u>	<u>\$ 4,400,983</u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects fund expenditures.

H. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Future Capital Projects - the component of net position that has been established to set aside funds to be used for future capital projects.

Restricted for Capital Projects - the component of net position that reports the amounts restricted for capital projects, exclusive of unexpended bond proceeds and unrestricted interest earnings.

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Unemployment Benefits - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-m of the General Municipal Law of the State of New York.

Restricted for Liability Claims and Property Loss - the component of net position that has been established to set aside funds for the deductible provisions of the School District's insurance policies in accordance with Section 6-n of the General Municipal Law of the State of New York.

Restricted for ERS Retirement System Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for TRS Retirement Contributions - the component of net position that reports the amounts set aside to be used for TRS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for Special Purposes - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes with constraints placed on their use by either external parties and/or statute.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Poughkeepsie City School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

I. Fund Balances

	2023			Total
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	
Nonspendable				
Inventories	\$ -	\$ -	\$ 35,907	\$ 35,907
Prepaid expenditures	379,060	-	-	379,060
Advances	839,941	-	-	839,941
Total Nonspendable	1,219,001	-	35,907	1,254,908
Restricted				
Tax certiorari	426,698	-	-	426,698
Unemployment	222,840	-	-	222,840
Liability claims and property loss	3,228,583	-	-	3,228,583
Employee benefit accrued liability	1,000,000	-	-	1,000,000
ERS retirement contributions	1,000,203	-	-	1,000,203
TRS retirement contributions	1,320,002	-	-	1,320,002
Future capital projects	15,000,000	-	-	15,000,000
Capital projects	-	12,722,626	-	12,722,626
Debt service	-	-	213,275	213,275
Special Purpose - Extraclassroom activities	-	-	24,801	24,801
Special Purpose - Other	-	-	59,840	59,840
Total Restricted	22,198,326	12,722,626	297,916	35,218,868
Assigned				
Purchases on order				
General government support	465,109	-	-	465,109
Instruction	3,121,537	-	-	3,121,537
Pupil transportation	290	-	-	290
Community Services	11,207	-	-	11,207
	3,598,143	-	-	3,598,143
For subsequent year's expenditures	2,000,000	-	-	2,000,000
School Lunch Fund	-	-	1,640,802	1,640,802
Total Assigned	5,598,143	-	1,640,802	7,238,945
Unassigned	5,438,314	-	-	5,438,314
Total Fund Balance	\$ 34,453,784	\$ 12,722,626	\$ 1,974,625	\$ 49,151,035

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Advances have been established to indicate the long-term nature of funds advanced to the Special Aid Fund. The amount is classified as nonspendable to indicate that these funds do not represent "available" spendable resources even though they are a component of current assets.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-r of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2023, the Board of Education has utilized the above amounts to be appropriated for the ensuing year's budget.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. However, the amount of these possible refunds cannot be determined at the present time. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District is a defendant in several cases alleging improper labor practices with the Public Employee Relations Board. The charges all generally allege that the School District violated the Taylor Law. The School District believes that it has legitimate defense that negate liability and that there will be no financial exposure to the School District, apart from legal defense fees, associated with this claim.

The School District has a pending case regarding a complaint alleging the discrimination and harassment in employment based on race and color, with the EEOC. The School District has filed a motion to dismiss the complaint, which is currently pending. The School District intends to defend this action.

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

C. Risk Management

The School District is exposed to various risks of loss related to torts, damage, injuries, errors and omissions, natural disasters, and other risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The School 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 School 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 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 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 by not settled, and claims that have been incurred by not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. Financial statements for the Plan are available from the administrator at 5 BOCES Road, Poughkeepsie, New York 12601.

Poughkeepsie City School District, New York

Notes to Financial Statements (Concluded)
 June 30, 2023

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 101, “*Compensated Absences*” provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact of this and other pronouncements may have on its financial statements and will implement them if applicable and when material.

Note 6 - Tax Abatement

The School District has real property tax abatement agreements with the City of Poughkeepsie (“City”) and the County of Dutchess Industrial Development Agency (“IDA”), established by Article 18-A of General Municipal Law of New York State, under the authority of New York State General Municipal Law Section 922.

Copies of the agreements may be obtained from the School District. Information relevant to disclosure of these agreements for the fiscal year ended June 30, 2023 is as follows:

Agreement	Taxable Assessed Value	Tax Rate	Tax Value	PILOT Received	Taxes Abated
Bonura & Dibrizzi Enterprises (Grand Hotel)	\$ 20,000,000	\$ 19.4492	\$ 388,984	\$ 66,159	\$ 322,825
Poughkeepsie Landing LLC	12,000,000	19.4492	233,390	99,490	133,900
Eastman & Bixby Redevelopment Co, LLC	11,000,000	19.4492	213,941	67,597	146,344
400 Main LLC	7,200,700	19.4492	140,048	20,348	119,700
The Commons	7,074,375	19.4492	137,591	21,574	116,017
CNN Spruce	1,512,000	19.4492	294,072	9,190	284,882
Highbidge Gardens	8,664,000	19.4492	1,685,079	26,359	1,658,720
JM Development LLC	21,000,000	19.4492	408,433	36,218	372,215
Maple Street of Dutchess	3,500,000	19.4492	68,072	20,949	47,123
Queen City Lofts	7,200,000	19.4492	140,034	40,700	99,334
Woodside Associates	14,250,000	19.4492	277,151	59,296	217,855
Fallkill Commons	3,388,000	19.4492	65,894	38,736	27,158
33-35 Academy	725,100	19.4492	14,103	3,526	10,577
Health Quest	24,000,000	19.4492	466,781	52,797	413,984
	<u>\$ 141,514,175</u>		<u>\$ 4,533,573</u>	<u>\$ 562,939</u>	<u>\$ 3,970,634</u>

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Poughkeepsie City School District, New York

Required Supplementary Information - Schedule of Changes in the
School District's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years (1) (2)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 9,068,338	\$ 18,044,554	\$ 17,095,514	\$ 4,058,980	\$ 4,078,684	\$ 3,959,887
Interest	8,888,035	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)	-	-
Differences between expected and actual experience	2,362,937	(76,000,865)	533,957	(61,233,066)	-	-
Changes in assumptions or other inputs	(23,562,716)	(73,922,940)	3,811,590	76,913,075	-	-
Benefit payments	(8,588,377)	(9,143,577)	(9,321,408)	(10,249,617)	(9,131,594)	(8,833,173)
Net Change in Total OPEB Liability	(11,831,783)	(167,332,816)	21,069,848	(15,079,215)	8,747,310	8,630,103
Total OPEB Liability – Beginning of Year	246,262,934	413,595,750	392,525,902	407,605,117	398,857,807	390,227,704 (3)
Total OPEB Liability – End of Year	<u>\$ 234,431,151</u>	<u>\$ 246,262,934</u>	<u>\$ 413,595,750</u>	<u>\$ 392,525,902</u>	<u>\$ 407,605,117</u>	<u>\$ 398,857,807</u>
School District's covered-employee payroll	<u>\$ 45,497,456</u>	<u>\$ 45,901,577</u>	<u>\$ 41,892,740</u>	<u>\$ 39,692,976</u>	<u>\$ 39,161,138</u>	<u>\$ 42,261,151</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>515.26%</u>	<u>536.50%</u>	<u>987.27%</u>	<u>988.91%</u>	<u>1040.84%</u>	<u>943.79%</u>
Discount Rate	<u>4.13%</u>	<u>3.54%</u>	<u>2.16%</u>	<u>2.21%</u>	<u>3.50%</u>	<u>3.50%</u>

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

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

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

Poughkeepsie City School District, New York

Required Supplementary Information
 New York State Teachers' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.221494%	0.220470%	0.234490%	0.245120%	0.229420%	0.227270%	0.224420%	0.245410%	0.225760%
School District's proportionate share of the net pension liability (asset)	\$ 4,250,223	\$ (38,206,084)	\$ 6,479,530	\$ (6,368,194)	\$ (4,148,472)	\$ (1,727,439)	\$ 2,403,660	\$ (25,489,936)	\$ (28,480,345)
School District's covered payroll	\$ 39,108,786	\$ 40,056,976	\$ 41,482,140	\$ 42,043,946	\$ 37,439,630	\$ 36,499,611	\$ 35,964,100	\$ 36,866,400	\$ 37,766,800
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	10.87%	(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 (asset)	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 4,422,196	\$ 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	(4,422,196)	(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 excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 42,975,662	\$ 39,108,786	\$ 40,056,976	\$ 41,482,140	\$ 42,043,946	\$ 37,439,630	\$ 36,499,611	\$ 35,964,100	\$ 36,866,400
Contributions as a percentage of covered payroll	10.29%	9.12%	8.80%	10.47%	8.71%	11.27%	11.55%	17.97%	16.65%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

Poughkeepsie City School District, New York

Required Supplementary Information
 New York State and Local Employees' Retirement System
 Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

	2023 (3)	2022 (4)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	<u>0.0216315%</u>	<u>0.0171052%</u>	<u>0.0190674%</u>	<u>0.0215302%</u>	<u>0.0191157%</u>	<u>0.0197152%</u>	<u>0.0181661%</u>	<u>0.0222872%</u>	<u>0.0241647%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 4,638,665</u>	<u>\$ (1,398,280)</u>	<u>\$ 18,986</u>	<u>\$ 5,701,326</u>	<u>\$ 1,354,409</u>	<u>\$ 636,298</u>	<u>\$ 1,706,930</u>	<u>\$ 3,577,164</u>	<u>\$ 816,344</u>
School District's covered payroll	<u>\$ 8,536,719</u>	<u>\$ 6,730,478</u>	<u>\$ 5,187,139</u>	<u>\$ 6,376,554</u>	<u>\$ 6,329,829</u>	<u>\$ 5,761,540</u>	<u>\$ 5,233,700</u>	<u>\$ 5,233,700</u>	<u>\$ 5,929,600</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>54.34%</u>	<u>(20.78)%</u>	<u>0.37%</u>	<u>89.41%</u>	<u>21.40%</u>	<u>11.04%</u>	<u>32.61%</u>	<u>68.35%</u>	<u>13.77%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.78%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 694,958</u>	<u>\$ 761,789</u>	<u>\$ 855,930</u>	<u>\$ 884,975</u>	<u>\$ 813,420</u>	<u>\$ 806,049</u>	<u>\$ 807,400</u>	<u>\$ 806,100</u>	<u>\$ 1,009,600</u>
Contributions in relation to the contractually required contribution	<u>(694,958)</u>	<u>(761,789)</u>	<u>(855,930)</u>	<u>(884,975)</u>	<u>(813,420)</u>	<u>(806,049)</u>	<u>(807,400)</u>	<u>(806,100)</u>	<u>(1,009,600)</u>
Contribution excess	<u>\$ -</u>								
School District's covered payroll	<u>\$ 8,648,930</u>	<u>\$ 6,730,478</u>	<u>\$ 5,187,139</u>	<u>\$ 6,376,554</u>	<u>\$ 6,329,829</u>	<u>\$ 5,761,540</u>	<u>\$ 5,233,700</u>	<u>\$ 5,233,700</u>	<u>\$ 5,929,600</u>
Contributions as a percentage of covered payroll	<u>8.04%</u>	<u>11.32%</u>	<u>16.50%</u>	<u>13.88%</u>	<u>12.85%</u>	<u>13.99%</u>	<u>15.43%</u>	<u>15.40%</u>	<u>17.03%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

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Poughkeepsie City School District, New York

General Fund
 Schedule of Revenues, Expenditures and Changes
 in Fund Balance - Budget and Actual
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 29,258,258	\$ 29,258,258	\$ 28,687,171	\$	\$ (571,087)
Other tax items	2,559,000	2,559,000	2,477,104		(81,896)
Non-property taxes	1,350,000	1,350,000	1,781,683		431,683
Charges for services	6,200	6,200	8,325		2,125
Use of money and property	11,500	11,500	1,858,399		1,846,899
Sale of property and compensation for loss	-	-	410		410
State aid	82,884,524	82,884,524	81,706,890		(1,177,634)
Federal aid	200,000	200,000	510,288		310,288
Miscellaneous	500,000	523,932	2,385,050		1,861,118
Total Revenues	116,769,482	116,793,414	119,415,320		2,621,906
EXPENDITURES					
Current					
General support					
Board of education	132,433	141,558	123,019	2,165	16,374
Central administration	324,587	338,237	332,006	2,042	4,189
Finance	1,051,254	1,481,279	1,207,598	173,156	100,525
Staff	1,174,343	1,094,157	902,824	68,713	122,620
Central services	5,544,913	8,668,201	7,572,562	217,016	878,623
Special items	1,413,352	1,442,993	1,401,548	2,017	39,428
Total General Support	9,640,882	13,166,425	11,539,557	465,109	1,161,759
Instruction					
Instruction, administration and improvement	5,013,022	4,651,712	4,384,432	14,790	252,490
Teaching - Regular school	30,594,907	32,793,744	29,512,031	2,156,742	1,124,971
Programs for students with disabilities	19,689,672	20,324,708	19,503,649	501,050	320,009
Occupational education	615,200	615,200	525,918	41,250	48,032
Teaching - Special schools	45,550	224,567	117,903	8,764	97,900
Instructional media	2,666,145	2,548,237	2,058,102	358,488	131,647
Pupil services	4,471,147	4,372,791	3,988,597	40,453	343,741
Total Instruction	63,095,643	65,530,959	60,090,632	3,121,537	2,318,790
Pupil transportation	5,975,226	5,201,843	5,028,848	290	172,705
Community services	235,000	205,807	159,107	11,207	35,493
Employee benefits	35,116,730	27,232,328	27,044,719	-	187,609
Debt service					
Principal	2,476,790	2,496,640	2,438,472	-	58,168
Interest	1,957,650	1,887,386	1,751,936	-	135,450
Total Expenditures	118,497,921	115,721,388	108,053,271	3,598,143	4,069,974
Excess (Deficiency) of Revenues Over Expenditures	(1,728,439)	1,072,026	11,362,049	(3,598,143)	6,691,880
OTHER FINANCING SOURCES (USES)					
Insurance recoveries	10,000	610,000	619,112	-	9,112
Transfers in	55,000	64,065	-	-	(64,065)
Transfers out	(1,075,000)	(4,504,257)	(4,400,983)	-	103,274
Total Other Financing Uses	(1,010,000)	(3,830,192)	(3,781,871)	-	48,321
Net Change in Fund Balance	(2,738,439)	(2,758,166)	7,580,178	\$ (3,598,143)	\$ 6,740,201
FUND BALANCE					
Beginning of Year	2,738,439	2,758,166	26,873,606		
End of Year	\$ -	\$ -	\$ 34,453,784		

See independent auditors' report.

Poughkeepsie City School District, New York

General Fund
 Schedule of Revenues and Other Financing Sources Compared to Budget
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REAL PROPERTY TAXES	\$ 29,258,258	\$ 29,258,258	\$ 28,687,171	\$ (571,087)
OTHER TAX ITEMS				
School tax relief reimbursement	2,000,000	2,000,000	1,878,283	(121,717)
Payments in lieu of taxes	525,000	525,000	562,939	37,939
Interest and penalties on real property taxes	34,000	34,000	35,882	1,882
	<u>2,559,000</u>	<u>2,559,000</u>	<u>2,477,104</u>	<u>(81,896)</u>
NON-PROPERTY TAXES				
Utilities gross receipts	<u>1,350,000</u>	<u>1,350,000</u>	<u>1,781,683</u>	<u>431,683</u>
CHARGES FOR SERVICES				
Other student fees and charges	<u>6,200</u>	<u>6,200</u>	<u>8,325</u>	<u>2,125</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	7,500	7,500	1,824,123	1,816,623
Rental of real property	4,000	4,000	34,276	30,276
	<u>11,500</u>	<u>11,500</u>	<u>1,858,399</u>	<u>1,846,899</u>
SALE OF PROPERTY AND COMP FOR LOSS				
Sale of equipment	<u>-</u>	<u>-</u>	<u>410</u>	<u>410</u>

STATE AID

Basic formula	66,064,258	66,064,258	49,492,657	(16,571,601)
Lottery aid	8,589,380	8,589,380	11,342,418	2,753,038
BOCES aid	2,308,987	2,308,987	1,992,586	(316,401)
Excess cost aid	5,381,622	5,381,622	18,269,763	12,888,141
Textbook aid	358,348	358,348	283,117	(75,231)
Computer software aid	81,929	81,929	142,923	60,994
Library aid	-	-	19,863	19,863
Other	100,000	100,000	163,563	63,563

	<u>82,884,524</u>	<u>82,884,524</u>	<u>81,706,890</u>	<u>(1,177,634)</u>
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FEDERAL AID

Elementary and Secondary School Emergency Relief Fund (CARES)	-	-	182,642	182,642
Federal emergency management assistance	-	-	90,175	90,175
Medical assistance	200,000	200,000	237,471	37,471

	<u>200,000</u>	<u>200,000</u>	<u>510,288</u>	<u>310,288</u>
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MISCELLANEOUS

Refund of Medicare Part D expenditures	54,000	54,000	55,590	1,590
Refund of prior year's expenditures	-	-	(155,210)	(155,210)
Refund for BOCES aided services	300,000	300,000	2,325,825	2,025,825
Gifts and donations	-	18,932	22,626	3,694
Other	146,000	151,000	136,219	(14,781)

	<u>500,000</u>	<u>523,932</u>	<u>2,385,050</u>	<u>1,861,118</u>
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TOTAL REVENUES

	<u>116,769,482</u>	<u>116,793,414</u>	<u>119,415,320</u>	<u>2,621,906</u>
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OTHER FINANCING SOURCES

Insurance recoveries	10,000	610,000	619,112	9,112
Transfers in				
Capital Projects Fund	55,000	64,065	-	(64,065)

Total Other Financing Sources

	<u>65,000</u>	<u>674,065</u>	<u>619,112</u>	<u>(54,953)</u>
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TOTAL REVENUES AND OTHER FINANCING SOURCES

	<u>\$ 116,834,482</u>	<u>\$ 117,467,479</u>	<u>\$ 120,034,432</u>	<u>\$ 2,566,953</u>
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See independent auditors' report.

Poughkeepsie City School District, New York

General Fund
 Schedule of Expenditures and Other Financing Uses Compared to Budget
 Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
GENERAL SUPPORT					
BOARD OF EDUCATION					
Board of education	\$ 45,500	\$ 42,500	\$ 26,762	\$ 856	\$ 14,882
District clerk	78,300	86,425	86,075	-	350
District meeting	8,633	12,633	10,182	1,309	1,142
Total Board of Education	<u>132,433</u>	<u>141,558</u>	<u>123,019</u>	<u>2,165</u>	<u>16,374</u>
CENTRAL ADMINISTRATION					
Chief school administrator	<u>324,587</u>	<u>338,237</u>	<u>332,006</u>	<u>2,042</u>	<u>4,189</u>
FINANCE					
Business administration	779,269	1,095,712	942,017	117,656	36,039
Auditing	93,000	177,509	129,485	45,500	2,524
Tax collection service	14,308	14,504	11,073	-	3,431
Treasurer	112,769	137,926	109,875	-	28,051
Purchasing	1,908	5,628	4,737	-	891
Fiscal agent fees	50,000	50,000	10,411	10,000	29,589
Total Finance	<u>1,051,254</u>	<u>1,481,279</u>	<u>1,207,598</u>	<u>173,156</u>	<u>100,525</u>
STAFF					
Legal	359,129	359,129	217,337	67,963	73,829
Personnel	668,876	627,375	608,337	750	18,288
Records management	3,950	6,694	5,545	-	1,149
Public information and services	142,388	100,959	71,605	-	29,354
Total Staff	<u>1,174,343</u>	<u>1,094,157</u>	<u>902,824</u>	<u>68,713</u>	<u>122,620</u>

CENTRAL SERVICES

Operation and maintenance of plant	5,014,482	7,605,493	6,541,601	211,878	852,014
Security of plant	24,074	686,987	681,848	5,138	1
Central printing and mailing	159,143	129,140	116,379	-	12,761
Central data processing	347,214	242,117	228,270	-	13,847
Central registration	-	4,464	4,464	-	-
Total Central Services	5,544,913	8,668,201	7,572,562	217,016	878,623

SPECIAL ITEMS

Unallocated insurance	550,000	544,021	542,913	-	1,108
School association dues	500	500	187	-	313
Judgements and claims	10,000	26,445	26,444	-	1
Assessments on school property	130,000	149,175	149,175	-	-
Refunds of real property taxes	45,000	45,000	4,977	2,017	38,006
Administrative charge - BOCES	677,852	677,852	677,852	-	-
Total Special Items	1,413,352	1,442,993	1,401,548	2,017	39,428
Total General Support	9,640,882	13,166,425	11,539,557	465,109	1,161,759

INSTRUCTION**INSTRUCTION, ADMINISTRATION AND IMPROVEMENT**

Curriculum development and supervision	712,581	780,989	710,081	13,414	57,494
Supervision - Regular school	4,068,888	3,678,170	3,490,218	1,376	186,576
In-service training - Instruction	231,553	192,553	184,133	-	8,420
Total Instruction, Administration and Improvement	5,013,022	4,651,712	4,384,432	14,790	252,490

TEACHING - REGULAR SCHOOL

TEACHING - REGULAR SCHOOL	30,594,907	32,793,744	29,512,031	2,156,742	1,124,971
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PROGRAMS FOR STUDENTS WITH DISABILITIES

PROGRAMS FOR STUDENTS WITH DISABILITIES	19,689,672	20,324,708	19,503,649	501,050	320,009
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OCCUPATIONAL EDUCATION

OCCUPATIONAL EDUCATION	615,200	615,200	525,918	41,250	48,032
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TEACHING - SPECIAL SCHOOLS

TEACHING - SPECIAL SCHOOLS	45,550	224,567	117,903	8,764	97,900
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(Continued)

Poughkeepsie City School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 626,924	\$ 170,667	\$ 116,071	\$ 2,653	\$ 51,943
Computer assisted instruction	2,039,221	2,377,570	1,942,031	355,835	79,704
Total Instructional Media	2,666,145	2,548,237	2,058,102	358,488	131,647
PUPIL SERVICES					
Attendance - Regular school	54,506	71,546	43,497	-	28,049
Guidance - Regular school	193,725	659,700	638,835	-	20,865
Health services - Regular school	1,670,899	1,547,404	1,445,197	-	102,207
Psychological services - Regular school	488,115	368,556	331,662	-	36,894
Social work services - Regular school	701,702	30,552	1,777	-	28,775
Pupil personnel services - Special school	1,250	1,250	-	-	1,250
Co-curricular activities - Regular school	485,000	582,178	546,098	-	36,080
Interscholastic athletics - Regular school	875,950	1,111,605	981,531	40,453	89,621
Total Pupil Services	4,471,147	4,372,791	3,988,597	40,453	343,741
Total Instruction	63,095,643	65,530,959	60,090,632	3,121,537	2,318,790
PUPIL TRANSPORTATION					
District transportation services	3,712,226	3,457,603	3,301,808	290	155,505
Contract and public carrier transportation	2,263,000	1,744,240	1,727,040	-	17,200
Total Pupil Transportation	5,975,226	5,201,843	5,028,848	290	172,705
COMMUNITY SERVICES					
Civic activities	235,000	205,807	159,107	11,207	35,493

EMPLOYEE BENEFITS

State retirement	1,427,150	843,104	843,104	-	-
Teachers' retirement	4,116,000	4,315,431	4,315,431	-	-
Social security	3,686,080	3,915,145	3,882,890	-	32,255
Life insurance	5,000	5,221	5,052	-	169
Hospital, medical and dental insurance	24,157,500	16,779,464	16,652,885	-	126,579
Workers' compensation benefits	700,000	573,963	549,538	-	24,425
Unemployment benefits	150,000	150,000	150,000	-	-
Other	875,000	650,000	645,819	-	4,181
	<u>35,116,730</u>	<u>27,232,328</u>	<u>27,044,719</u>	<u>-</u>	<u>187,609</u>
Total Employee Benefits					

DEBT SERVICE

Principal					
Serial bonds	2,125,000	2,125,000	2,085,000	-	40,000
Energy performance contract	351,790	371,640	353,472	-	18,168
	<u>2,476,790</u>	<u>2,496,640</u>	<u>2,438,472</u>	<u>-</u>	<u>58,168</u>
Interest					
Serial bonds	960,105	1,025,473	1,025,473	-	-
Energy performance contract	297,545	277,695	142,245	-	135,450
Bond anticipation note	700,000	584,218	584,218	-	-
	<u>1,957,650</u>	<u>1,887,386</u>	<u>1,751,936</u>	<u>-</u>	<u>135,450</u>
Total Debt Service	<u>4,434,440</u>	<u>4,384,026</u>	<u>4,190,408</u>	<u>-</u>	<u>193,618</u>

TOTAL EXPENDITURES

	<u>118,497,921</u>	<u>115,721,388</u>	<u>108,053,271</u>	<u>3,598,143</u>	<u>4,069,974</u>
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OTHER FINANCING USES

Transfers out					
Special Aid Fund	575,000	3,200,983	3,200,983	-	-
Capital Projects Fund	500,000	1,303,274	1,200,000	-	103,274
	<u>1,075,000</u>	<u>4,504,257</u>	<u>4,400,983</u>	<u>-</u>	<u>103,274</u>
TOTAL OTHER FINANCING USES					

TOTAL EXPENDITURES AND OTHER FINANCING USES

	<u>\$ 119,572,921</u>	<u>\$ 120,225,645</u>	<u>\$ 112,454,254</u>	<u>\$ 3,598,143</u>	<u>\$ 4,173,248</u>
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See independent auditors' report.

Poughkeepsie City School District, New York

Capital Projects Fund
Project-Length Schedule

Inception of Project Through June 30, 2023

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
District-Wide Projects	\$ 98,791,306	\$ 6,148,817	\$ 15,792,866	\$ 21,941,683	\$ 76,849,623
SMART School Bond Act	1,407,190	1,370,190	-	1,370,190	37,000
Middle School Structural	164,800	101,633	3,915	105,548	59,252
Smith Chimneys HVAC	400,000	84,712	-	84,712	315,288
Columbus Egress	196,500	63,520	80,648	144,168	52,332
Unit Ventilators	150,000	46,746	38,510	85,256	64,744
PMS HVAC	462,297	368,124	34,167	402,291	60,006
HS Kitchen & Hot Water	27,800	17,878	6,250	24,128	3,672
Energy Performance Contract	5,806,135	-	52,128	52,128	5,754,007
Kreiger Electrical Transformer	600,000	-	205,200	205,200	394,800
PMS Elevator	225,000	-	17,349	17,349	207,651
Warring Transformer	250,000	-	-	-	250,000
PHS Kitchen HVAC	125,000	-	-	-	125,000
Totals	<u>\$ 108,606,028</u>	<u>\$ 8,201,620</u>	<u>\$ 16,231,033</u>	<u>\$ 24,432,653</u>	<u>\$ 84,173,375</u>

See independent auditors' report.

Proceeds of Obligations	Methods of Financing				Totals	Fund Balance (Deficit) at June 30, 2023
	Transfers In	State and Federal Aid	Other			
\$ 23,615,000	\$ 1,472,203	\$ -	\$ 2,433,701	\$ 27,520,904	\$ 5,579,221	
-	-	1,630,339	-	1,630,339	260,149	
-	101,633	-	-	101,633	(3,915)	
-	400,000	-	-	400,000	315,288	
-	63,520	-	-	63,520	(80,648)	
-	46,746	-	-	46,746	(38,510)	
-	368,124	-	-	368,124	(34,167)	
-	17,878	-	-	17,878	(6,250)	
5,806,135	-	-	-	5,806,135	5,754,007	
-	600,000	-	-	600,000	394,800	
-	225,000	-	-	225,000	207,651	
-	250,000	-	-	250,000	250,000	
-	125,000	-	-	125,000	125,000	
<u>\$ 29,421,135</u>	<u>\$ 3,670,104</u>	<u>\$ 1,630,339</u>	<u>\$ 2,433,701</u>	<u>\$ 37,155,279</u>	<u>\$ 12,722,626</u>	

Poughkeepsie City School District, New York

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2023

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
ASSETS				
Cash and equivalents	\$ 2,956,133	\$ 84,641	\$ 17,114	\$ 3,057,888
Investments	-	-	444,506	444,506
Receivables				
State and Federal aid	469,816	-	-	469,816
Due from other funds	-	-	356	356
Inventories	35,907	-	-	35,907
Total Assets	<u>\$ 3,461,856</u>	<u>\$ 84,641</u>	<u>\$ 461,976</u>	<u>\$ 4,008,473</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 19,153	\$ -	\$ -	\$ 19,153
Accrued liabilities	323	-	-	323
Due to other funds	1,188,377	-	248,701	1,437,078
Due to retirement system	102,334	-	-	102,334
Unearned revenues	474,960	-	-	474,960
Total Liabilities	<u>1,785,147</u>	<u>-</u>	<u>248,701</u>	<u>2,033,848</u>
Fund balances				
Nonspendable	35,907	-	-	35,907
Restricted	-	84,641	213,275	297,916
Assigned	1,640,802	-	-	1,640,802
Total Fund Balances	<u>1,676,709</u>	<u>84,641</u>	<u>213,275</u>	<u>1,974,625</u>
Total Liabilities and Fund Balances	<u>\$ 3,461,856</u>	<u>\$ 84,641</u>	<u>\$ 461,976</u>	<u>\$ 4,008,473</u>

See independent auditors' report.

Poughkeepsie City School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2023

	School Lunch	Special Purpose	Debt Service	Total Non-Major Governmental Funds
REVENUES				
Use of money and property	\$ 213	\$ 434	\$ 125,978	\$ 126,625
State aid	57,951	-	-	57,951
Federal aid	3,064,567	-	-	3,064,567
Food sales	207,318	-	-	207,318
Miscellaneous	41	62,515	-	62,556
	<u>3,330,090</u>	<u>62,949</u>	<u>125,978</u>	<u>3,519,017</u>
EXPENDITURES				
Current				
General support	-	-	248,701	248,701
Cost of food sales	2,976,508	-	-	2,976,508
Other	-	66,669	-	66,669
	<u>2,976,508</u>	<u>66,669</u>	<u>248,701</u>	<u>3,291,878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>353,582</u>	<u>(3,720)</u>	<u>(122,723)</u>	<u>227,139</u>
FUND BALANCES				
Beginning of Year, as Reported	1,323,127	14,668	335,998	1,673,793
Prior Period Adjustment	-	73,693	-	73,693
Beginning of Year, as Restated	<u>1,323,127</u>	<u>88,361</u>	<u>335,998</u>	<u>1,747,486</u>
End of Year	<u>\$ 1,676,709</u>	<u>\$ 84,641</u>	<u>\$ 213,275</u>	<u>\$ 1,974,625</u>

See independent auditors' report.

Poughkeepsie City School District, New York

General Fund Analysis of Change from Adopted Budget to Final Budget Year Ended June 30, 2023

Adopted Budget		\$ 115,974,778
Additions - Encumbrances		<u>3,598,143</u>
Original Budget		119,572,921
Budget Amendments		<u>652,724</u>
Final Budget		<u><u>\$ 120,225,645</u></u>

General Fund Section 1318 of Real Property Tax Law Limit Calculation

2023-24 Expenditure Budget		\$ <u>135,957,853</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		
Unrestricted fund balance		
Assigned fund balance	\$ 5,598,143	
Unassigned fund balance	<u>5,438,314</u>	
Total Unrestricted Fund Balance	11,036,457	
Less		
Appropriated for subsequent year's budget	2,000,000	
Encumbrances	<u>3,598,143</u>	
Total Adjustments	<u>5,598,143</u>	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		<u><u>\$ 5,438,314</u></u>
Actual Percentage		<u><u>4.00%</u></u>

See independent auditors' report.

Poughkeepsie City School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2023

Capital Assets, net		\$ 60,808,428
Less		
General obligation bonds payable	\$ (39,910,000)	
Energy performance contract payable	(7,342,128)	
Unamortized portion of issuance of premium	<u>(2,926,984)</u>	(50,179,112)
Add		
Unexpended bond proceeds		<u>7,427,324</u>
Net Investment in Capital Assets		<u>\$ 18,056,640</u>

See independent auditors' report.

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

**The Board of Education of the
Poughkeepsie City School District, New York**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Poughkeepsie School District School District, New York ("School District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

October 26, 2023