

Poughkeepsie City School District, New York

Report to Those Charged with Governance

June 30, 2023

October 26, 2023

Prepared by

Melissa Szot, CPA, CGMA

Partner

mszot@pkfod.com

Marc Callinan, CPA

Senior Manager

mcallinan@pkfod.com



**KNOW
GREATER
VALUE**

October 26, 2023

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

We have audited the financial statements of the Poughkeepsie City School District, New York ("School District") as of and for the year ended June 30, 2023 and have issued our report thereon dated October 26, 2023.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated August 23, 2022. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the School District and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of Those Charged with Governance and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

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Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The fund financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.

Required Communications and Other Matters

Required Item	Comments
<p>Auditor’s responsibility under professional standards and planned scope and timing of the audit</p>	<p>We have communicated such information in our engagement letter to you dated August 23, 2022. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining <i>reasonable assurance</i> that the financial statements are <i>free of material misstatements</i>, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance (“TCWG”). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
<p>Supplementary information accompanying the financial statements</p>	<p>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 supplementary information is presented for purposes of additional analysis and is 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.</p>

Required Item	Comments
Required supplementary information accompanying the financial statements	We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.
Other information in documents containing audited financial statements	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
Our responsibilities under the Yellow Book	In connection with our audit, we performed tests of the School District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Our responsibilities under Uniform Guidance (Federal Single Audit)	In accordance with Uniform Guidance, we examined, on a test basis, evidence about the School District's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Uniform Guidance Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the School District's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it does not provide a legal determination on the School District's compliance with those requirements.

Required Item	Comments
<p>Responsibilities of management and TCWG</p>	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any 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. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>
<p>Qualitative aspects of accounting practices - Accounting Policies</p>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 96, "SBITAs". The School District evaluated the impact of the statement and determined the amounts were not material to the financial statements.</p> <p>The accounting policies of the School District conform to U.S. generally accepted accounting principles as applicable to state and local governments. The School District's reports are based on all applicable GASB pronouncements.</p> <p>We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>

Required Item	Comments
Qualitative aspects of accounting practices – Significant Unusual Transactions	No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.
Qualitative aspects of accounting practices - Accounting Estimates and Management’s Judgment	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:</p> <ul style="list-style-type: none"> • Actuarial assumptions related to the Other Postemployment Benefit Liability (“OPEB”) • Actuarial assumptions and proportionate share calculations related to pension liabilities • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities
Qualitative aspects of accounting practices - Financial Statement Disclosures	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Other postemployment benefit liabilities payable • Pension plan information • Outstanding bonded indebtedness • Fund balances <p>The financial statement disclosures are neutral, consistent and clear.</p>
Going Concern	<p>The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the School District’s ability to continue as a going concern for a reasonable period of time.</p> <p>We concur with management’s assessment that the School District will continue as a going concern for one year from the balance sheet date.</p>

Required Item	Comments
Significant risks	<p>Significant risks are defined as risks that require special audit consideration without regard to identified internal controls related to those risks. In most audits, one or more significant risks normally arise. We have identified the following significant risks in connection with our audit:</p> <p>Management override of internal controls</p> <p>Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless, present in all entities. Our audit procedures did not identify any management override of internal controls.</p> <p>Improper revenue recognition due to fraud</p> <p>Auditing standards require the auditor to ordinarily presume that improper revenue recognition is a fraud risk on all audit engagements unless the auditor can conclude that the risk is not applicable to the entity.</p> <p>The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.</p> <p>Our audit procedures did not identify any improper revenue recognition due to fraud.</p>
Difficulties encountered in performing the audit	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit.</p>
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit (including passed adjustments and omitted financial statement disclosures), other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p> <p>In addition, corrected misstatements that were brought to the attention of management as a result of the audit procedures are also included in Appendix 1.</p>

Required Item	Comments
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter (see Appendix 2).
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the School District in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Poughkeepsie City School District, New York's ("School District") 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 opinion 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 express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We identified certain deficiencies in the School District's internal control that we consider to be material weaknesses. These are described on the following pages.

We noted deficiencies in the School District's internal control that we consider to be significant deficiencies. These are described on the following pages.

In addition, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

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

Poughkeepsie City School District, New York

Material Weaknesses

- **Reconciliation of Taxes Receivable**

The School District issues a tax levy for taxes to be paid from the taxpayers to the School District. The School District collects current year taxes through December 5th. The unpaid taxes are then turned over to the City of Poughkeepsie for collection. All taxes received by the City are collected and then remitted to the School District monthly until they become two years delinquent, at which point the City makes the School District whole and sends the balance of the taxes to the School District.

As part of our audit procedures, for the total taxes owed to the School District of \$2,692,743, we requested the reconciliation of taxes by taxpayer and tax year. The details could not be provided because a reconciliation is not performed on the taxes owed to the School District from the City.

Recommendation

We recommend that the School District reconcile all taxes receivable on a regular basis and maintain the details of taxes owed, by tax year, until which point the School District is made whole by the City. This will ensure that the School District has collected all outstanding taxes.

- **Special Aid Receivable Reconciliation**

The Special Aid Fund accounts for the programs funded in whole, or in part, by federal, state and local grants. As program expenditures are incurred, the School District should be requesting reimbursement from the granting agencies and recording receivables to account for funding waiting to be received. Our audit procedures identified that no reconciliation of the old receivables was performed. Further, there was no project length schedule prepared that reconciled the expenditures, revenues, receivables and unearned revenues by program. We noted a total of \$839,941 of unidentified receivables older than one year.

Recommendation

A project length schedule should be prepared and maintained to properly track the spending on grants and their collections from the granting agencies. Old receivables should be monitored and reviewed regularly to determine collectability. If the receivables are no longer deemed collectible, they should be written off.

Poughkeepsie City School District, New York

Material Weaknesses

- **Capital Fund Project Length Schedule**

School Districts often acquire or construct major capital facilities that either help the school district provide services to its citizens or serve the needs of the citizens directly. In either case, a financial reporting vehicle is needed to demonstrate compliance with legal and contractual provisions and to compile certain cost data which may span several fiscal year. The project length schedule for the Capital Projects Fund provides such a mechanism. This schedule should include the budget, expenditures to date, revenues received by type, inclusive of federal and state grants, to date and fund balance. Although the School District has historically included a project length schedule within the financial statements, the schedule was not mathematically accurate. This inaccuracy resulted in an addition to revenues on the schedule of \$1,099,416 that was previously recognized in the Capital Projects Fund but not applied correctly to the project length schedule. This amount was applied entirely towards the District-Wide project.

Recommendation

We recommend that the School District prepare the recommended schedules for all School District capital projects to demonstrate compliance with legal and budgetary constraints, and verify mathematical accuracy. Given that the School District has several capital projects that are current and may span over several years, consideration should be given to assigning responsibility to oversee the School District's capital projects.

Poughkeepsie City School District, New York

Significant Deficiencies

- **Audit Readiness**

As part of our audit procedures, we were required to post numerous corrections as part of our auditor identified journal entries. This resulted in the need for expanded time spent in some areas where certain basic accounting and reconciliation needed to be performed.

Recommendation

In order to provide more accurate and timely accounting information, we recommend the School District establish more effective review and reconciliation policies and procedures as a customary part of the accounting process. This would involve monthly reconciliations of all accounts, making adjustments throughout the year that have typically been made at year-end only and performing more frequent reviews of the general ledger throughout the year, including making any necessary adjustments.

Poughkeepsie City School District, New York

Control Deficiencies

- **Excess Fund Balance in School Lunch Fund**

The New York State Education Regulations has suggested that fund balance in the School Lunch Fund be no more than three months' worth of the average operating expenditures, which calculates to \$744,127. As of June 30, 2023, the School Lunch Fund has a total assigned fund balance of \$1,640,991, which is above the recommended maximum by \$896,864.

Recommendation

We recommend that the School District take all necessary steps necessary to utilize the excess portion of this fund balance in the upcoming fiscal year.

- **Cash Receipts Supporting Documentation**

During our audit, we tested five cash receipts to determine if the amounts deposited were properly supported, approved and deposited within the recommended 72 hours. Out of the five cash receipts, two did not have supporting documentation, one was not deposited in 72 hours, and one did not have a deposit slip which would allow us to trace to the bank statement.

Recommendation

We recommend the School District maintain all documentation for every cash receipt received, including deposit slips, and ensure all receipts are deposited within the recommended 72 hours.

- **Missing Approvals and Support for Journal Entries**

During our audit, we noted that thirteen journal entries tested did not have evidence of supervisory approval, nor was the documentation support the entry attached.

Recommendation

We recommend that upon management's review and approval of journal entries, a signature or other form of approval be documented and the supporting documentation should be attached. This process would improve internal control over adjustments to the general ledger.

Poughkeepsie City School District, New York

Control Deficiencies

- **User Access**

Segregation of Duties

An effective system of internal control provides for the segregation of duties among available personnel, so that no one employee controls all phases of a transaction without some independent verification by another employee. We noted during our audit that the accounts payable clerk can add, modify and delete vendors.

Recommendation

Although difficult given the current size of the business office, we nevertheless recommend that the School District consider delegating as many of these responsibilities to other employees in the accounting office to the extent practicable. This would provide an added layer of control over these transactions.

- **Tax Certiorari Reserve Calculation**

Based on the Education Law, the tax certiorari reserve is used to pay judgments and claims in tax certiorari proceedings in accordance with Article seven of the Real Property Tax Law. The total amount of the reserve may not exceed the amount that might be reasonably deemed necessary to meet anticipated tax certiorari judgments and claims. As part of our audit procedures, we requested supporting documentation that would detail out the anticipated tax certiorari claims to ensure that the reserve did not exceed the amount. However, no schedule was provided to support the total reserve of \$426,690.

Recommendation

We recommend the School District annually prepare a detailed report of the operation and condition of the reserve to properly support the total ending tax certiorari reserve.

Poughkeepsie City School District, New York

Control Deficiencies

- **Extraclassroom Activity**

Extraclassroom activity funds, which are authorized by the New York State Department of Education, are an integral part of the educational program of the School District. As part of our audit, we have reviewed, evaluated and tested the Extraclassroom Activity Funds of the School District. The results of our tests disclosed that the following areas were not in compliance with the regulations of the Commissioner of Education.

Timeliness of Deposits

We noted that one deposit from the High School and two deposits from the Middle School were not deposited in a timely manner. This lack of timely deposits can increase the risk of misplacement, and misappropriation, which can lead to negative impacts on the financial reporting process.

Recommendation

We recommend the extraclassroom activity treasurers deposit cash within three business days, or 72 hours, of receipt. This practice will firmly strengthen the internal control process over cash receipts and greatly lessen the likelihood that cash could be lost or stolen before being deposited in the bank.

Inactive clubs

We noted that four high school clubs (Brother 2 Brother, Debate Club, Pioneer Post and Sister 2 Sister) and one Middle school club (7th Grade) had no financial activity during the current fiscal year. State Education Department Regulations provide that the funds of a discontinued activity shall automatically revert to the account of the general student organization or the student council and shall be expended in accordance with the organization's constitution.

Recommendation

We recommend the School District investigate and review these balances and take the appropriate action to close out these old amounts. A determination of the status of a club with no financial activity should be made to determine the proper disposition of funds. This action will deter clubs from being inactive in future years.

- **Timely 941 Filings**

During our audit we noted that the fourth quarter 941 was filed late. All quarterly filings should be filed before the last day of the subsequent month after the end of the quarter. We noted that the fourth quarter was not filed until August 16, 2023.

Recommendation

We recommend the School District make an effort to file all 941 filings timely and before the last day of the subsequent month after the end of the quarter.

On the Horizon

GASB Statement No. 101 – *Compensated Absences*

Under this Statement, the liabilities for compensated absences is required to be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The Statement establishes guidance for measuring the liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. Measurement for the liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made.

The Statement does allow recognition of certain types of compensated absences until the leave commences, including parental, military and jury duty leave.

Further, the Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability, as long as it is identified as a net change. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after December 15, 2023 (i.e., the School District's financial statements for the year ended June 30, 2025).**

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Appendix 1

Corrected Misstatements

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ACCOUNT	DESCRIPTION	DEBIT	CREDIT
GENERAL FUND			
Adjusting Journal Entries			
To write off old excess cost aid receivable.			
A 2701	REFUND OF PRIOR YEARS EXPENSE	\$ 242,130	
A 410	STATE AND FEDERAL AID RECEIVAB		\$ 242,130
Total		242,130	242,130
Adjusting Journal Entries			
To reverse accrued liabilities for the retro accrual on expired contracts that have not yet been settled.			
A 601	ACCRUED LIABILITIES	1,997,418	
A 2010.150-11-0000	SALARIES- INSTRUCTIONAL		24,507
A 2020.154-06-0000	ADMIN SALARIES 9-12 (PHS)		112,260
A 2110.120-06-0057	ENL SALARIES (PHS)		285,000
A 2110.130-06-0000	SALARIES 7-12 (PHS)		1,087,734
A 2250.150-06-0000	SALARIES-INSTRUCTIONAL (PHS)		285,274
A 2610.150-99-0000	SALARIES-INSTRUCTIONAL (DW)		39
A 2630.150-99-0000	TECHNOLOGY INSTRUCTIONAL SALARIES (DW)		5,543
A 2810.150-06-0000	SALARIES-GUIDANCE (PHS)		4,410
A 2810.150-06-0000	SALARIES-GUIDANCE (PHS)		146,996
A 2820.150-01-0000	"SALARIES-PSYCHOLOGIST (KRIEGER)"		15,754
A 2825.150-04-0000	SALARIES-SOCIAL WORKER (PMS)		84
A 2850.150-00-0000	SALARIES-EXTRA SERVICE POSITIONS		14,668
A 2855.150-15-0000	SALARIES-COACHES STIPENDS		15,149
Total		1,997,418	1,997,418
Adjusting Journal Entries			
To adjust encumbrances and move amounts to accounts payable based on the encumbrance testing performed.			
A 1621.402-00-0000	REPAIRS	291,962	
A 821	RESERVE FOR ENCUMBRANCE	291,962	
A 521	ENCUMBRANCES		291,962
A 600	ACCOUNTS PAYABLE		291,962
Total		583,924	583,924
Adjusting Journal Entries			
To reverse retro accrual that was booked in the prior year's audit.			
A 602 B	PAYROLL PAYABLE - TRS (LIABILITY)	761,761	
A 9060.800-00-0000	HEALTH INSURANCE		761,761
Total		761,761	761,761
Adjusting Journal Entries			
To adjust deferred tax revenue related to the collection of school taxes within the availability period.			
A 694	DEFERRED TAX REVENUE	298,987	
A 1001	REAL PROPERTY TAX		298,987
Total		\$ 298,987	\$ 298,987
Adjusting Journal Entries			
To accrue expenditures for the tuition fees that were originally reported within encumbrances.			
A 2250.472-03-0000	TUITION-OTHER	\$ 381,433	
A 821	RESERVE FOR ENCUMBRANCE	381,433	
A 521	ENCUMBRANCES		\$ 381,433
A 601	ACCRUED LIABILITIES		381,433
Total		762,866	762,866

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
CAPITAL PROJECTS FUND			
Adjusting Journal Entries			
To adjust amount from Bond Anticipation Notes payable and properly record the bond proceeds that were issued during the 2022-2023 school year.			
H 626	BOND ANTICIPATION NOTES PAYABLE	\$ 19,800,000	
H 9500	Bond issuance costs	248,701	
H 5710	SERIAL BONDS		\$ 17,615,000
H 5720	Premium on bonds		2,433,701
Total		20,048,701	20,048,701
Adjusting Journal Entries			
To adjust interfund transfers.			
H 1625.245-04-0024	ARCHITECHTURE - PMS Elevator 2022	18,000	
H 1625.245-05-0018	ARCHITECHTURE (WARRING TRANSFORMER)	20,000	
H 1625.245-07-0020	ARCHITECHTURE - HS KITCHEN HVAC IMPROVEMENTS	10,000	
H 1625.246-04-0024	SERVICES AND ENGINEERING - PMS Elevator	207,000	
H 1625.293-07-0020	GENERAL CONSTRUCTION - HS KITCHEN HVAC IMPROVEMENTS	115,000	
H 1625.295-05-0018	ELECTRIC (WARRING TRANSFORMER)	230,000	
H 5031	INTERFUND TRANSFERS		600,000
Total		600,000	600,000
Adjusting Journal Entries			
To post new energy performance contract issued in the current year.			
H 200A	Webster Bank ESCROW EPC	5,806,135	
H 5789..EP.C	EPC Lease		5,806,135
		5,806,135	5,806,135
Adjusting Journal Entries			
To post expenditures incurred in the current year related to the energy performance contract.			
H 1620.EPC	EPC expenditures	52,128	
H 200A	Webster Bank ESCROW EPC		52,128
Total		52,128	52,128
Adjusting Journal Entries			
To move issuance costs to the General Fund.			
H 391	DUE FROM OTHER FUNDS	248,701	
H 9500	Bond issuance costs		248,701
Total		\$ 248,701	\$ 248,701
Adjusting Journal Entries			
To accrue cash disbursements that were paid in the months after year end for services related to the current year.			
H 1625.293-06-0018	Capital Expenditures	\$ 205,200	
H 16BD.293-01-0131	Capital Expenditures	252,809	
H 16BD.293-01-0152	GENERAL CONSTRUCTION (COLUMBUS - BOND) PHASE 2	6,845	
H 16BD.293-02-0141	GENERAL CONSTRUCTION (MORSE - BOND) PHASE 1B	134,883	
H 16BD.293-02-0162	GENERAL CONSTRUCTION (MORSE - BOND) PHASE 2	6,845	
H 16BD.293-04-0141	GENERAL CONSTRUCTION (CLINTON - BOND) PHASE 1B	113,211	
H 16BD.293-04-0162	GENERAL CONSTRUCTION (CLINTON - BOND) PHASE 2	6,845	
H 16BD.293-05-0131	GENERAL CONSTRUCTION (WARRING - BOND) PHASE 1B	155,112	
H 16BD.293-05-0162	Capital Expenditures	6,845	
H 16BD.293-06-0141	GENERAL CONSTRUCTION (KRIEGER - BOND) PHASE 1B	118,653	
H 16BD.293-06-0152	GENERAL CONSTRUCTION (KRIEGER - BOND) PHASE 2	6,845	
H 16BD.293-07-0181	GENERAL CONSTRUCTION (PHS - BOND) PHASE 1B	235,899	
H 16BD.293-07-0192	Capital Expenditures	86,579	
H 16BD.293-08-0221	GENERAL CONSTRUCTION (SMITH - BOND) PHASE 1B	137,416	
H 16BD.293-08-0232	Capital Expenditures	43,592	
H 16BD.293-15-0222	Capital Expenditures	16,322	
H 16BD.295-04-0141	PLUMBING (Clinton - BOND) PHASE 1B	29,658	
H 16BD.295-06-0141	PLUMBING (Krieger - BOND) PHASE 1B	27,435	
H 16BD.295-15-0211	PLUMBING (PMS - BOND) PHASE 1B	89,745	
H 600	Accounts Payable		\$ 1,680,739
Total		1,680,739	1,680,739

ACCOUNT	DESCRIPTION	DEBIT	CREDIT
SCHOOL LUNCH FUND			
Adjusting Journal Entries			
To record June 2023 Federal breakfast receivable.			
C 410	STATE/FEDERAL AID RECEIVABLE	\$ 52,949	
C 4193	FEDERAL AID B'FAST		\$ 52,949
Total		52,949	52,949
Adjusting Journal Entries			
To record May and June 2023 Federal lunch.			
C 410	STATE/FEDERAL AID RECEIVABLE	390,123	
C 4194	FEDERAL AID LUNCH		390,123
Total		390,123	390,123
Adjusting Journal Entries			
To record payable for dishwasher purchase that was originally recorded as an encumbrance.			
C 2860.200-00-0000	EQUIPMENT	18,700	
C 821	RESERVE FOR ENCUMBRANCE	18,700	
C 521	ENCUMBRANCES		18,700
C 600	ACCOUNTS PAYABLE		18,700
Total		37,400	37,400
SPECIAL AID FUND			
Adjusting Journal Entries JE # 1			
To balance transfers between funds			
F 4144	FUND 44 FED AID REC	\$ 2,926,921	
F 5031	DO NOT USE		\$ 2,926,921
Total		2,926,921	2,926,921
Adjusting Journal Entries JE # 3			
To agree revenues to PLS			
F 3001	State Aid (Agree to PLS)	2,736,234	
F 410	STATE/FEDERAL AID RECEIVABLE	3,889,617	
F 4001	Federal Aid (Agree to PLS)		6,133,448
F 690	DEFERRED REVENUE		492,403
Total		6,625,851	6,625,851

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Appendix 2

Management Representation Letter

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Poughkeepsie City School District

18 S. Perry Street
Poughkeepsie, NY 12601

Email: busconsult@poughkeepsieschools.org
Phone: 518 928-6487

October 26, 2023

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

Dear Sir/Madam:

This representation letter is provided in connection with your audit of the basic financial statements of the Poughkeepsie City School District, New York, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2023, and the respective changes in financial for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

This representation letter is also provided in connection with your audit of the financial statements of the Extraclassroom Activity Funds of the School District, which comprise the statement of cash receipts, cash disbursements and cash balances as of June 30, 2023 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the basis of accounting prescribed by the New York State Department of Education.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter, the following representations made to you during your audit:

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement letter dated August 23, 2022 for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in

the financial reporting entity. The combining and individual fund financial statements have been prepared and presented in conformity with the accounting principles used to prepare the basic financial statements.

- b) The preparation and fair presentation of the financial statements of the School District's Extraclassroom Activity Funds in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than US GAAP.
 - c) 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; and
 - d) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.
- 3) In regard to the financial statement preparation non-attest services performed by you, we have:
- a) Assumed all management responsibilities.
 - b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the result of the services.
- 4) We are further responsible for reviewing, accepting and processing the standard, adjusting, or correcting journal entries that you proposed during the course of your engagement. We confirm that we designated a suitably qualified individual who understands the nature and impact of the proposed entries to the financial statements, and we accept responsibility for the proposed entries that we authorized and processed.
- 5) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with US GAAP, and we believe the combining and individual fund financial statements and schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- 6) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
 - a) The School District's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - b) There have been no changes during the period audited in the School District's accounting policies and practices.
 - c) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 7) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 8) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
 - a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the School District is contingently liable, if any.
 - c) The effects of all known actual, possible, pending or threatened litigation, claims and assessments.
- 9) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 10) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the School District's accounts.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
 - c) Additional information that you have requested from us for the purpose of the audit.
 - d) Unrestricted access to persons within the School District from whom you determined it necessary to obtain audit evidence.
 - e) Completeness and availability of all minutes of the meetings of the Board of Education or

- summaries of actions of recent meetings for which minutes have not yet been prepared.
- f) All significant contracts and agreements.
 - g) All documents and records provided electronically are accurate and complete reproductions of the original documents and records.

- 12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.
- 13) Except as made known to you, There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the School District's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- 14) Except as made known to you, we have no knowledge of any fraud or suspected fraud that affects the School District and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where fraud could have a material effect on the financial statements.
- 15) Except as made known to you, we have no knowledge of any allegations of fraud or suspected fraud affecting the School District's financial statements communicated by employees, former employees, regulators, or others.
- 16) Except as made known to you, we have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

- 17) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.
- 18) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

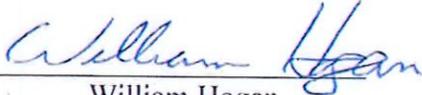
- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- 26) There are no violations or possible violations of budget ordinances/resolutions, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 27) As part of your audit, you assisted with the preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and disclosures. We also understand that as part of your audit, you prepared various adjusting journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.
- 28) The School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 29) The School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 30) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 31) The financial statements include all component units, appropriately present majority equity interest in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

- 32) The financial statements include all fiduciary activities required by GASB Statement No. 84.
- 33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- 34) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 35) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and any other specialists utilized and have adequately considered the qualifications of the specialist(s) in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist(s) with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist(s).
- 41) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 42) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 44) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

- 45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 46) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
- 47) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 48) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 49) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 51) The School District has agreements that meet the definition of leases contained in GASB Statement No. 96, "Subscription-Based Information Technology Arrangements". However, the total value of the lease agreements for the year ended June 30, 2023 was deemed immaterial, therefore, the related amounts and disclosures have been excluded from these financial statements.

Signature: 
Name: _____
Title: Dr. Eric Jay Rosser
Superintendent

Signature: 
Name: William Hogan
Title: Interim Finance and Business Official

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Appendix 3

About PKF O'Connor Davies, LLP



Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,500 professionals and 18 offices in the U.S. Our team of top-notch professional delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Top Tax Firm"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"Best Places to Work in Westchester"
914INC., 2023

Ranked 10 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2024

Ranked #1 in Three Diversity Categories
Vault, 2024

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Accounting Firm in Westchester"
914INC., 2022

"Best Places to Work in New Jersey"
NJBIZ, 2022

KNOW GREATER VALUE®

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.



ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance



ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting



ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights



FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning



INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing



INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory



TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

"PKF O'Connor Davies" is the brand name under which PKF O'Connor Davies LLP and PKF O'Connor Davies Advisory LLC, independently owned entities, provide professional services in an alternative practice structure in accordance with applicable professional standards. PKF O'Connor Davies LLP is a licensed CPA firm that provides attest services and PKF O'Connor Davies Advisory LLC and its subsidiary entities provide tax and advisory services. PKF O'Connor Davies is a member of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.



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